

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 001-36550

PAR PACIFIC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

84-1060803
(I.R.S. Employer
Identification No.)

825 Town & Country Lane, Suite 1500
Houston, Texas
(Address of principal executive offices)

77024
(Zip Code)

(281) 899-4800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, \$0.01 par value	PARR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

60,183,788 shares of Common Stock, \$0.01 par value, were outstanding as of April 30, 2021.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
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The terms "Par," "Company," "we," "our," and "us" refer to Par Pacific Holdings, Inc. and its consolidated subsidiaries unless the context suggests otherwise.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share data)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 214,733	\$ 68,309
Restricted cash	2,000	2,000
Total cash, cash equivalents, and restricted cash	216,733	70,309
Trade accounts receivable, net of allowances of \$0.5 million and \$0.6 million at March 31, 2021 and December 31, 2020, respectively	155,886	111,657
Inventories	579,206	429,855
Prepaid and other current assets	24,913	24,648
Total current assets	976,738	636,469
Property, plant, and equipment		
Property, plant, and equipment	1,158,438	1,183,878
Less accumulated depreciation, depletion, and amortization	(269,266)	(251,113)
Property, plant, and equipment, net	889,172	932,765
Long-term assets		
Operating lease right-of-use assets	427,577	357,166
Intangible assets, net	18,227	18,892
Goodwill	127,997	127,997
Other long-term assets	62,759	60,572
Total assets	\$ 2,502,470	\$ 2,133,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 58,816	\$ 59,933
Obligations under inventory financing agreements	592,621	423,686
Accounts payable	136,567	106,945
Deferred revenue	6,980	4,083
Accrued taxes	29,810	27,440
Operating lease liabilities	57,889	56,965
Other accrued liabilities	307,991	199,628
Total current liabilities	1,190,674	878,680
Long-term liabilities		
Long-term debt, net of current maturities	597,185	648,660
Finance lease liabilities	7,350	7,925
Operating lease liabilities	375,384	304,355
Other liabilities	55,810	47,967
Total liabilities	2,226,403	1,887,587
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, \$0.01 par value: 3,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized at March 31, 2021 and December 31, 2020, 60,141,841 shares and 54,002,538 shares issued at March 31, 2021 and December 31, 2020, respectively	601	540
Additional paid-in capital	814,467	726,504
Accumulated deficit	(539,255)	(477,028)
Accumulated other comprehensive income (loss)	254	(3,742)
Total stockholders' equity	276,067	246,274
Total liabilities and stockholders' equity	\$ 2,502,470	\$ 2,133,861

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2021	2020
Revenues	\$ 888,680	\$ 1,204,083
Operating expenses		
Cost of revenues (excluding depreciation)	888,863	1,210,211
Operating expense (excluding depreciation)	74,188	73,391
Depreciation, depletion, and amortization	22,880	21,283
Impairment expense	—	67,922
Gain on sale of assets, net	(64,912)	—
General and administrative expense (excluding depreciation)	11,885	11,784
Acquisition and integration costs	438	665
Total operating expenses	<u>933,342</u>	<u>1,385,256</u>
Operating loss	(44,662)	(181,173)
Other income (expense)		
Interest expense and financing costs, net	(18,151)	(18,674)
Debt extinguishment and commitment costs	(1,507)	—
Gain on curtailment of pension obligation	2,032	—
Other income, net	61	24
Change in value of common stock warrants	—	4,270
Equity losses from Laramie Energy, LLC	—	(45,031)
Total other income (expense), net	<u>(17,565)</u>	<u>(59,411)</u>
Loss before income taxes	(62,227)	(240,584)
Income tax benefit	—	18,247
Net Loss	<u>\$ (62,227)</u>	<u>\$ (222,337)</u>
Loss per share		
Basic	\$ (1.15)	\$ (4.18)
Diluted	\$ (1.15)	\$ (4.18)
Weighted-average number of shares outstanding		
Basic	54,280	53,153
Diluted	54,280	53,153

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands)

	Three Months Ended	
	March 31,	
Net Loss	\$ (62,227)	\$ (222,337)
Other comprehensive income (loss):		
Other post-retirement benefits income (loss), net of tax	3,996	—
Total other comprehensive income (loss), net of tax	3,996	—
Comprehensive income (loss)	\$ (58,231)	\$ (222,337)

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net Loss	\$ (62,227)	\$ (222,337)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation, depletion, and amortization	22,880	21,283
Impairment expense	—	67,922
Debt extinguishment and commitment costs	1,507	—
Non-cash interest expense	1,843	1,634
Non-cash lower of cost and net realizable value adjustment	(10,595)	182,366
Change in value of common stock warrants	—	(4,270)
Deferred taxes	—	(18,373)
Gain on sale of assets, net	(64,912)	—
Stock-based compensation	1,886	1,615
Unrealized (gain) loss on derivative contracts	(6,922)	28,351
Equity (earnings) losses from Laramie Energy, LLC	—	45,031
Net changes in operating assets and liabilities:		
Trade accounts receivable	(45,029)	30,989
Prepaid and other assets	2,867	20,719
Inventories	(139,143)	119,888
Deferred turnaround expenditures	(5,602)	(1,593)
Obligations under inventory financing agreements	124,393	(204,375)
Accounts payable, other accrued liabilities, and operating lease ROU assets and liabilities	148,317	(54,351)
Net cash provided by (used in) operating activities	(30,737)	14,499
Cash flows from investing activities:		
Capital expenditures	(8,178)	(14,948)
Proceeds from sale of assets	102,856	5
Net cash provided by (used in) investing activities	94,678	(14,943)
Cash flows from financing activities:		
Proceeds from sale of common stock, net of offering costs	87,401	—
Proceeds from borrowings	39,409	55,000
Repayments of borrowings	(86,719)	(64,762)
Net borrowings (repayments) on deferred payment arrangements and receivable advances	44,542	(52,069)
Purchase of common stock for retirement	(1,321)	—
Payments for debt extinguishment and commitment costs	(887)	—
Other financing activities, net	58	(1,660)
Net cash provided by (used in) financing activities	82,483	(63,491)
Net increase (decrease) in cash, cash equivalents, and restricted cash	146,424	(63,935)
Cash, cash equivalents, and restricted cash at beginning of period	70,309	128,428
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 216,733</u>	<u>\$ 64,493</u>
Supplemental cash flow information:		
Net cash received (paid) for:		
Interest	\$ (17,373)	\$ (8,552)
Taxes	—	97
Non-cash investing and financing activities:		
Accrued capital expenditures	\$ 2,295	\$ 7,301
Value of warrants reclassified to equity	—	3,936
ROU assets obtained in exchange for new finance lease liabilities	1,072	1,590
ROU assets obtained in exchange for new operating lease liabilities	85,426	2,996
ROU assets terminated in exchange for release from operating lease liabilities	—	7,738

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2019	53,254	\$ 533	\$ 715,069	\$ (67,942)	\$ 582	\$ 648,242
Exercise of common stock warrants	351	3	3,933	—	—	3,936
Stock-based compensation	296	3	1,612	—	—	1,615
Purchase of common stock for retirement	(64)	(1)	(1,067)	—	—	(1,068)
Net loss	—	—	—	(222,337)	—	(222,337)
Balance, March 31, 2020	<u>53,837</u>	<u>\$ 538</u>	<u>\$ 719,547</u>	<u>\$ (290,279)</u>	<u>\$ 582</u>	<u>\$ 430,388</u>

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
	Shares	Amount				
Balance, December 31, 2020	54,003	\$ 540	\$ 726,504	\$ (477,028)	\$ (3,742)	\$ 246,274
Common stock offering, net of issuance costs	5,750	58	87,343	—	—	87,401
Stock-based compensation	461	3	1,883	—	—	1,886
Purchase of common stock for retirement	(76)	—	(1,321)	—	—	(1,321)
Exercise of stock options	4	—	58	—	—	58
Other comprehensive income	—	—	—	—	3,996	3,996
Net loss	—	—	—	(62,227)	—	(62,227)
Balance, March 31, 2021	<u>60,142</u>	<u>\$ 601</u>	<u>\$ 814,467</u>	<u>\$ (539,255)</u>	<u>\$ 254</u>	<u>\$ 276,067</u>

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2021 and 2020

Note 1—Overview

Par Pacific Holdings, Inc. and its wholly owned subsidiaries (“Par” or the “Company”) own and operate market-leading energy and infrastructure businesses. Our strategy is to acquire and develop businesses in logistically-complex markets. Currently, we operate in three primary business segments:

- 1) **Refining** - We own and operate four refineries, including one idled refinery, with total operating throughput capacity of over 150 Mbpd in Hawaii, Wyoming, and Washington.
- 2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and “76” branded sites, “nomnom” branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. Through March 31, 2021, we completed the rebranding of all company-operated convenience stores in Washington and Idaho to “nomnom,” our proprietary brand.
- 3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rockies regions that primarily transports and stores our crude oil and refined products for our refineries and transports refined products to our retail sites or third-party purchasers.

As of March 31, 2021, we owned a 46.0% equity investment in Laramie Energy, LLC (“Laramie Energy”). Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco counties, Colorado.

Our Corporate and Other reportable segment primarily includes general and administrative costs.

Note 2—Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Par and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain amounts previously reported in our condensed consolidated financial statements for prior periods have been reclassified to conform with the current presentation.

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information, the instructions to Form 10-Q, and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. The condensed consolidated financial statements contained in this report include all material adjustments of a normal recurring nature that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the complete fiscal year or for any other period. The condensed consolidated balance sheet as of December 31, 2020 was derived from our audited consolidated financial statements as of that date. These condensed consolidated financial statements should be read together with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Use of Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosures. Actual amounts could differ from these estimates.

The worldwide spread and severity of the COVID-19 coronavirus and certain developments in the global crude oil markets have impacted our businesses, people, and operations. We are continuing to actively respond to these ongoing matters and many uncertainties remain. Due to the rapid development and fluidity of the situation, the full magnitude of the COVID-19 pandemic’s impact on our estimates and assumptions, financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Allowance for Credit Losses

We are exposed to credit losses primarily through our sales of refined products. Credit limits and/or prepayment requirements are set based on such factors as the customer’s financial results, credit rating, payment history, and industry, and

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2021 and 2020

are reviewed annually for customers with material credit limits. Credit allowances are reviewed at least quarterly based on changes in the customer's creditworthiness due to economic conditions, liquidity, and business strategy as publicly reported and through discussions between the customer and the Company. We establish provisions for losses on trade receivables based on the estimated credit loss we expect to incur over the life of the receivable. We did not have a material change in our allowances on trade receivables during the three months ended March 31, 2021 or 2020.

Cost Classifications

Cost of revenues (excluding depreciation) includes the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our Renewable Identification Numbers ("RINs") obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gains (losses) on derivatives and inventory valuation adjustments. Certain direct operating expenses related to our logistics segment are also included in Cost of revenues (excluding depreciation).

Operating expense (excluding depreciation) includes direct costs of labor, maintenance and services, energy and utility costs, property taxes, and environmental compliance costs, as well as chemicals and catalysts and other direct operating expenses.

The following table summarizes depreciation and finance lease amortization expense excluded from each line item in our condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2021	2020
Cost of revenues	\$ 5,219	\$ 4,628
Operating expense	12,802	14,451
General and administrative expense	880	801

Benefit Plans

We maintain defined benefit pension plans covering eligible Wyoming Refining employees and the employees of U.S. Oil covered by a collective bargaining agreement. In March 2021, the Wyoming Refining plan was amended (the "Plan Amendment") to freeze all future benefit accruals for hourly plan participants. The Plan Amendment reduced the projected benefit obligation by \$6.0 million. We recorded a \$2.0 million Gain on curtailment of pension obligation in our condensed consolidated statements of operations for the three months ended March 31, 2021, and an unrealized actuarial gain of \$4.0 million as Other post-retirement benefits income (loss), net of tax, in our condensed consolidated statements of other comprehensive income for the three months ended March 31, 2021. The projected benefit obligation estimate was determined based on the present value of projected future benefit payments similar to the evaluation done for the estimate as of December 31, 2021. In determining the discount rate, we used pricing and yield information for high-quality corporate bonds that result in payments similar to the estimated distributions of benefits from our plans. The weighted average discount rate used to determine benefit obligations increased from 2.65% to 3.25%, or 23%, from December 31, 2020 to March 31, 2021. The estimated rate of compensation increase remained 3.00%.

Recent Accounting Pronouncements

There have been no developments to recent accounting pronouncements, including the expected dates of adoption and estimated effects on our financial condition, results of operations, and cash flows, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Accounting Principles Adopted

On December 31, 2020, we adopted Accounting Standards Update ("ASU") No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* ("ASU 2018-14"), using the required retrospective transition method. This ASU amended, added, and removed certain disclosure requirements under FASB ASC Topic 715 "Compensation—Retirement Benefits." Our adoption of ASU 2018-14 did not have a material impact on our financial condition, results of operations, cash flows, or related disclosures.

On January 1, 2021, we adopted ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). We adopted this ASU under the prospective method and information that was presented prior to January 1, 2021 has not been restated and continues to be reported under the accounting standards in effect for that period. This

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2021 and 2020

ASU simplified the accounting for income taxes by removing certain exceptions to general principles and clarified and amended guidance to improve consistency under FASB ASC Topic 740 “Income Taxes.” Our adoption of ASU 2019-12 did not have a material impact on our financial condition, results of operations, and cash flows.

On February 11, 2021, we elected to adopt ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”) and ASU No. 2021-01, *Reference Rate Reform (Topic 848)* (“ASU 2021-01”) following our execution of an amendment to the Washington Refinery Intermediation Agreement which included transition guidance on the interest rate of the Merrill Lynch Commodities, Inc. (“MLC”) receivable advances (“MLC receivable advances”) to U.S. Oil & Refining Co. and certain affiliated entities (collectively, “U.S. Oil”) to be based on another industry standard benchmark rate that will be effective upon the London Interbank Offered Rate’s (“LIBOR”) scheduled retirement at the end of 2021. These ASUs provide for optional expedients and allowable exceptions to GAAP to ease the potential burden in recognizing the effects of reference rate reform, especially in regards to the cessation of LIBOR. ASU 2020-04 and ASU 2021-01 are applicable to contract modifications that meet certain requirements and are entered into between March 12, 2020 and December 31, 2022. Our adoption of ASUs 2020-04 and 2021-01 did not have a material impact on our financial condition, results of operations, and cash flows.

Note 3—Investment in Laramie Energy, LLC

As of March 31, 2021, we had a 46.0% ownership interest in Laramie Energy. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco counties, Colorado.

Laramie Energy has a \$400 million revolving credit facility with a borrowing base currently set at \$130.6 million that is secured by a lien on its natural gas and crude oil properties and related assets. As of March 31, 2021, the balance outstanding on the revolving credit facility was approximately \$190.6 million. We are guarantors of Laramie Energy’s credit facility, with recourse limited to the pledge of our equity interest in our wholly owned subsidiary, Par Piceance Energy Equity, LLC. Under the terms of its credit facility, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us. Laramie Energy’s credit facility matures on December 15, 2021.

During the year ended December 31, 2020, Laramie Energy incurred losses that reduced the book value of our investment to zero, and as of December 31, 2020, we had discontinued the application of the equity method of accounting for our investment in Laramie Energy. As such, the balance of our investment in Laramie Energy was zero as of March 31, 2021 and December 31, 2020.

Summarized financial information for Laramie Energy is as follows (in thousands):

	March 31, 2021		December 31, 2020	
Current assets	\$	88,217	\$	34,573
Non-current assets		348,586		355,538
Current liabilities		272,677		217,523
Non-current liabilities		44,279		93,193
		Three Months Ended March 31,		
		2021	2020	
Natural gas and oil revenues	\$	82,348	\$	34,713
Income from operations		47,209		1,369
Net income		40,451		574

Laramie Energy’s net income includes (in thousands):

	Three Months Ended March 31,	
	2021	2020
Depreciation, depletion, and amortization	\$ 6,984	\$ 9,279
Unrealized (gain) loss on derivative instruments	(549)	(2,414)

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2021 and 2020

Note 4—Revenue Recognition

As of March 31, 2021 and December 31, 2020, receivables from contracts with customers were \$152.0 million and \$104.9 million, respectively. Our refining segment recognizes deferred revenues when cash payments are received in advance of delivery of products to the customer. Deferred revenue was \$7.0 million and \$4.1 million as of March 31, 2021 and December 31, 2020, respectively. We have elected to apply a practical expedient not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of less than one year and (ii) contracts where the variable consideration has been allocated entirely to our unsatisfied performance obligation.

The following table provides information about disaggregated revenue by major product line and includes a reconciliation of the disaggregated revenues to total segment revenues (in thousands):

Three Months Ended March 31, 2021	Refining	Logistics	Retail
Product or service:			
Gasoline	\$ 277,579	\$ —	\$ 63,822
Distillates (1)	350,799	—	5,068
Other refined products (2)	209,780	—	—
Merchandise	—	—	21,286
Transportation and terminalling services	—	41,309	—
Other revenue	597	—	1,012
Total segment revenues (3)	\$ 838,755	\$ 41,309	\$ 91,188

Three Months Ended March 31, 2020	Refining	Logistics	Retail
Product or service:			
Gasoline	\$ 286,598	\$ —	\$ 72,847
Distillates (1)	583,708	—	8,450
Other refined products (2)	264,167	—	—
Merchandise	—	—	21,029
Transportation and terminalling services	—	59,150	—
Other revenue	13,653	—	487
Total segment revenues (3)	\$ 1,148,126	\$ 59,150	\$ 102,813

(1) Distillates primarily include diesel and jet fuel.

(2) Other refined products include fuel oil, gas oil, asphalt, and naphtha.

(3) Refer to Note 17—Segment Information for the reconciliation of segment revenues to total consolidated revenues.

Note 5—Inventories

Inventories at March 31, 2021 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	\$ 128,343	\$ 119,747	\$ 248,090
Refined products and blendstock	131,385	119,817	251,202
Warehouse stock and other (2)	79,914	—	79,914
Total	\$ 339,642	\$ 239,564	\$ 579,206

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2021 and 2020

Inventories at December 31, 2020 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	\$ 88,307	\$ 75,340	\$ 163,647
Refined products and blendstock	112,146	83,601	195,747
Warehouse stock and other (2)	70,461	—	70,461
Total	<u>\$ 270,914</u>	<u>\$ 158,941</u>	<u>\$ 429,855</u>

(1) Please read Note 7—Inventory Financing Agreements for further information.

(2) Includes \$36.3 million and \$26.7 million of RINs and environmental credits, reported at cost, as of March 31, 2021 and December 31, 2020, respectively. RINs and environmental obligations of \$260.0 million and \$150.5 million, reported at market value, are included in Other accrued liabilities on our condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020, respectively.

As of March 31, 2021, we had no reserve for the lower of cost or net realizable value of inventory. As of December 31, 2020, there was a \$10.6 million reserve for the lower of cost or net realizable value of inventory. As of March 31, 2021, the excess of current replacement cost over the last-in, first-out (“LIFO”) inventory carrying value at the Washington refinery was approximately \$10.8 million. Our LIFO inventories, net of the lower of cost or net realizable reserve, were equal to current cost as of December 31, 2020.

Note 6—Prepaid and Other Current Assets

Prepaid and other current assets at March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
Collateral posted with broker for derivative instruments (1)	\$ 2,376	\$ 1,489
Prepaid insurance	10,039	14,932
Derivative assets	6,403	1,346
Other	6,095	6,881
Total	<u>\$ 24,913</u>	<u>\$ 24,648</u>

(1) Our cash margin that is required as collateral deposits on our commodity derivatives cannot be offset against the fair value of open contracts except in the event of default. Please read Note 10—Derivatives for further information.

Note 7—Inventory Financing Agreements

The following table summarizes our outstanding obligations under our inventory financing agreements (in thousands):

	March 31, 2021	December 31, 2020
Supply and Offtake Agreements	\$ 466,071	\$ 312,185
Washington Refinery Intermediation Agreement	126,550	111,501
Obligations under inventory financing agreements	<u>\$ 592,621</u>	<u>\$ 423,686</u>

Supply and Offtake Agreements

We have several agreements with J. Aron & Company LLC (“J. Aron”) to support our Hawaii refining operations (the “Supply and Offtake Agreements”). On May 4, 2021, we amended the Supply and Offtake Agreements and extended the term expiry date from May 31, 2021, to June 30, 2021. We expect to finalize a new multi-year agreement during the second quarter of 2021. As of March 31, 2021, we had no obligations due to J. Aron under this contractual undertakings agreement.

The Supply and Offtake Agreements also include a deferred payment arrangement (“Deferred Payment Arrangement”) whereby we can defer payments owed under the agreements up to the lesser of \$165 million or 85% of the eligible accounts receivable and inventory. Upon execution of the Supply and Offtake Agreements, we paid J. Aron a deferral arrangement fee of \$1.3 million. As of March 31, 2021 and December 31, 2020, the capacity of the Deferred Payment Arrangement was

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\$102.0 million and \$80.1 million, respectively. As of March 31, 2021 and December 31, 2020, we had \$96.2 million and \$78.6 million outstanding, respectively, under the Deferred Payment Arrangement.

Under the Supply and Offtake Agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. In 2017, we fixed the market fee for the period from June 1, 2018 through May 2021 for \$2.2 million. In 2020, we fixed the market fee for the period from February 1, 2020 through April 1, 2021 for an additional \$0.8 million to be settled in fifteen payments. The receivable from J. Aron was recorded as a reduction to our Obligations under inventory financing agreements as allowed under the Supply and Offtake Agreements. As of March 31, 2021 and December 31, 2020, the receivable was \$0.2 million and \$0.5 million, respectively.

Washington Refinery Intermediation Agreement

The Washington Refinery Intermediation Agreement with MLC provides a structured financing arrangement based on U.S. Oil's crude oil and refined products inventories and associated accounts receivable. On February 11, 2021, we and MLC amended the Washington Refinery Intermediation Agreement and extended the term through March 31, 2022. This amendment also includes transition guidance on the interest rate of the MLC receivable advances to be based on another industry standard benchmark rate that will be effective upon LIBOR's scheduled retirement at the end of 2021.

As of March 31, 2021 and December 31, 2020, our outstanding balance under the MLC receivable advances was equal to our borrowing base of \$68.0 million and \$41.1 million, respectively. Additionally, as of March 31, 2021 and December 31, 2020, we had approximately \$95.8 million and \$93.6 million in letters of credit outstanding through MLC's credit support, respectively.

The following table summarizes the inventory intermediation fees, which are included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations, and Interest expense and financing costs, net related to the intermediation agreements (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net fees and expenses:		
Supply and Offtake Agreements		
Inventory intermediation fees	\$ 3,770	\$ 6,870
Interest expense and financing costs, net	846	1,349
Washington Refinery Intermediation Agreement		
Inventory intermediation fees	\$ 971	\$ 1,107
Interest expense and financing costs, net	977	997

The Supply and Offtake Agreements and the Washington Refinery Intermediation Agreement also provide us with the ability to economically hedge price risk on our inventories and crude oil purchases. Please read Note 10—Derivatives for further information.

Note 8—Other Accrued Liabilities

Other accrued liabilities at March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
Accrued payroll and other employee benefits	\$ 15,543	\$ 14,916
Gross environmental credit obligations (1)	259,973	150,482
Other	32,475	34,230
Total	\$ 307,991	\$ 199,628

(1) Gross environmental credit obligations are stated at market as of March 31, 2021 and December 31, 2020. A portion of these obligations are expected to be settled with our RINs assets and other environmental credits, which are presented as Inventories on our condensed consolidated balance sheet and are stated at the lower of cost and net realizable value. The carrying costs of these assets were \$36.3 million and \$26.7 million as of March 31, 2021 and December 31, 2020, respectively.

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Note 9—Debt

The following table summarizes our outstanding debt (in thousands):

	March 31, 2021	December 31, 2020
5.00% Convertible Senior Notes due 2021	\$ 48,665	\$ 48,665
ABL Credit Facility due 2022	—	—
Retail Property Term Loan due 2024	—	42,494
7.75% Senior Secured Notes due 2025	298,000	300,000
Term Loan B due 2026	225,000	228,125
12.875% Senior Secured Notes due 2026	105,000	105,000
Mid Pac Term Loan due 2028	—	1,399
PHL Term Loan	—	5,840
Principal amount of long-term debt	676,665	731,523
Less: unamortized discount and deferred financing costs	(20,664)	(22,930)
Total debt, net of unamortized discount and deferred financing costs	656,001	708,593
Less: current maturities, net of unamortized discount and deferred financing costs	(58,816)	(59,933)
Long-term debt, net of current maturities	\$ 597,185	\$ 648,660

As of March 31, 2021 and December 31, 2020, we had \$12.9 million and \$1.7 million in letters of credit outstanding under the ABL Credit Facility, respectively, and \$3.6 million in cash-collateralized letters of credit and surety bonds outstanding.

Under the ABL Credit Facility, the indentures governing the 7.75% Senior Secured Notes and 12.875% Senior Secured Notes, and the term loan facility with Goldman Sachs Bank USA (the “Term Loan B Facility”), our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

5.00% Convertible Senior Notes Due 2021

As of March 31, 2021, the outstanding principal amount of the 5.00% Convertible Senior Notes was \$48.7 million, the unamortized discount and deferred financing cost was \$0.7 million, and the carrying amount of the liability component was \$48.0 million.

ABL Credit Facility

The ABL Credit Facility provides for a revolving credit facility that provides for revolving loans and for the issuance of letters of credit (the “ABL Revolver”). As of March 31, 2021, the ABL Revolver had no outstanding revolving loans, \$12.9 million in letters of credit outstanding, and a borrowing base of approximately \$70.5 million.

Retail Property Term Loan

On March 29, 2019, Par Pacific Hawaii Property Company, LLC (“Par Property LLC”), our wholly owned subsidiary, entered into a term loan agreement (the “Retail Property Term Loan”) with Bank of Hawaii (“BOH”), which provided a term loan in the principal amount of \$45.0 million. The proceeds from the Retail Property Term Loan were used to repay and terminate the loan agreement previously entered into on January 9, 2019 with BOH (the “Par Pacific Term Loan Agreement”).

The Retail Property Term Loan bore interest based on a floating rate equal to the applicable LIBOR for a one-month interest period plus 1.5%. Principal and interest payments were payable monthly based on a 20-year amortization schedule, principal prepayments were allowed subject to applicable prepayment penalties, and the remaining unpaid principal, plus any unpaid interest or other charges, was due on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan. We recognized approximately \$1.4 million of debt extinguishment costs in the three months ended March 31, 2021 related to our prepayment of the loan principal.

7.75% Senior Secured Notes Due 2025

On December 21, 2017, Par Petroleum, LLC and Par Petroleum Finance Corp. (collectively, the “Issuers”), both our wholly owned subsidiaries, completed the issuance and sale of \$300 million in aggregate principal amount of 7.75% Senior

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Secured Notes in a private placement under Rule 144A and Regulation S of the Securities Act of 1933, as amended (the “Securities Act”). The net proceeds of \$289.2 million (net of financing costs and original issue discount of 1%) from the sale were used to repay certain previous credit facilities and a forward sale agreement with J. Aron and for general corporate purposes.

The 7.75% Senior Secured Notes bear interest at a rate of 7.750% per year (payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2018) and will mature on December 15, 2025. On March 23, 2021, we repurchased and cancelled \$2 million in aggregate principal amount of the 7.75% Senior Secured Notes. As of March 31, 2021, the 7.75% Senior Secured Notes had an outstanding principal balance of \$298.0 million.

Mid Pac Term Loan

On September 27, 2018, Par Hawaii, LLC (“PHL”, formerly known as Par Hawaii, Inc. and includes the assets of the dissolved entity formerly known as Mid Pac Petroleum, LLC), our wholly owned subsidiary, entered into the Mid Pac Term Loan with American Savings Bank, F.S.B., which provided a term loan of up to \$1.5 million. We received the proceeds on October 18, 2018, which were used to purchase certain retail property. The Mid Pac Term Loan was scheduled to mature on October 18, 2028.

The Mid Pac Term Loan was payable monthly, bore interest at an annual rate of 4.375%, was secured by a first-priority lien on the real property purchased with the funds, including leases and rents on the property and the property’s fixed assets and fixtures, and was guaranteed by Par Petroleum, LLC. On March 12, 2021, we terminated and repaid all amounts outstanding under the Mid Pac Term Loan.

PHL Term Loan

On April 13, 2020, PHL, our wholly owned subsidiary, entered into a Term Loan Agreement (“PHL Term Loan”) with American Savings Bank F.S.B., which provided a term loan in the principal amount of approximately \$6.0 million. The proceeds from the PHL Term Loan were used to finance PHL’s equity in certain real property. The PHL Term Loan bore interest at a fixed rate of 2.750% per annum. Principal and interest payments were payable monthly based on a 25-year amortization schedule, principal prepayments were allowed with no prepayment charge, and the remaining principal, plus any unpaid interest or other charges, was due on April 15, 2030, the maturity date of the PHL Term Loan. The PHL Term Loan was guaranteed by Par Petroleum, LLC. On February 23, 2021, we terminated and repaid all amounts outstanding under the PHL Term Loan.

Cross Default Provisions

Included within each of our debt agreements are affirmative and negative covenants, and customary cross default provisions, that require the repayment of amounts outstanding on demand unless the triggering payment default or acceleration is remedied, rescinded, or waived. As of March 31, 2021, we were in compliance with all of our debt instruments.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission (“SEC”) on February 6, 2019 and declared effective on February 15, 2019 (“Registration Statement”), we may sell non-convertible debt securities and other securities in one or more offerings with an aggregate initial offering price of up to \$750.0 million. Any non-convertible debt securities issued under the Registration Statement may be fully and unconditionally guaranteed (except for customary release provisions), on a joint and several basis, by some or all of our subsidiaries, other than subsidiaries that are “minor” within the meaning of Rule 3-10 of Regulation S-X (the “Guarantor Subsidiaries”). We have no “independent assets or operations” within the meaning of Rule 3-10 of Regulation S-X and certain of the Guarantor Subsidiaries may be subject to restrictions on their ability to distribute funds to us, whether by cash dividends, loans, or advances.

Note 10—Derivatives

Commodity Derivatives

Our condensed consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 11—Fair Value Measurements for the gross fair value and net carrying value of our derivative instruments. Our cash margin that is required as collateral deposits cannot be offset against the fair value of open contracts except in the event of default.

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Our open futures and over-the-counter (“OTC”) swaps at March 31, 2021 will settle by October 2021. At March 31, 2021, our open commodity derivative contracts represented (in thousands of barrels):

Contract type	Purchases	Sales	Net
Futures	500	(250)	250
Swaps	2,525	(3,025)	(500)
Total	3,025	(3,275)	(250)

At March 31, 2021, we also had option collars of 25 thousand barrels of crude oil per month that economically hedge our internally consumed fuel at our Hawaii refineries. These option collars have a weighted-average strike price ranging from a floor of \$36.50 per barrel to a ceiling of \$60.00 per barrel and expire in December 2021.

Interest Rate Derivatives

We are exposed to interest rate volatility in our ABL Revolver, Term Loan B Facility, Supply and Offtake Agreements, and Washington Refinery Intermediation Agreement. We may utilize interest rate swaps to manage our interest rate risk. As of December 31, 2020, we had entered into an interest rate swap at an average fixed rate of 3.91% in exchange for the floating interest rate on the notional amounts due under the Retail Property Term Loan. This swap was set to expire on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan and the related interest rate swap.

Our 5.00% Convertible Senior Notes include a redemption option and a related make-whole premium which represent an embedded derivative that is not clearly and closely related to the 5.00% Convertible Senior Notes. As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Interest expense and financing costs, net, on our condensed consolidated statements of operations. As of March 31, 2021, this embedded derivative was deemed to have a *de minimis* fair value.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of March 31, 2021 and December 31, 2020 and their placement within our condensed consolidated balance sheets.

Balance Sheet Location		March 31, 2021	December 31, 2020
		<i>Asset (Liability)</i>	
Commodity derivatives (1)	Prepaid and other current assets	\$ 6,403	\$ 1,346
Commodity derivatives	Other accrued liabilities	(1,045)	—
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	(21,572)	(20,797)
MLC terminal obligation derivative	Obligations under inventory financing agreements	410	(10,161)
Interest rate derivatives	Other accrued liabilities	—	(966)
Interest rate derivatives	Other liabilities	—	(2,027)

(1) Does not include cash collateral of \$2.4 million and \$1.5 million recorded in Prepaid and other current assets as of March 31, 2021 and December 31, 2020, respectively, and \$9.5 million in Other long-term assets as of both March 31, 2021 and December 31, 2020.

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The following table summarizes the pre-tax gains (losses) recognized in Net income (loss) on our condensed consolidated statements of operations resulting from changes in fair value of derivative instruments not designated as hedges charged directly to earnings (in thousands):

	Statement of Operations Location	Three Months Ended March 31,	
		2021	2020
Commodity derivatives	Cost of revenues (excluding depreciation)	\$ 631	\$ (57,159)
J. Aron repurchase obligation derivative	Cost of revenues (excluding depreciation)	(775)	(46,645)
MLC terminal obligation derivative	Cost of revenues (excluding depreciation)	(24,372)	82,958
Interest rate derivatives	Interest expense and financing costs, net	104	(2,020)

Note 11—Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Common Stock Warrants

During January and March 2020, one of our stockholders and its affiliates exercised 354,350 common stock warrants with a fair value of \$3.9 million. As a result of this cashless transaction, 350,542 shares of common stock were issued. As of March 31, 2021, we had no common stock warrants outstanding.

Derivative Instruments

We utilize commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, future purchases and sales of refined products, and cost of crude oil consumed in the refining process. We may utilize interest rate swaps to manage our interest rate risk.

We classify financial assets and liabilities according to the fair value hierarchy. Financial assets and liabilities classified as Level 1 instruments are valued using quoted prices in active markets for identical assets and liabilities. These include our exchange traded futures. Level 2 instruments are valued using quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. Our Level 2 instruments include OTC swaps and options. These derivatives are valued using market quotations from independent price reporting agencies and commodity exchange price curves that are corroborated with market data. Level 3 instruments are valued using significant unobservable inputs that are not supported by sufficient market activity. The valuation of the embedded derivatives related to our J. Aron repurchase and MLC terminal obligations is based on estimates of the prices and differentials assuming settlement at the end of the reporting period. Estimates of the J. Aron and MLC settlement prices are based on observable inputs, such as Brent and West Texas Intermediate Crude Oil (“WTI”) indices, and unobservable inputs, such as contractual price differentials as defined in the Supply and Offtake Agreements and Washington Refinery Intermediation Agreement. Such contractual differentials vary by location and by the type of product and range from a discount of \$15.49 per barrel to a premium of \$14.05 per barrel as of March 31, 2021. Contractual price differentials are considered unobservable inputs; therefore, these embedded derivatives are classified as Level 3 instruments. We did not have other commodity derivatives classified as Level 3 at March 31, 2021 or December 31, 2020. Please read Note 10—Derivatives for further information on derivatives.

Gross Environmental credit obligations

Estimates of our gross environmental credit obligations are based on the amount of RINs or other environmental credits required to comply with U.S. Environmental Protection Agency (“EPA”) regulations and the market prices of those RINs or other environmental credits as of the end of the reporting period. The gross environmental credit obligations are classified as Level 2 instruments as we obtain the pricing inputs for our RINs and other environmental credits from brokers based on market quotes on similar instruments. Please read Note 13—Commitments and Contingencies for further information on the EPA regulations related to greenhouse gases.

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Financial Statement Impact

Fair value amounts by hierarchy level as of March 31, 2021 and December 31, 2020 are presented gross in the tables below (in thousands):

March 31, 2021							
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)	
Assets							
Commodity derivatives	\$ 380	\$ 11,955	\$ —	\$ 12,335	\$ (5,932)	\$ 6,403	
Liabilities							
Commodity derivatives	\$ (1,382)	\$ (5,595)	\$ —	\$ (6,977)	\$ 5,932	\$ (1,045)	
J. Aron repurchase obligation derivative	—	—	(21,572)	(21,572)	—	(21,572)	
MLC terminal obligation derivative	—	—	410	410	—	410	
Interest rate derivatives	—	—	—	—	—	—	
Gross environmental credit obligations (2)	—	(259,973)	—	(259,973)	—	(259,973)	
Total	\$ (1,382)	\$ (265,568)	\$ (21,162)	\$ (288,112)	\$ 5,932	\$ (282,180)	
December 31, 2020							
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)	
Assets							
Commodity derivatives	\$ 616	\$ 1,573	\$ —	\$ 2,189	\$ (843)	\$ 1,346	
Liabilities							
Commodity derivatives	\$ (3)	\$ (840)	\$ —	\$ (843)	\$ 843	\$ —	
J. Aron repurchase obligation derivative	—	—	(20,797)	(20,797)	—	(20,797)	
MLC terminal obligation derivative	—	—	(10,161)	(10,161)	—	(10,161)	
Interest rate derivatives	—	(2,993)	—	(2,993)	—	(2,993)	
Gross environmental credit obligations (2)	—	(150,482)	—	(150,482)	—	(150,482)	
Total	\$ (3)	\$ (154,315)	\$ (30,958)	\$ (185,276)	\$ 843	\$ (184,433)	

(1) Does not include cash collateral of \$11.9 million and \$11.0 million as of March 31, 2021 and December 31, 2020, respectively, included within Prepaid and other current assets and Other long-term assets on our condensed consolidated balance sheets.

(2) Does not include RINs assets and other environmental credits of \$36.3 million and \$26.7 million presented as Inventories on our condensed consolidated balance sheet and stated at the lower of cost and net realizable value as of March 31, 2021 and December 31, 2020, respectively.

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A roll forward of Level 3 derivative instruments measured at fair value on a recurring basis is as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Balance, at beginning of period	\$ (30,958)	\$ (22,750)
Settlements	34,943	(13,299)
Acquired	—	—
Total gains (losses) included in earnings	(25,147)	40,583
Balance, at end of period	<u>\$ (21,162)</u>	<u>\$ 4,534</u>

The carrying value and fair value of long-term debt and other financial instruments as of March 31, 2021 and December 31, 2020 are as follows (in thousands):

	March 31, 2021	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	\$ 47,974	\$ 50,128
ABL Credit Facility due 2022 (2)	—	—
7.75% Senior Secured Notes due 2025 (1)	291,611	301,725
Term Loan B Facility due 2026 (1)	217,004	223,605
12.875% Senior Secured Notes due 2026 (1)	99,412	121,013

	December 31, 2020	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	\$ 47,301	\$ 50,311
ABL Credit Facility due 2022 (2)	—	—
Retail Property Term Loan due 2024 (2)	41,891	41,891
7.75% Senior Secured Notes due 2025 (1)	293,289	289,521
Term Loan B Facility due 2026 (1)	219,708	215,578
12.875% Senior Secured Notes due 2026 (1)	99,213	112,901
Mid Pac Term Loan due 2028 (2)	1,399	1,399
PHL Term Loan due 2030 (2)	5,792	5,792

- (1) The fair value measurements of the 5.00% Convertible Senior Notes, 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes are considered Level 2 measurements in the fair value hierarchy as discussed below.
- (2) The fair value measurements of the ABL Credit Facility, Mid Pac Term Loan, Retail Property Term Loan, and PHL Term Loan are considered Level 3 measurements in the fair value hierarchy.
- (3) The carrying value of the 5.00% Convertible Senior Notes excludes the fair value of the equity component, which was classified as equity upon issuance.

The fair value of the 5.00% Convertible Senior Notes was determined by aggregating the fair value of the liability and equity components of the notes. The fair value of the liability component of the 5.00% Convertible Senior Notes was determined using a discounted cash flow analysis in which the projected interest and principal payments were discounted at an estimated market yield for a similar debt instrument without the conversion feature. The equity component was estimated based on the Black-Scholes model for a call option with strike price equal to the conversion price, a term matching the remaining life of the 5.00% Convertible Senior Notes, and an implied volatility based on market values of options outstanding as of March 31, 2021. The fair value of the 5.00% Convertible Senior Notes is considered a Level 2 measurement in the fair value hierarchy.

The fair value of the 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes were determined using a market approach based on quoted prices. The inputs used to measure the fair value are classified as Level 2

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inputs within the fair value hierarchy because the 7.75% Senior Secured Notes, Term Loan B Facility, and 12.875% Senior Secured Notes may not be actively traded.

The carrying values of our Retail Property, Mid Pac, and PHL Term Loans were determined to approximate fair value as of December 31, 2020. The Retail Property and PHL Term Loans were repaid in full on February 23, 2021 and the Mid Pac Term Loan was repaid in full on March 12, 2021. The fair value of all non-derivative financial instruments recorded in current assets, including cash and cash equivalents, restricted cash, and trade accounts receivable, and current liabilities, including accounts payable, approximate their carrying value due to their short-term nature.

Note 12—Leases

We have cancelable and non-cancelable finance and operating lease liabilities for the lease of land, vehicles, office space, retail facilities, and other facilities used in the storage and transportation of crude oil and refined products. Most of our leases include one or more options to renew, with renewal terms that can extend the lease term from one to 30 years or more. There are no material lease arrangements where we are the lessor and no material residual value guarantees associated with any of our leases.

The following table provides information on the amounts (in thousands, except lease term and discount rates) of our right-of-use assets (“ROU assets”) and liabilities as of March 31, 2021 and December 31, 2020 and their placement within our condensed consolidated balance sheets:

Lease type	Balance Sheet Location	March 31, 2021	December 31, 2020
Assets			
Finance	Property, plant, and equipment	\$ 19,684	\$ 14,998
Finance	Accumulated amortization	(6,977)	(6,486)
Finance	Property, plant, and equipment, net	\$ 12,707	\$ 8,512
Operating	Operating lease right-of-use assets	427,577	357,166
Total right-of-use assets		<u>\$ 440,284</u>	<u>\$ 365,678</u>
Liabilities			
Current			
Finance	Other accrued liabilities	\$ 1,391	\$ 1,491
Operating	Operating lease liabilities	57,889	56,965
Long-term			
Finance	Finance lease liabilities	7,350	7,925
Operating	Operating lease liabilities	375,384	304,355
Total lease liabilities		<u>\$ 442,014</u>	<u>\$ 370,736</u>
Weighted-average remaining lease term (in years)			
Finance		6.69	6.97
Operating		11.42	10.52
Weighted-average discount rate			
Finance		7.89 %	7.93 %
Operating		6.84 %	7.59 %

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The following table summarizes the lease costs recognized in our condensed consolidated statements of operations (in thousands):

Lease cost type	Three Months Ended March 31,	
	2021	2020
Finance lease cost		
Amortization of finance lease ROU assets	\$ 490	\$ 480
Interest on lease liabilities	174	167
Operating lease cost	22,377	26,970
Variable lease cost	1,772	2,695
Short-term lease cost	29	199
Net lease cost	<u>\$ 24,842</u>	<u>\$ 30,511</u>

The following table summarizes the supplemental cash flow information related to leases as follows (in thousands):

Lease type	Three Months Ended March 31,	
	2021	2020
Cash paid for amounts included in the measurement of liabilities		
Financing cash flows from finance leases	\$ 1,539	\$ 388
Operating cash flows from finance leases	176	162
Operating cash flows from operating leases	19,704	24,986
Non-cash supplemental amounts		
ROU assets obtained in exchange for new finance lease liabilities	1,072	1,590
ROU assets obtained in exchange for new operating lease liabilities	85,426	2,996
ROU assets terminated in exchange for release from operating lease liabilities	—	7,738

The table below includes the estimated future undiscounted cash flows for finance and operating leases as of March 31, 2021 (in thousands):

For the year ending December 31,	Finance leases	Operating leases	Total
2021 (1)	\$ 1,500	\$ 67,265	\$ 68,765
2022	1,913	75,600	77,513
2023	1,906	61,733	63,639
2024	1,595	52,070	53,665
2025	1,355	50,728	52,083
2026	890	46,341	47,231
Thereafter	2,284	236,434	238,718
Total lease payments	11,443	590,171	601,614
Less amount representing interest	(2,702)	(156,898)	(159,600)
Present value of lease liabilities	<u>\$ 8,741</u>	<u>\$ 433,273</u>	<u>\$ 442,014</u>

(1) Represents the period from April 1, 2021 to December 31, 2021.

Additionally, we have \$6.6 million in future undiscounted cash flows for operating leases that have not yet commenced. These leases are expected to commence when the lessor has made the equipment or location available to us to operate or begin construction, respectively.

Sale-Leaseback Transaction

On February 11, 2021, PHL and Par Hawaii Property Company, LLC (collectively, the “Sellers”), both our wholly owned subsidiaries, entered into a Purchase Agreement and Escrow Instructions with MDC Coast HI 1, LLC, a subsidiary of

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Realty Income Corporation (the “Buyer”), and Fidelity National Title Insurance Company, pursuant to which the Sellers and Buyer agreed to consummate a sale-leaseback transaction (the “Sale-Leaseback Transaction”). Under the terms of the Purchase Agreement, the Sellers agreed to sell to the Buyer a total of twenty-two (22) retail convenience store/fuel station properties located in Hawaii (the “Sale-Leaseback Properties”) for an aggregate cash purchase price of \$112.8 million, net of transaction fees.

On February 23, 2021, the Sellers and Buyer closed the Sale-Leaseback Transaction with respect to twenty-one (21) Sale-Leaseback Properties for an aggregate cash purchase price of approximately \$107.0 million, net of transaction fees. On March 12, 2021, the Sellers and Buyer closed the sale of one additional property for an aggregate cash purchase price of approximately \$5.8 million, net of transaction fees. We recognized a gain of \$63.9 million as a result of these transactions, which is included in Gain on sale of assets, net on our condensed consolidated statements of operations for the three months ended March 31, 2021.

Upon the closings of the sales of the Sale-Leaseback Properties, PHL entered into a Master Land and Building Lease Agreement (the “Lease Agreement”) with the Buyer, pursuant to which, among other things, PHL leased the Sale-Leaseback Properties from the Buyer, on a commercial triple-net basis, for 15 years, unless earlier terminated. The initial lease term may be extended for up to four five-year renewal terms in accordance with the terms of the Lease Agreement. Under the terms of the Lease Agreement, PHL is responsible for monthly rent and all expenses related to the leased facilities, including, but not limited to, insurance premiums, taxes, and other expenses, such as utilities. As a result of the Sale-Leaseback Transaction, we recorded operating ROU assets and lease liabilities of \$81.3 million. Certain of the Sale-Leaseback Properties were treated as failed sale-leaseback transactions based on the terms of the lease. As such, we retained the book value of the assets and recognized a finance liability of \$12.4 million included in Other accrued liabilities and Other liabilities on our condensed consolidated balance sheet.

In connection with PHL’s entry into the Lease Agreement, Par Petroleum, LLC, our wholly owned subsidiary, entered into a guaranty agreement in favor of the Buyer, pursuant to which, among other things, Par Petroleum, LLC guaranteed the payment when due of the monthly rent, and all other additional rent, interest, and charges payable by PHL to the Buyer under the Lease Agreement, and the performance by PHL of all the material terms, conditions, covenants, and agreements of the Lease Agreement.

Note 13—Commitments and Contingencies

In the ordinary course of business, we are a party to various lawsuits and other contingent matters. We establish accruals for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on our financial condition, results of operations, or cash flows.

Environmental Matters

Like other petroleum refiners, our operations are subject to extensive and periodically-changing federal, state, and local environmental laws and regulations governing air emissions, wastewater discharges, and solid and hazardous waste management activities. Many of these regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time. Periodically, we receive communications from various federal, state, and local governmental authorities asserting violations of environmental laws and/or regulations. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. Except as disclosed below, we do not anticipate that any such matters currently asserted will have a material impact on our financial condition, results of operations, or cash flows.

Wyoming Refinery

Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. The largest cost component arising from these various decrees relates to the investigation, monitoring, and remediation of soil, groundwater, surface water, and sediment contamination associated with the facility’s historic operations. Investigative work by Hermes Consolidated LLC, and its wholly owned subsidiary, Wyoming Pipeline Company (collectively, “WRC” or “Wyoming Refining”) and negotiations with the relevant agencies as to remedial approaches remain ongoing on a number of aspects of the contamination, meaning that investigation, monitoring, and remediation costs are not reasonably estimable for some elements of these efforts. As of March 31, 2021, we have accrued \$16.3 million for the well-understood components of these efforts based on current information, approximately one-third of which we expect to incur in the next five years and the remainder to be incurred over approximately 30 years.

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Additionally, we believe the Wyoming refinery will need to modify or close a series of wastewater impoundments in the next several years and replace those impoundments with a new wastewater treatment system. Based on current information, reasonable estimates we have received suggest costs of approximately \$11.6 million to design and construct a new wastewater treatment system.

Finally, among the various historic consent decrees, orders, and settlement agreements into which Wyoming Refining has entered, there are several penalty orders associated with exceedances of permitted limits by the Wyoming refinery's wastewater discharges. Although the frequency of these exceedances has declined over time, Wyoming Refining may become subject to new penalty enforcement action in the next several years, which could involve penalties in excess of \$300,000.

Regulation of Greenhouse Gases

The EPA regulates greenhouse gases ("GHG") under the federal Clean Air Act ("CAA"). New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the federal CAA regulations and we will be required, in connection with such permitting, to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial condition, results of operations, or cash flows.

Additionally, the EPA's final rule updating standards that control toxic air emissions from petroleum refineries imposed additional controls and monitoring requirements on flaring operations, storage tanks, sulfur recovery units, delayed coking units, and required fence-line monitoring. Compliance with this rule has not had a material impact on our financial condition, results of operations, or cash flows to date.

In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. In June of 2014, the Hawaii Department of Health ("DOH") adopted regulations that require each major facility to reduce CO₂ emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). The Hawaii refineries' capacity to materially reduce fuel use and GHG emissions is limited because most energy conservation measures have already been implemented over the past 20 years. The regulation allows for "partnering" with other facilities (principally power plants) that have already dramatically reduced greenhouse emissions or are on schedule to reduce CO₂ emissions in order to comply independently with the state's Renewable Portfolio Standards. Accordingly, our Hawaii refineries submitted a GHG reduction plan that incorporates the partnering provisions and demonstrates that additional reductions are not cost-effective or necessary because of the Hawaii refineries' shared baseline allocation and because the State of Hawaii has already reached the 1990 levels according to a report prepared by the DOH in January 2019.

In 2007, the U.S. Congress passed the Energy Independence and Security Act (the "EISA") which, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contained an expanded Renewable Fuel Standard (the "RFS"). In August 2012, the EPA and National Highway Traffic Safety Administration ("NHTSA") jointly adopted regulations that establish vehicle carbon dioxide emissions standards and an average industry fuel economy of 54.5 miles per gallon by model year 2025. On August 8, 2018, the EPA and NHTSA jointly proposed to revise existing fuel economy standards for model years 2021-2025 and to set standards for 2026 for the first time. On March 31, 2020, the agencies released updated fuel economy and vehicle emissions standards, which provide for an increase in stringency by 1.5% each year through model year 2026, as compared with the standards issued in 2012 that required 5% annual increases. Higher fuel economy standards have the potential to reduce demand for our refined transportation fuel products.

Under EISA, the RFS requires an increasing amount of renewable fuel to be blended into the nation's transportation fuel supply, up to 36 billion gallons by 2022. Over time, higher annual RFS requirements have the potential to reduce demand for our refined transportation fuel products. In the near term, the RFS will be satisfied primarily with fuel ethanol blended into gasoline. We, and other refiners subject to the RFS, may meet the RFS requirements by blending the necessary volumes of renewable fuels produced by us or purchased from third parties. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners must purchase renewable credits, referred to as RINs, to maintain compliance. To the extent that we exceed the minimum volumetric requirements for blending of renewable fuels, we have the option of retaining these RINs for current or future RFS

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compliance or selling those RINs on the open market. The EPA has not yet set volumetric requirements for 2021, which makes it difficult to estimate our obligations. The RFS may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase D3 waivers from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels.

In October 2010, the EPA issued a partial waiver decision under the federal CAA to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% (“E10”) to 15% (“E15”) for 2007 and newer light duty motor vehicles. In 2019, the EPA approved year-round sales of E15. There are numerous issues, including state and federal regulatory issues, that need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines; however, increased renewable fuel in the nation’s transportation fuel supply could reduce demand for our refined products.

In March 2014, the EPA published a final Tier 3 gasoline standard that requires, among other things, that gasoline contain no more than 10 parts per million (“ppm”) sulfur on an annual average basis and no more than 80 ppm sulfur on a per-gallon basis. The standard also lowers the allowable benzene, aromatics, and olefins content of gasoline. The effective date for the new standard was January 1, 2017, however, approved small volume refineries had until January 1, 2020 to meet the standard. The Par East Hawaii refinery was required to comply with Tier 3 gasoline standards within 30 months of June 21, 2016, the date it was disqualified from small volume refinery status. On March 19, 2015, the EPA confirmed the small refinery status of our Wyoming refinery. The Par East Hawaii refinery, our Wyoming refinery, and our Washington refinery, acquired in January 2019, were all granted small refinery status by the EPA for 2018. All of our refineries are compliant with the final Tier 3 gasoline standard.

Beginning on June 30, 2014, new sulfur standards for fuel oil used by marine vessels operating within 200 miles of the U.S. coastline (which includes the entire Hawaiian Island chain) were lowered from 10,000 ppm (1%) to 1,000 ppm (0.1%). The sulfur standards began at the Hawaii refineries and were phased in so that by January 1, 2015, they were to be fully aligned with the International Marine Organization (“IMO”) standards and deadline. The more stringent standards apply universally to both U.S. and foreign-flagged ships. Although the marine fuel regulations provided vessel operators with a few compliance options such as installation of on-board pollution controls and demonstration unavailability, many vessel operators will be forced to switch to a distillate fuel while operating within the Emission Control Area (“ECA”). Beyond the 200 mile ECA, large ocean vessels are still allowed to burn marine fuel with up to 3.5% sulfur. Our Hawaii refineries are capable of producing the 1% sulfur residual fuel oil that was previously required within the ECA. Although our Hawaii refineries remain in a position to supply vessels traveling to and through Hawaii, the market for 0.1% sulfur distillate fuel and 3.5% sulfur residual fuel is much more competitive.

In addition to U.S. fuels requirements, the IMO has also adopted newer standards that further reduce the global limit on sulfur content in maritime fuels to 0.5% beginning in 2020 (“IMO 2020”). Like the rest of the refining industry, we are focused on meeting these standards and may incur costs in producing lower-sulfur fuels.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA, RFS, IMO 2020, and other fuel-related regulations. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

Environmental Agreement

On September 25, 2013, Par Petroleum, LLC (formerly Hawaii Pacific Energy, a wholly owned subsidiary of Par created for purposes of the acquisition of Par Hawaii Refining, LLC (“PHR”)), Tesoro Corporation (“Tesoro”), and PHR entered into an Environmental Agreement (“Environmental Agreement”) that allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR, including a consent decree.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to a consent decree, Tesoro agreed to indemnify us for claims and losses arising out of related breaches of Tesoro’s representations, warranties, and covenants in the Environmental Agreement, certain defined “corrective actions” relating to pre-existing environmental conditions, third-party claims arising under environmental laws for personal injury or property damage arising out of or relating to releases of hazardous materials that occurred prior to the date of the closing of the PHR acquisition, any fine, penalty, or other cost assessed by a governmental authority in connection with violations of environmental laws by PHR prior to the date of the closing of the PHR acquisition, certain groundwater remediation work, fines, or penalties imposed on PHR by a consent

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decree related to acts or omissions of Tesoro prior to the date of the closing of the PHR acquisition, and claims and losses related to the Pearl City Superfund Site.

Tesoro's indemnification obligations are subject to certain limitations as set forth in the Environmental Agreement. These limitations include a deductible of \$1 million and a cap of \$15 million for certain of Tesoro's indemnification obligations related to certain pre-existing conditions, as well as certain restrictions regarding the time limits for submitting notice and supporting documentation for remediation actions.

Recovery Trusts

We emerged from the reorganization of Delta Petroleum Corporation ("Delta") on August 31, 2012 ("Emergence Date"), when the plan of reorganization ("Plan") was consummated. On the Emergence Date, we formed the Delta Petroleum General Recovery Trust ("General Trust"). The General Trust was formed to pursue certain litigation against third parties, including preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims, or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that Delta and its subsidiaries (collectively, "Debtors") hold against third parties. On February 27, 2018, the Bankruptcy Court entered its final decree closing the Chapter 11 bankruptcy cases of Delta and the other Debtors, discharging the trustee for the General Trust, and finding that all assets of the General Trust were resolved, abandoned, or liquidated and have been distributed in accordance with the requirements of the Plan. In addition, the final decree required the Company or the General Trust, as applicable, to maintain the current accruals owed on account of the remaining claims of the U.S. Government and Noble Energy, Inc.

As of March 31, 2021, two related claims totaling approximately \$22.4 million remained to be resolved and we have accrued approximately \$0.5 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

One of the two remaining claims was filed by the U.S. Government for approximately \$22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. The second unliquidated claim, which is related to the same plugging and abandonment obligation, was filed by Noble Energy Inc., the operator and majority interest owner of the Sword Unit. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, only owned an approximate 3.4% aggregate working interest in the unit.

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims are settled at a ratio of 54.4 shares per \$1,000 of claim.

Note 14—Stockholders' Equity

Issuance of Common Stock

On March 16, 2021, we entered into an underwriting agreement with J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC, as representatives of the several underwriters named therein, in connection with an underwritten public offering (the "Equity Offering") of 5.75 million shares of common stock, par value \$0.01 per share, at a public offering price of \$16.00 per share. We completed the issuance of these shares on March 19, 2021. The net proceeds from the Equity Offering were approximately \$87.4 million, after deducting underwriting discounts and commissions and offering expenses. We intend to use the net proceeds from the Equity Offering for general corporate purposes, including repaying indebtedness, capital expenditures, and funding working capital.

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Incentive Plans

The following table summarizes our compensation costs recognized in General and administrative expense (excluding depreciation) and Operating expense (excluding depreciation) under the Amended and Restated Par Pacific Holdings, Inc. 2012 Long-term Incentive Plan and Stock Purchase Plan (in thousands):

	Three Months Ended March 31,	
	2021	2020
Restricted Stock Awards	\$ 1,112	\$ 915
Restricted Stock Units	\$ 327	\$ 320
Stock Option Awards	\$ 447	\$ 380

During the three months ended March 31, 2021, we granted 426 thousand shares of restricted stock and restricted stock units with a fair value of approximately \$7.0 million. As of March 31, 2021, there were approximately \$12.9 million of total unrecognized compensation costs related to restricted stock awards and restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.0 years.

During the three months ended March 31, 2021, we granted 382 thousand stock option awards with a weighted-average exercise price of \$16.52 per share. As of March 31, 2021, there were approximately \$5.3 million of total unrecognized compensation costs related to stock option awards, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.1 years.

During the three months ended March 31, 2021, we granted 64 thousand performance restricted stock units to executive officers. These performance restricted stock units had a fair value of approximately \$1.1 million and are subject to certain annual performance targets based on three-year-performance periods as defined by our Board of Directors. As of March 31, 2021, there were approximately \$1.8 million of total unrecognized compensation costs related to the performance restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.3 years.

Note 15—Income (Loss) per Share

Basic income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the sum of the weighted-average number of common shares outstanding and the weighted-average number of shares issuable under the common stock warrants, representing 249 thousand shares during the three months ended March 31, 2020. The common stock warrants are included in the calculation of basic income (loss) per share for the three months ended March 31, 2020 because they were issuable for minimal consideration. As of March 31, 2020, the previously outstanding common stock warrants had been exercised for common stock and no warrants were outstanding.

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The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2021	2020
Net Loss	\$ (62,227)	\$ (222,337)
Less: Undistributed income allocated to participating securities	—	—
Net loss attributable to common stockholders	(62,227)	(222,337)
Plus: Net income effect of convertible securities	—	—
Numerator for diluted loss per common share	<u>\$ (62,227)</u>	<u>\$ (222,337)</u>
Basic weighted-average common stock shares outstanding	54,280	53,153
Plus: dilutive effects of common stock equivalents	—	—
Diluted weighted-average common stock shares outstanding	<u>54,280</u>	<u>53,153</u>
Basic loss per common share	\$ (1.15)	\$ (4.18)
Diluted loss per common share	\$ (1.15)	\$ (4.18)
Diluted income (loss) per common share excludes the following equity instruments because their effect would be anti-dilutive:		
Shares of unvested restricted stock	674	437
Shares of stock options	2,086	1,939
Common stock equivalents using the if-converted method of settling the 5.00% Convertible Senior Notes	2,704	2,704

Note 16—Income Taxes

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management continues to conclude that we did not meet the “more likely than not” requirement in order to recognize deferred tax assets on the remaining amounts and a valuation allowance has been recorded for substantially all of our net deferred tax assets at March 31, 2021 and December 31, 2020.

We believe that any adjustment to our uncertain tax positions would not have a material impact on our financial statements given the Company’s deferred tax and corresponding valuation allowance position as of March 31, 2021 and December 31, 2020.

As of December 31, 2020, we had approximately \$1.7 billion in net operating loss carryforwards (“NOL carryforwards”); however, we currently have a valuation allowance against this and substantially all of our other deferred taxed assets.

Our net taxable income must be apportioned to various states based upon the income tax laws of the states in which we derive our revenue. Our NOL carryforwards will not always be available to offset taxable income apportioned to the various states. The states from which our refining, retail, and logistics revenues are derived are not the same states in which our NOLs were incurred; therefore, we expect to incur state tax liabilities in connection with our refining, retail, and logistics operations.

Note 17—Segment Information

We report the results for the following four reportable segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other.

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Summarized financial information concerning reportable segments consists of the following (in thousands):

Three Months Ended March 31, 2021	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 838,755	\$ 41,309	\$ 91,188	\$ (82,572)	\$ 888,680
Cost of revenues (excluding depreciation)	883,477	22,082	65,872	(82,568)	888,863
Operating expense (excluding depreciation)	53,338	3,896	16,954	—	74,188
Depreciation, depletion, and amortization	14,064	5,254	2,660	902	22,880
Impairment expense	—	—	—	—	—
Loss (gain) on sale of assets, net	(21,259)	—	(43,653)	—	(64,912)
General and administrative expense (excluding depreciation)	—	—	—	11,885	11,885
Acquisition and integration costs	—	—	—	438	438
Operating income (loss)	\$ (90,865)	\$ 10,077	\$ 49,355	\$ (13,229)	\$ (44,662)
Interest expense and financing costs, net					(18,151)
Debt extinguishment and commitment costs					(1,507)
Gain on curtailment of pension obligation					2,032
Other income, net					61
Equity losses from Laramie Energy, LLC					—
Loss before income taxes					(62,227)
Income tax expense					—
Net loss					\$ (62,227)
Capital expenditures	\$ 4,575	\$ 2,851	\$ 592	\$ 160	\$ 8,178

Three Months Ended March 31, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 1,148,126	\$ 59,150	\$ 102,813	\$ (106,006)	\$ 1,204,083
Cost of revenues (excluding depreciation)	1,213,353	31,436	71,430	(106,008)	1,210,211
Operating expense (excluding depreciation)	52,244	4,271	16,876	—	73,391
Depreciation, depletion, and amortization	12,994	4,667	2,799	823	21,283
Impairment expense	38,105	—	29,817	—	67,922
General and administrative expense (excluding depreciation)	—	—	—	11,784	11,784
Acquisition and integration costs	—	—	—	665	665
Operating income (loss)	\$ (168,570)	\$ 18,776	\$ (18,109)	\$ (13,270)	\$ (181,173)
Interest expense and financing costs, net					(18,674)
Other income, net					24
Change in value of common stock warrants					4,270
Equity losses from Laramie Energy, LLC					(45,031)
Loss before income taxes					(240,584)
Income tax benefit					18,247
Net loss					\$ (222,337)
Capital expenditures	\$ 6,083	\$ 7,218	\$ 1,334	\$ 313	\$ 14,948

(1) Includes eliminations of intersegment revenues and cost of revenues of \$82.6 million and \$106.0 million for the three months ended March 31, 2021 and 2020, respectively.

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Note 18—Related Party Transactions

Equity Group Investments (“EGI”) - Service Agreement

On September 17, 2013, we entered into a letter agreement (“Services Agreement”) with Equity Group Investments (“EGI”), an affiliate of Zell Credit Opportunities Fund, LP (“ZCOF”), which owns 10% or more of our common stock directly or through affiliates. Pursuant to the Services Agreement, EGI agreed to provide us with ongoing strategic, advisory, and consulting services that may include (i) advice on financing structures and our relationship with lenders and bankers, (ii) advice regarding public and private offerings of debt and equity securities, (iii) advice regarding asset dispositions, acquisitions, or other asset management strategies, (iv) advice regarding potential business acquisitions, dispositions, or combinations involving us or our affiliates, or (v) such other advice directly related or ancillary to the above strategic, advisory, and consulting services as may be reasonably requested by us.

EGI does not receive a fee for the provision of the strategic, advisory, or consulting services set forth in the Services Agreement, but may be periodically reimbursed by us, upon request, for (i) travel and out-of-pocket expenses, provided that, in the event that such expenses exceed \$50 thousand in the aggregate with respect to any single proposed matter, EGI will obtain our consent prior to incurring additional costs, and (ii) provided that we provide prior consent to their engagement with respect to any particular proposed matter, all reasonable fees and disbursements of counsel, accountants, and other professionals incurred in connection with EGI’s services under the Services Agreement. In consideration of the services provided by EGI under the Services Agreement, we agreed to indemnify EGI for certain losses relating to or arising out of the Services Agreement or the services provided thereunder.

The Services Agreement has a term of one year and will be automatically extended for successive one-year periods unless terminated by either party at least 60 days prior to any extension date. There were no costs incurred related to this agreement during the three months ended March 31, 2021 or 2020.

Note 19—Subsequent Events

On May 4, 2021, we amended the Supply and Offtake Agreements and extended the term expiry date from May 31, 2021, to June 30, 2021. We expect to finalize a new multi-year agreement during the second quarter of 2021.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a growth-oriented company based in Houston, Texas, that owns and operates market-leading energy and infrastructure businesses.

Our business is organized into three primary segments:

- 1) **Refining** - We own and operate four refineries, including one idled refinery, with total operating throughput capacity of over 150 Mbpd in Hawaii, Wyoming, and Washington.
- 2) **Retail** - Our retail outlets in Hawaii, Washington, and Idaho sell gasoline, diesel, and retail merchandise through Hele and "76" branded sites, "nomnom" branded company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. Through March 31, 2021, we completed the rebranding of all company-operated convenience stores in Washington and Idaho to "nomnom," our proprietary brand.
- 3) **Logistics** - We operate an extensive multi-modal logistics network spanning the Pacific, the Northwest, and the Rockies regions that primarily transports and stores crude oil and refined products for our refineries and transports refined products to our retail sites or third-party purchasers.

As of March 31, 2021, we owned a 46.0% equity investment in Laramie Energy. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado.

We have four reportable segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other. Our Corporate and Other reportable segment primarily includes general and administrative costs. Please read Note 17—Segment Information to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for detailed information on our operating results by segment.

Recent Events Affecting Comparability of Periods

The spread of COVID-19, in conjunction with related government and other preventative measures taken to mitigate the spread of the virus, has caused severe disruptions in the worldwide economy, including the global demand for crude oil and refined products, the movement of people and goods in the United States, and the global supply chain for industrial and commercial production, all of which have in turn disrupted our businesses and operations. In December 2020 and February 2021, the U.S. Food & Drug Administration granted Emergency Use Authorization ("EUA") for three vaccines to be distributed in the United States. On April 2, 2021, the Centers for Disease Control and Prevention ("CDC") announced that individuals who are fully vaccinated can travel domestically at low risk to themselves, though they should still wear masks and adhere to social distancing guidelines and travel is still not recommended.

In addition to measures we took in 2020 in response to the COVID-19 pandemic, as described in our Annual Report on Form 10-K for the year ended December 31, 2020, we have also undertaken additional liquidity-enhancing measures, including deferring or delaying certain capital expenditures related to turnaround activities at our Washington refinery. We closed sale-leaseback transactions in the first quarter of 2021, in which we sold twenty-two (22) retail convenience store/fuel station properties located in Hawaii (the "Sale-Leaseback Properties") for a net purchase price of \$112.8 million. We also entered into a lease on the properties for fifteen (15) years, unless earlier terminated, with up to four 5-year renewal options. On March 19, 2021, we sold 5.75 million shares of common stock in an underwritten public offering at a public offering price of \$16.00 per share resulting in net proceeds to us of approximately \$87.4 million, after deducting underwriting discounts and commissions and offering expenses.

We believe the steps we have taken throughout 2020 and more recently in the first quarter of 2021 have strengthened our ability to conduct our operations through current conditions. We are also utilizing some of the tax payment deferral opportunities and federal refund acceleration opportunities provided by the Internal Revenue Service ("IRS"), Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and various state-specific provisions. We continue to maintain existing processes and procedures, including but not limited to processes and procedures around protection of our technology systems and proprietary data, even though a significant number of our employees are working from home. The health and wellbeing of our employees and customers continue to be our top priorities as we continue navigating the challenges presented by the COVID-19 pandemic.

The financial results contained in this Quarterly Report on Form 10-Q reflect the continuing pandemic-related demand suppression experienced in the first quarter of 2021 in the regions in which we operate. Though vaccine availability is increasing, the COVID-19 pandemic is ongoing and the impacts of the virus on people and businesses continue to evolve as of the date of this report. We continue to actively monitor the impact of the global situation on our people, operations, financial condition, liquidity, suppliers, customers, and industry. Due to the rapid development and fluidity of the situation, the full magnitude of the impact of COVID-19 on our financial condition, future results of operations, and future cash flows and liquidity is uncertain and has been and may continue to be material.

Results of Operations

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Net Loss. Our financial results for the first quarter of 2021 improved from a net loss of \$222.3 million for the three months ended March 31, 2020 to a net loss of \$62.2 million for the three months ended March 31, 2021. The increase was primarily driven by a gain of \$64.9 million primarily related to the Sale-Leaseback Transaction we closed on February 23, 2021 and March 12, 2021, our 2020 goodwill impairment of \$67.9 million related to our Refining and Retail segments, and our 2020 other-than-temporary impairment of \$45.3 million related to our equity investment in Laramie Energy, and a \$193.0 million favorable change in lower of cost or net realizable value adjustments, partially offset by a 28% decrease in refining sales volumes, unfavorable crack spreads primarily due to decreased demand as a result of the COVID-19 pandemic, and an increase in the RINs mark-to-market expense driven by higher RINs prices.

Adjusted EBITDA and Adjusted Net Loss. For the three months ended March 31, 2021, Adjusted EBITDA was a loss of \$43.3 million compared to earnings of \$13.7 million for the three months ended March 31, 2020. The decrease was primarily related to unfavorable crack spreads and lower sales volumes across our operating segments related to COVID-19 demand destruction, and RINs mark-to-market expense driven by higher RINs prices, partially offset by favorable feedstock costs in Hawaii.

For the three months ended March 31, 2021, Adjusted Net Loss was a loss of \$84.4 million compared to a loss of \$27.3 million for the three months ended March 31, 2020. The decrease was primarily related to the factors described above for the decrease in Adjusted EBITDA.

The following tables summarize our consolidated results of operations for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended March 31,		\$ Change	% Change (1)
	2021	2020		
Revenues	\$ 888,680	\$ 1,204,083	\$ (315,403)	(26)%
Cost of revenues (excluding depreciation)	888,863	1,210,211	(321,348)	(27)%
Operating expense (excluding depreciation)	74,188	73,391	797	1 %
Depreciation, depletion, and amortization	22,880	21,283	1,597	8 %
Impairment expense	—	67,922	(67,922)	(100)%
Loss (gain) on sale of assets, net	(64,912)	—	(64,912)	NM
General and administrative expense (excluding depreciation)	11,885	11,784	101	1 %
Acquisition and integration costs	438	665	(227)	(34)%
Total operating expenses	933,342	1,385,256		
Operating loss	(44,662)	(181,173)		
Other income (expense)				
Interest expense and financing costs, net	(18,151)	(18,674)	523	3 %
Debt extinguishment and commitment costs	(1,507)	—	(1,507)	NM
Gain on curtailment of pension obligation	2,032	—	2,032	NM
Other income, net	61	24	37	154 %
Change in value of common stock warrants	—	4,270	(4,270)	(100)%
Equity losses from Laramie Energy, LLC	—	(45,031)	45,031	100 %
Total other income (expense), net	(17,565)	(59,411)		
Loss before income taxes	(62,227)	(240,584)		
Income tax benefit (expense)	—	18,247	(18,247)	(100)%
Net loss	\$ (62,227)	\$ (222,337)		

(1) NM - Not meaningful

The following tables summarize our operating income (loss) by segment for the three months ended March 31, 2021 and 2020 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Three months ended March 31, 2021	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 838,755	\$ 41,309	\$ 91,188	\$ (82,572)	\$ 888,680
Cost of revenues (excluding depreciation)	883,477	22,082	65,872	(82,568)	888,863
Operating expense (excluding depreciation)	53,338	3,896	16,954	—	74,188
Depreciation, depletion, and amortization	14,064	5,254	2,660	902	22,880
Impairment expense	—	—	—	—	—
Loss (gain) on sale of assets, net	(21,259)	—	(43,653)	—	(64,912)
General and administrative expense (excluding depreciation)	—	—	—	11,885	11,885
Acquisition and integration costs	—	—	—	438	438
Operating income (loss)	\$ (90,865)	\$ 10,077	\$ 49,355	\$ (13,229)	\$ (44,662)

Three months ended March 31, 2020	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 1,148,126	\$ 59,150	\$ 102,813	\$ (106,006)	\$ 1,204,083
Cost of revenues (excluding depreciation)	1,213,353	31,436	71,430	(106,008)	1,210,211
Operating expense (excluding depreciation)	52,244	4,271	16,876	—	73,391
Depreciation, depletion, and amortization	12,994	4,667	2,799	823	21,283
Impairment expense	38,105	—	29,817	—	67,922
Loss (gain) on sale of assets, net	—	—	—	—	—
General and administrative expense (excluding depreciation)	—	—	—	11,784	11,784
Acquisition and integration costs	—	—	—	665	665
Operating income (loss)	\$ (168,570)	\$ 18,776	\$ (18,109)	\$ (13,270)	\$ (181,173)

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of \$82.6 million and \$106.0 million for the three months ended March 31, 2021 and 2020, respectively.

Below is a summary of key operating statistics for the refining segment for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Total Refining Segment		
Feedstocks Throughput (Mbpd)	127.4	151.5
Refined product sales volume (Mbpd)	130.0	179.7
Hawaii Refineries		
Combined Feedstocks Throughput (Mbpd)	81.2	94.9
Par East Throughput (Mbpd)	81.2	69.8
Par West Throughput (Mbpd)	—	25.1
Yield (% of total throughput)		
Gasoline and gasoline blendstocks	24.7 %	24.7 %
Distillates	42.9 %	48.1 %
Fuel oils	27.6 %	22.3 %
Other products	1.5 %	0.6 %
Total yield	<u>96.7 %</u>	<u>95.7 %</u>
Refined product sales volume (Mbpd)		
On-island sales volume	77.7	119.5
Exports sales volume	—	—
Total refined product sales volume	<u>77.7</u>	<u>119.5</u>
Adjusted Gross Margin per bbl (\$/throughput bbl) (1)		
	\$ (0.46)	\$ 0.24
Production costs per bbl (\$/throughput bbl) (2)		
	3.97	3.36
DD&A per bbl (\$/throughput bbl)		
	0.68	0.33
Washington Refinery		
Feedstocks Throughput (Mbpd)	31.6	40.9
Yield (% of total throughput)		
Gasoline and gasoline blendstocks	24.5 %	23.4 %
Distillates	36.2 %	35.5 %
Asphalt	18.0 %	18.0 %
Other products	18.7 %	19.4 %
Total yield	<u>97.4 %</u>	<u>96.3 %</u>
Refined product sales volume (Mbpd)		
	39.2	43.7
Adjusted Gross Margin per bbl (\$/throughput bbl) (1)		
	\$ (1.33)	\$ 9.94
Production costs per bbl (\$/throughput bbl) (2)		
	4.36	3.40
DD&A per bbl (\$/throughput bbl)		
	1.77	1.42

	Three Months Ended March 31,	
	2021	2020
Wyoming Refinery		
Feedstocks Throughput (Mbpd)	14.6	15.7
Yield (% of total throughput)		
Gasoline and gasoline blendstocks	49.0 %	51.0 %
Distillates	45.0 %	44.7 %
Fuel oils	1.4 %	1.6 %
Other products	1.2 %	0.6 %
Total yield	96.6 %	97.9 %
Refined product sales volume (Mbpd)	13.1	16.5
Adjusted Gross Margin per bbl (\$/throughput bbl) (1)	\$ 2.35	\$ (0.81)
Production costs per bbl (\$/throughput bbl) (2)	8.10	6.51
DD&A per bbl (\$/throughput bbl)	3.11	3.40
Market Indices (average \$ per barrel)		
3-1-2 Singapore Crack Spread (3)	\$ 3.80	\$ 8.11
Pacific Northwest 5-2-2-1 Index (4)	11.46	13.24
Wyoming 3-2-1 Index (5)	20.97	15.86
Crude Oil Prices (\$ per barrel)		
Brent	\$ 61.32	\$ 50.82
WTI	58.14	45.98
ANS	61.65	52.27
Bakken Clearbrook	57.60	42.67
WCS Hardisty	46.16	27.96
Brent M1-M3	0.81	(0.54)

- (1) We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput. Adjusted Gross Margin for our Washington refinery is determined under the last-in, first-out (“LIFO”) inventory costing method. Adjusted Gross Margin for our other refineries is determined under the first-in, first-out (“FIFO”) inventory costing method. Please see discussion of Adjusted Gross Margin below.
- (2) Management uses production costs per barrel to evaluate performance and compare efficiency to other companies in the industry. There are a variety of ways to calculate production costs per barrel; different companies within the industry calculate it in different ways. We calculate production costs per barrel by dividing all direct production costs, which include the costs to run the refineries including personnel costs, repair and maintenance costs, insurance, utilities, and other miscellaneous costs, by total refining throughput. Our production costs are included in Operating expense (excluding depreciation) on our condensed consolidated statement of operations, which also includes costs related to our bulk marketing operations.
- (3) In 2020, following the implementation of IMO 2020, we established the 3-1-2 Singapore Crack Spread (or three barrels of Brent crude oil converted into one barrel of gasoline and two barrels of distillates (diesel and jet fuel)) as a new benchmark for our Hawaii operations. By removing the high sulfur fuel oil reference in the index, we believe the 3-1-2 Singapore Crack Spread is the most representative market indicator of our current operations in Hawaii.
- (4) We believe the Pacific Northwest 5-2-2-1 Index is the most representative market indicator for our operations in Tacoma, Washington. The Pacific Northwest 5-2-2-1 Index is computed by taking two parts gasoline (sub-octane), two parts middle distillates (ULSD and jet fuel), and one part fuel oil as created from five barrels of Alaskan North Slope (“ANS”) crude oil.

- (5) The profitability of our Wyoming refinery is heavily influenced by crack spreads in nearby markets. We believe the Wyoming 3-2-1 Index is the most representative market indicator for our operations in Wyoming. The Wyoming 3-2-1 Index is computed by taking two parts gasoline and one part distillates (ULSD) as created from three barrels of West Texas Intermediate Crude Oil (“WTI”). Pricing is based 50% on applicable product pricing in Rapid City, South Dakota, and 50% on applicable product pricing in Denver, Colorado.

Below is a summary of key operating statistics for the retail segment for the three months ended March 31, 2021 and 2020:

Retail Segment	Three Months Ended March 31,	
	2021	2020
Retail sales volumes (thousands of gallons)	24,801	28,441

Non-GAAP Performance Measures

Management uses certain financial measures to evaluate our operating performance that are considered non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP and our calculations thereof may not be comparable to similarly titled measures reported by other companies.

Adjusted Gross Margin

Adjusted Gross Margin is defined as (i) operating income (loss) plus operating expense (excluding depreciation), impairment expense, inventory valuation adjustment (which adjusts for timing differences to reflect the economics of our inventory financing agreements, including lower of cost or net realizable value adjustments, the impact of the embedded derivative repurchase or terminal obligations, and purchase price allocation adjustments), depreciation, depletion, and amortization (“DD&A”); Renewable Identification Numbers (“RINs”) loss (gain) in excess of net obligation (which represents the income statement effect of reflecting our RINs liability on a net basis), (gain) loss on sale of assets, and unrealized loss (gain) on derivatives or (ii) revenues less cost of revenues (excluding depreciation) plus inventory valuation adjustment, unrealized loss (gain) on derivatives, and RINs loss (gain) in excess of net obligation. We define cost of revenues (excluding depreciation) as the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our RINs and environmental credit obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gain (loss) on derivatives and the inventory valuation adjustment that we exclude from Adjusted Gross Margin. Beginning in the second quarter of 2020, Adjusted Gross Margin also includes the contango gains and backwardation losses associated with our Washington inventory and intermediation obligation. Prior to 2020, contango gains and backwardation (losses) captured by our Washington intermediation agreement were excluded from Adjusted Gross Margin (as part of the inventory valuation adjustment). This change to our non-GAAP information was made to reflect the favorable or unfavorable impact of the market structure on the profitability of our Washington refinery consistent with the presentation of such impacts on our other refineries. Also beginning in the third quarter of 2020, Adjusted Gross Margin excludes the LIFO layer liquidation impacts associated with our Washington inventory. We have recast the non-GAAP information for the three months ended March 31, 2020 to conform to the current period presentation.

Management believes Adjusted Gross Margin is an important measure of operating performance and uses Adjusted Gross Margin per barrel to evaluate operating performance and compare profitability to other companies in the industry and to industry benchmarks. Management believes Adjusted Gross Margin provides useful information to investors because it eliminates the gross impact of volatile commodity prices and adjusts for certain non-cash items and timing differences created by our inventory financing agreements and lower of cost and net realizable value adjustments to demonstrate the earnings potential of the business before other fixed and variable costs, which are reported separately in Operating expense (excluding depreciation) and Depreciation, depletion, and amortization.

Adjusted Gross Margin should not be considered an alternative to operating income (loss), cash flows from operating activities, or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted Gross Margin presented by other companies may not be comparable to our presentation since each company may define this term differently as they may include other manufacturing costs and depreciation expense in cost of revenues.

The following tables present a reconciliation of Adjusted Gross Margin to the most directly comparable GAAP financial measure, operating income (loss), on a historical basis, for selected segments, for the periods indicated (in thousands):

Three months ended March 31, 2021	Refining	Logistics	Retail
Operating income (loss)	\$ (90,865)	\$ 10,077	\$ 49,355
Operating expense (excluding depreciation)	53,338	3,896	16,954
Depreciation, depletion, and amortization	14,064	5,254	2,660
Loss (gain) on sale of assets, net	(21,259)	—	(43,653)
Inventory valuation adjustment	14,175	—	—
LIFO liquidation adjustment	1,888	—	—
RINs loss in excess of net obligation	28,770	—	—
Unrealized gain on derivatives	(4,012)	—	—
Adjusted Gross Margin (1)	<u>\$ (3,901)</u>	<u>\$ 19,227</u>	<u>\$ 25,316</u>

Three months ended March 31, 2020	Refining	Logistics	Retail
Operating income (loss)	\$ (168,570)	\$ 18,776	\$ (18,109)
Operating expense (excluding depreciation)	52,244	4,271	16,876
Depreciation, depletion, and amortization	12,994	4,667	2,799
Impairment expense	38,105	—	29,817
Inventory valuation adjustment	75,324	—	—
RINs loss in excess of net obligation	6,602	—	—
Unrealized loss on derivatives	22,876	—	—
Adjusted Gross Margin (2)	<u>\$ 39,575</u>	<u>\$ 27,714</u>	<u>\$ 31,383</u>

(1) For the three months ended March 31, 2021, there was no impairment expense.

(2) For the three months ended March 31, 2020, there was no LIFO liquidation adjustment or loss (gain) on sale of assets.

Adjusted Net Income (Loss) and Adjusted EBITDA

Adjusted Net Income (Loss) is defined as Net income (loss) excluding changes in the value of contingent consideration and common stock warrants, acquisition and integration costs, unrealized (gain) loss on derivatives, debt extinguishment and commitment costs, increase in (release of) tax valuation allowance and other deferred tax items, inventory valuation adjustment, severance costs, impairment expense, (gain) loss on sale of assets, Par's share of Laramie Energy's unrealized loss (gain) on derivatives, RINs loss (gain) in excess of net obligation, and impairment expense associated with our investment in Laramie Energy and our share of Laramie Energy's asset impairment losses in excess of our basis difference. Beginning in the second quarter of 2020, Adjusted Net Income (Loss) also includes the contango gains and backwardation losses associated with our Washington inventory and intermediation obligation. Prior to 2020, contango gains and backwardation (losses) captured by our Washington intermediation agreement were excluded from Adjusted Net Income (Loss) (as part of the inventory valuation adjustment). This change to our non-GAAP information was made to reflect the favorable or unfavorable impact of the market structure on the profitability of our Washington refinery consistent with the presentation of such impacts on our other refineries. Also beginning in the third quarter of 2020, Adjusted Net Income (Loss) excludes the LIFO layer liquidation impacts associated with our Washington inventory. We have recast the non-GAAP information for the three months ended March 31, 2020 to conform to the current period presentation.

Adjusted EBITDA is Adjusted Net Income (Loss) excluding interest expense and financing costs, income taxes, DD&A, and equity losses (earnings) from Laramie Energy, excluding Par's share of unrealized loss (gain) on derivatives, impairment of Par's investment, and our share of Laramie Energy's asset impairment losses in excess of our basis difference.

We believe Adjusted Net Income (Loss) and Adjusted EBITDA are useful supplemental financial measures that allow investors to assess:

- The financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;
- The ability of our assets to generate cash to pay interest on our indebtedness; and

- Our operating performance and return on invested capital as compared to other companies without regard to financing methods and capital structure.

Adjusted Net Income (Loss) and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income (loss), net income (loss), cash flows provided by operating, investing, and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. Adjusted Net Income (Loss) and Adjusted EBITDA presented by other companies may not be comparable to our presentation as other companies may define these terms differently.

The following table presents a reconciliation of Adjusted Net Loss and Adjusted EBITDA to the most directly comparable GAAP financial measure, Net Loss, on a historical basis for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net Income (Loss)	\$ (62,227)	\$ (222,337)
Inventory valuation adjustment	14,175	75,324
LIFO liquidation adjustment	1,888	—
RINs loss in excess of net obligation	28,770	6,602
Unrealized loss (gain) on derivatives	(4,012)	22,876
Acquisition and integration costs	438	665
Debt extinguishment and commitment costs	1,507	—
Changes in valuation allowance and other deferred tax items (1)	—	(18,373)
Change in value of common stock warrants	—	(4,270)
Severance costs	16	149
Gain on sale of assets, net	(64,912)	—
Impairment expense	—	67,922
Impairment of Investment in Laramie Energy, LLC (2)	—	45,294
Par's share of Laramie Energy's unrealized loss (gain) on derivatives (2)	—	(1,110)
Adjusted Net Loss (3)	(84,357)	(27,258)
Depreciation, depletion, and amortization	22,880	21,283
Interest expense and financing costs, net	18,151	18,674
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives and impairment losses	—	847
Income tax expense (benefit)	—	126
Adjusted EBITDA	\$ (43,326)	\$ 13,672

(1) Includes increases in (releases of) our valuation allowance associated with business combinations and changes in deferred tax assets and liabilities that are not offset by a change in the valuation allowance. These tax expenses (benefits) are included in Income tax benefit on our condensed consolidated statements of operations.

(2) Included in Equity losses from Laramie Energy, LLC on our condensed consolidated statements of operations.

(3) For the three months ended March 31, 2021 and 2020, there was no change in value of contingent consideration.

Factors Impacting Segment Results

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Refining. Operating loss for our refining segment was \$90.9 million for the three months ended March 31, 2021, an increase of \$77.7 million compared to operating loss of \$168.6 million for the three months ended March 31, 2020. The increase in profitability was primarily driven by a \$193.0 million favorable change in lower of cost or net realizable value adjustments and favorable feedstock costs at our Hawaii refinery, partially offset by a 28% decrease in sales volume, a \$72.0 million increase in RINs mark-to-market expense related to our gross RINs obligation, and unfavorable crack spreads primarily

due to decreased demand as a result of the COVID-19 pandemic. Other factors impacting our results period over period include a \$7.3 million favorable FIFO impact in 2021 compared to a \$15.0 million unfavorable FIFO impact in the same period in 2020 at our Wyoming refinery, our 2020 goodwill impairment of \$38.1 million, and a 2021 gain of \$21.3 million primarily related to the sale-leaseback transactions we closed on February 23, 2021 and March 12, 2021.

Logistics. Operating income for our logistics segment was \$10.1 million for the three months ended March 31, 2021, a decrease of \$8.7 million compared to operating income of \$18.8 million for the three months ended March 31, 2020. The decrease is due to a net 28% and 12% lower throughput across our Hawaii and Washington logistics assets, respectively, primarily due to decreased demand as a result of the COVID-19 pandemic and Washington refinery turnaround activities.

Retail. Operating income for our retail segment was \$49.4 million for the three months ended March 31, 2021, an increase of \$67.5 million compared to operating loss of \$18.1 million for the three months ended March 31, 2020. The increase was primarily due to our 2020 goodwill impairment of \$29.8 million with no corresponding impairment in 2021 and a gain of \$43.7 million primarily related to the sale-leaseback transactions we closed on February 23, 2021 and March 12, 2021.

Adjusted Gross Margin

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Refining. For the three months ended March 31, 2021, our refining Adjusted Gross Margin was a loss of \$3.9 million, a decrease of \$43.5 million compared to income of \$39.6 million for the three months ended March 31, 2020. The decrease was primarily driven by a 28% decline in refining sales volumes, unfavorable crack spreads in Hawaii and Washington, and a \$46.9 million RINs mark-to-market expense related to the 2019 and 2020 net obligations due to increasing RINs prices, partially offset by favorable feedstock costs. Adjusted Gross Margin for the Hawaii refineries decreased from \$0.24 per barrel during the three months ended March 31, 2020 to a loss of \$0.46 per barrel during the three months ended March 31, 2021 primarily due to a 35% decrease in sales volume, a \$26.1 million RINs mark-to-market expense, and unfavorable crack spreads, partially offset by favorable feedstock costs. Adjusted Gross margin for the Wyoming refinery decreased \$3.16 per barrel primarily due to a 21% decrease in sales volume and an \$11.2 million RINs mark-to-market expense. Adjusted Gross Margin for the Washington refinery decreased \$11.27 per barrel primarily due to declining crack spreads, a \$9.6 million RINs mark-to-market expense, and a 10% decrease in sales volumes.

Logistics. For the three months ended March 31, 2021, our logistics Adjusted Gross Margin was \$19.2 million, a decrease of \$8.5 million compared to \$27.7 million for the three months ended March 31, 2020. The decrease is due to a net 28% and 12% lower throughput across our Hawaii and Washington logistics assets, respectively, primarily due to decreased demand as a result of the COVID-19 pandemic and Washington refinery turnaround activities.

Retail. For the three months ended March 31, 2021, our retail Adjusted Gross Margin was \$25.3 million, a decrease of \$6.1 million when compared to \$31.4 million for the three months ended March 31, 2020. The decrease was primarily due to a 15% decrease in fuel margins related to rising crude prices and a 13% decline in sales volumes.

Discussion of Consolidated Results

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Revenues. For the three months ended March 31, 2021, revenues were \$0.9 billion, a \$0.3 billion decrease compared to \$1.2 billion for the three months ended March 31, 2020. The decrease was primarily due to a decrease of \$0.3 billion in third-party refining segment revenue as a result of a 28% decrease in refining sales volumes and a decrease in average product cracks, partially offset by an increase in refined product prices related to higher crude oil prices. Brent crude oil prices improved to \$61.32 per barrel during the first quarter of 2021 compared to \$50.82 per barrel during the first quarter of 2020, and WTI crude oil prices improved to \$58.14 per barrel during the first quarter of 2021 compared to \$45.98 per barrel during the first quarter of 2020.

Cost of Revenues (Excluding Depreciation). For the three months ended March 31, 2021, cost of revenues (excluding depreciation) was \$0.9 billion, a \$0.3 billion decrease compared to \$1.2 billion for the three months ended March 31, 2020. The decrease was primarily driven by lower refining volumes as discussed above, a \$193.0 million favorable change in in lower of cost or net realizable value adjustments, and a decrease in purchased products volumes, partially offset by increases to cost of revenues caused by higher Brent and WTI crude oil prices, and a \$72.0 million increase in the RINs mark-to-market expense related to our gross RINs obligation. Other factors impacting our results period over period are lower purchased product, feedstock, and logistics costs and unfavorable derivative activity.

Operating Expense (Excluding Depreciation). For the three months ended March 31, 2021, operating expense (excluding depreciation) was \$74.2 million, which was relatively consistent with \$73.4 million for the three months ended March 31, 2020.

Depreciation, Depletion, and Amortization. For the three months ended March 31, 2021, DD&A was \$22.9 million, which was relatively consistent with \$21.3 million for the three months ended March 31, 2020.

Impairment Expense. During the three months ended March 31, 2020, we recorded goodwill impairment charges of \$67.9 million related to our Refining and Retail segments as a result of the global economic impact of the COVID-19 pandemic and a steep decline in current and forecasted prices and demand for crude oil and refined products. No such charge was recorded in 2021.

Gain on Sale of Assets. During the three months ended March 31, 2021, we recorded a gain of \$64.9 million primarily related to the Sale-Leaseback Transaction we closed on February 23, 2021 and March 12, 2021. No such gain or loss was recorded during the three months ended March 31, 2020.

General and Administrative Expense (Excluding Depreciation). For the three months ended March 31, 2021, general and administrative expense (excluding depreciation) was \$11.9 million, which was relatively consistent with \$11.8 million for the three months ended March 31, 2020.

Interest Expense and Financing Costs, Net. For the three months ended March 31, 2021, our interest expense and financing costs were \$18.2 million, relatively consistent with \$18.7 million for the three months ended March 31, 2020.

Change in Value of Common Stock Warrants. For the three months ended March 31, 2020, the change in value of common stock warrants resulted in income of \$4.3 million. During January and March 2020, one of our stockholders and its affiliates exercised the remaining 354,350 common stock warrants in exchange for 350,542 shares of common stock. We estimated the fair value of our outstanding common stock warrants using the difference between the strike price of the warrant and the market price of our common stock. During the three months ended March 31, 2020, our stock price decreased from \$23.24 per share as of December 31, 2019 to \$7.10 per share as of March 31, 2020. During the three months ended March 31, 2021, there were no common stock warrants outstanding.

Equity Earnings from Laramie Energy, LLC. For the three months ended March 31, 2021, there were no equity earnings (losses) from Laramie Energy, compared to equity losses of \$45.0 million for the three months ended March 31, 2020. As of June 30, 2020, we discontinued the application of the equity method of accounting for our investment in Laramie Energy because the book value of such investment has been reduced to zero. Please read Note 3—Investment in Laramie Energy, LLC for further information.

Income Taxes. For the three months ended March 31, 2021, we did not record any income taxes. For the three months ended March 31, 2020, we recorded an income tax benefit of \$18.2 million primarily driven by a \$18.4 million benefit associated with a partial release of our valuation allowance in connection with indefinite-lived deferred tax assets from interest expense carryforwards with no expiration.

Consolidating Condensed Financial Information

On December 21, 2017, Par Petroleum, LLC (the “Issuer”) issued its 7.75% Senior Secured Notes due 2025 in a private offering under Rule 144A and Regulation S of the Securities Act. On January 11, 2019, the Issuers (defined below) entered into a term loan and guaranty agreement with Goldman Sachs Bank USA, as administrative agent, and the lenders party thereto with respect to a \$250.0 million term loan (the “Term Loan B”). On June 5, 2020, the Issuers issued their 12.875% Senior Secured Notes due 2026 in a private offering under Rule 144A and Regulation S of the Securities Act. The 7.75% Senior Secured Notes, the Term Loan B, and the 12.875% Senior Secured Notes were co-issued by Par Petroleum Finance Corp. (together with the Issuer, the “Issuers”), which has no independent assets or operations. The 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured Notes are guaranteed on a senior unsecured basis only as to payment of principal and interest by Par Pacific Holdings, Inc. (the “Parent”) and are guaranteed on a senior secured basis by all of the subsidiaries of Par Petroleum, LLC.

The following supplemental condensed consolidating financial information reflects (i) the Parent’s separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries’ accounts (which are all guarantors of the 7.75% Senior Secured Notes, Term Loan B, and 12.875% Senior Secured Notes), (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes, Term Loan B, or 12.875% Senior Secured Notes and consolidating adjustments and eliminations, and (iv) the Parent’s consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent’s investment in its subsidiaries is accounted for under the equity method of accounting (dollar amounts in thousands).

As of March 31, 2021

	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,539	\$ 209,921	\$ 1,273	\$ 214,733
Restricted cash	330	1,670	—	2,000
Trade accounts receivable	—	155,883	3	155,886
Inventories	—	579,206	—	579,206
Prepaid and other current assets	13,123	11,296	494	24,913
Due from related parties	90,629	—	(90,629)	—
Total current assets	107,621	957,976	(88,859)	976,738
Property, plant, and equipment				
Property, plant, and equipment	21,595	1,132,886	3,957	1,158,438
Less accumulated depreciation, depletion, and amortization	(15,034)	(251,446)	(2,786)	(269,266)
Property, plant, and equipment, net	6,561	881,440	1,171	889,172
Long-term assets				
Operating lease right-of-use assets	3,567	424,010	—	427,577
Investment in subsidiaries	256,282	—	(256,282)	—
Intangible assets, net	—	18,227	—	18,227
Goodwill	—	125,399	2,598	127,997
Other long-term assets	723	62,036	—	62,759
Total assets	\$ 374,754	\$ 2,469,088	\$ (341,372)	\$ 2,502,470
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	\$ 47,974	\$ 10,842	\$ —	\$ 58,816
Obligations under inventory financing agreements	—	592,621	—	592,621
Accounts payable	1,553	133,536	1,478	136,567
Deferred revenue	—	6,980	—	6,980
Accrued taxes	61	29,749	—	29,810
Operating lease liabilities	703	57,186	—	57,889
Other accrued liabilities	8,121	301,832	(1,962)	307,991
Due to related parties	35,615	20,514	(56,129)	—
Total current liabilities	94,027	1,153,260	(56,613)	1,190,674
Long-term liabilities				
Long-term debt, net of current maturities	—	597,185	—	597,185
Finance lease liabilities	43	11,901	(4,594)	7,350
Operating lease liabilities	4,573	370,811	—	375,384
Other liabilities	44	66,032	(10,266)	55,810
Total liabilities	98,687	2,199,189	(71,473)	2,226,403
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	601	—	—	601
Additional paid-in capital	814,467	449,694	(449,694)	814,467
Accumulated earnings (deficit)	(539,255)	(180,879)	180,879	(539,255)
Accumulated other comprehensive income (loss)	254	1,084	(1,084)	254
Total stockholders' equity	276,067	269,899	(269,899)	276,067
Total liabilities and stockholders' equity	\$ 374,754	\$ 2,469,088	\$ (341,372)	\$ 2,502,470

As of December 31, 2020

	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	\$ 480	\$ 67,147	\$ 682	\$ 68,309
Restricted cash	330	1,670	—	2,000
Trade accounts receivable	—	111,654	3	111,657
Inventories	—	429,855	—	429,855
Prepaid and other current assets	16,983	7,171	494	24,648
Due from related parties	107,995	—	(107,995)	—
Total current assets	125,788	617,497	(106,816)	636,469
Property, plant, and equipment				
Property, plant, and equipment	21,477	1,124,587	37,814	1,183,878
Less accumulated depreciation, depletion, and amortization	(14,368)	(233,927)	(2,818)	(251,113)
Property, plant, and equipment, net	7,109	890,660	34,996	932,765
Long-term assets				
Operating lease right-of-use assets	3,714	367,850	(14,398)	357,166
Investment in Laramie Energy, LLC	—	—	—	—
Investment in subsidiaries	209,010	—	(209,010)	—
Intangible assets, net	—	18,892	—	18,892
Goodwill	—	125,399	2,598	127,997
Other long-term assets	723	59,849	—	60,572
Total assets	\$ 346,344	\$ 2,080,147	\$ (292,630)	\$ 2,133,861
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current maturities of long-term debt	\$ 47,301	\$ 11,048	\$ 1,584	\$ 59,933
Obligations under inventory financing agreements	—	423,686	—	423,686
Accounts payable	2,401	103,067	1,477	106,945
Deferred revenue	—	4,083	—	4,083
Accrued taxes	49	27,371	20	27,440
Operating lease liabilities	750	60,449	(4,234)	56,965
Other accrued liabilities	10,907	190,031	(1,310)	199,628
Due to related parties	33,757	36,124	(69,881)	—
Total current liabilities	95,165	855,859	(72,344)	878,680
Long-term liabilities				
Long-term debt, net of current maturities	—	608,353	40,307	648,660
Common stock warrants	—	—	—	—
Finance lease liabilities	77	7,848	—	7,925
Operating lease liabilities	4,783	309,736	(10,164)	304,355
Other liabilities	45	87,382	(39,460)	47,967
Total liabilities	100,070	1,869,178	(81,661)	1,887,587
Commitments and contingencies				
Stockholders' equity				
Preferred stock	—	—	—	—
Common stock	540	—	—	540
Additional paid-in capital	726,504	307,967	(307,967)	726,504
Accumulated earnings (deficit)	(477,028)	(94,086)	94,086	(477,028)
Accumulated other comprehensive income (loss)	(3,742)	(2,912)	2,912	(3,742)
Total stockholders' equity	246,274	210,969	(210,969)	246,274
Total liabilities and stockholders' equity	\$ 346,344	\$ 2,080,147	\$ (292,630)	\$ 2,133,861

	Three Months Ended March 31, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	\$ —	\$ 888,680	\$ —	\$ 888,680
Operating expenses				
Cost of revenues (excluding depreciation)	—	888,863	—	888,863
Operating expense (excluding depreciation)	—	74,905	(717)	74,188
Depreciation, depletion, and amortization	666	22,119	95	22,880
Impairment expense	—	—	—	—
Gain on sale of assets, net	—	(11,208)	(53,704)	(64,912)
General and administrative expense (excluding depreciation)	3,105	8,780	—	11,885
Acquisition and integration costs	438	—	—	438
Total operating expenses	4,209	983,459	(54,326)	933,342
Operating income (loss)	(4,209)	(94,779)	54,326	(44,662)
Other income (expense)				
Interest expense and financing costs, net	(1,290)	(16,897)	36	(18,151)
Debt extinguishment and commitment costs	—	(91)	(1,416)	(1,507)
Gain on curtailment of pension obligation	—	2,032	—	2,032
Other income, net	(7)	69	(1)	61
Equity earnings (losses) from subsidiaries	(56,721)	—	56,721	—
Total other income (expense), net	(58,018)	(14,887)	55,340	(17,565)
Income (loss) before income taxes	(62,227)	(109,666)	109,666	(62,227)
Income tax benefit (expense) (1)	—	22,873	(22,873)	—
Net income (loss)	\$ (62,227)	\$ (86,793)	\$ 86,793	\$ (62,227)
Adjusted EBITDA	\$ (3,112)	\$ (40,930)	\$ 716	\$ (43,326)

(1) The income tax benefit (expense) of the Parent Guarantor and Issuer and Subsidiaries is determined using the separate return method. The Non-Guarantor Subsidiaries and Eliminations column includes tax benefits recognized at the Par consolidated level that are primarily associated with changes to the consolidated valuation allowance and other deferred tax balances.

	Three Months Ended March 31, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	\$ —	\$ 1,204,081	\$ 2	\$ 1,204,083
Operating expenses				
Cost of revenues (excluding depreciation)	—	1,210,211	—	1,210,211
Operating expense (excluding depreciation)	—	74,574	(1,183)	73,391
Depreciation, depletion, and amortization	736	20,417	130	21,283
Impairment expense	—	67,922	—	67,922
Gain on sale of assets, net	—	—	—	—
General and administrative expense (excluding depreciation)	3,001	8,783	—	11,784
Acquisition and integration costs	—	665	—	665
Total operating expenses	<u>3,737</u>	<u>1,382,572</u>	<u>(1,053)</u>	<u>1,385,256</u>
Operating loss	(3,737)	(178,491)	1,055	(181,173)
Other income (expense)				
Interest expense and financing costs, net	(1,228)	(15,030)	(2,416)	(18,674)
Other income, net	10	14	—	24
Change in value of common stock warrants	4,270	—	—	4,270
Equity earnings (losses) from subsidiaries	(221,652)	—	221,652	—
Equity losses from Laramie Energy, LLC	—	—	(45,031)	(45,031)
Total other income (expense), net	<u>(218,600)</u>	<u>(15,016)</u>	<u>174,205</u>	<u>(59,411)</u>
Income (loss) before income taxes	(222,337)	(193,507)	175,260	(240,584)
Income tax benefit (expense) (1)	—	31,495	(13,248)	18,247
Net income (loss)	<u>\$ (222,337)</u>	<u>\$ (162,012)</u>	<u>\$ 162,012</u>	<u>\$ (222,337)</u>
Adjusted EBITDA	\$ (2,930)	\$ 15,417	\$ 1,185	\$ 13,672

(1) The income tax benefit (expense) of the Parent Guarantor and Issuer and Subsidiaries is determined using the separate return method. The Non-Guarantor Subsidiaries and Eliminations column includes tax benefits recognized at the Par consolidated level that are primarily associated with changes to the consolidated valuation allowance and other deferred tax balances.

Non-GAAP Financial Measures

Adjusted EBITDA for the supplemental consolidating condensed financial information, which is segregated at the “Parent Guarantor,” “Issuer and Subsidiaries,” and “Non-Guarantor Subsidiaries and Eliminations” levels, is calculated in the same manner as for the Par Pacific Holdings, Inc. Adjusted EBITDA calculations. See “Results of Operations — Non-GAAP Performance Measures — Adjusted Net Income (Loss) and Adjusted EBITDA” above.

The following tables present a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, Net Loss, on a historical basis for the periods indicated (in thousands):

	Three Months Ended March 31, 2021			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	\$ (62,227)	\$ (86,793)	\$ 86,793	\$ (62,227)
Inventory valuation adjustment	—	14,175	—	14,175
LIFO liquidation adjustment	—	1,888	—	1,888
RINs loss (gain) in excess of net obligation	—	28,770	—	28,770
Unrealized loss (gain) on derivatives	—	(4,012)	—	(4,012)
Acquisition and integration costs	438	—	—	438
Debt extinguishment and commitment costs	—	91	1,416	1,507
Severance costs	—	16	—	16
Gain on sale of assets, net	—	(11,208)	(53,704)	(64,912)
Depreciation, depletion, and amortization	666	22,119	95	22,880
Interest expense and financing costs, net	1,290	16,897	(36)	18,151
Equity losses (income) from subsidiaries	56,721	—	(56,721)	—
Income tax expense (benefit)	—	(22,873)	22,873	—
Adjusted EBITDA (3)	<u>\$ (3,112)</u>	<u>\$ (40,930)</u>	<u>\$ 716</u>	<u>\$ (43,326)</u>

	Three Months Ended March 31, 2020			
	Parent Guarantor	Issuer and Subsidiaries	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	\$ (222,337)	\$ (162,012)	\$ 162,012	\$ (222,337)
Inventory valuation adjustment	—	75,324	—	75,324
RINs loss (gain) in excess of net obligation	—	6,602	—	6,602
Unrealized loss on derivatives	—	22,876	—	22,876
Acquisition and integration costs	—	665	—	665
Changes in valuation allowance and other deferred tax items (1)	—	—	(18,373)	(18,373)
Change in value of common stock warrants	(4,270)	—	—	(4,270)
Severance costs	61	88	—	149
Impairment of Investment in Laramie Energy, LLC (2)	—	—	45,294	45,294
Par's share of Laramie Energy's unrealized gain on derivatives (2)	—	—	(1,110)	(1,110)
Impairment expense	—	67,922	—	67,922
Depreciation, depletion, and amortization	736	20,417	130	21,283
Interest expense and financing costs, net	1,228	15,030	2,416	18,674
Equity losses from Laramie Energy, LLC, excluding Par's share of unrealized gain on derivatives and impairment losses	—	—	847	847
Equity losses (income) from subsidiaries	221,652	—	(221,652)	—
Income tax expense (benefit)	—	(31,495)	31,621	126
Adjusted EBITDA (3)	\$ (2,930)	\$ 15,417	\$ 1,185	\$ 13,672

- (1) Includes increases in (releases of) our valuation allowance associated with business combinations and changes in deferred tax assets and liabilities that are not offset by a change in the valuation allowance. These tax expenses (benefits) are included in Income tax expense (benefit) on our condensed consolidated statements of operations.
- (2) Includes impairment losses on our investment in Laramie Energy and our share of Laramie Energy's asset impairment losses in excess of our basis difference. These impairment losses and our share of Laramie Energy's unrealized loss (gain) on derivatives are included in Equity earnings (losses) from Laramie Energy, LLC on our condensed consolidated statements of operations.
- (3) For the three months ended March 31, 2021, there was no change in valuation allowance and other deferred tax items, change in value of common stock warrants, impairment of investment in Laramie Energy, unrealized gain on derivatives included in equity earnings from Laramie Energy, impairment expense, or equity losses from Laramie Energy. For the three months ended March 31, 2020, there was no LIFO liquidation adjustment or loss (gain) on sale of assets.

Liquidity and Capital Resources

Our liquidity and capital requirements are primarily a function of our debt maturities and debt service requirements and contractual obligations, capital expenditures, turnaround outlays, and working capital needs. Examples of working capital needs include purchases and sales of commodities and associated margin and collateral requirements, facility maintenance costs, and other costs such as payroll. Our primary sources of liquidity are cash flows from operations, cash on hand, amounts available under our credit agreements, and access to capital markets.

Our liquidity position as of March 31, 2021 was \$286.9 million and consisted of \$282.1 million at Par Petroleum, LLC and subsidiaries, \$3.5 million at Par Pacific Holdings, and \$1.3 million at all our other subsidiaries.

As of March 31, 2021, we had access to the J. Aron Deferred Payment Arrangement, the ABL Credit Facility, the MLC receivable advances, and cash on hand of \$214.7 million. In addition, we have the Supply and Offtake Agreements with J. Aron and the Washington Refinery Intermediation Agreement, which are used to finance the majority of the inventory at our Hawaii and Washington refineries, respectively. Generally, the primary uses of our capital resources have been in the operations of our refining and retail segments, payments related to acquisitions, and to repay or refinance indebtedness.

In the first quarter of 2021, we closed on the sale and leaseback of twenty-two (22) of our retail properties in Hawaii for an aggregate cash purchase price of approximately \$112.8 million net of transaction fees (the “Sale-Leaseback Transaction”). We used approximately \$53.1 million of the net cash proceeds to repay the certain financing arrangements which were related to certain of the retail properties and the remainder for general corporate purposes.

On March 19, 2021, we sold 5.75 million shares of common stock in an underwritten public offering at a public offering price of \$16.00 per share, resulting in net proceeds of approximately \$87.4 million, after deducting underwriting discounts and commissions and offering expenses. We intend to use the net proceeds from the Equity Offering for general corporate purposes, including repaying indebtedness, capital expenditures, and funding working capital.

We believe our cash flows from operations and available capital resources will be sufficient to meet our current capital and turnaround expenditures, working capital, and debt service requirements for the next 12 months. We may seek to raise additional debt or equity capital to fund any other significant changes to our business or to refinance existing debt. We cannot offer any assurances that such capital will be available in sufficient amounts or at an acceptable cost.

We may from time to time seek to retire or repurchase our 5.00% Convertible Senior Notes, our 7.75% Senior Secured Notes, our 12.875% Senior Secured Notes, or our common stock through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

Cash Flows

The following table summarizes cash activities for the three months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ (30,737)	\$ 14,499
Net cash provided by (used in) investing activities	94,678	(14,943)
Net cash provided by (used in) financing activities	82,483	(63,491)

Net cash used in operating activities was approximately \$30.7 million for the three months ended March 31, 2021, which resulted from a net loss of approximately \$62.2 million, offset by net cash provided by changes in operating assets and liabilities of approximately \$85.8 million and non-cash earnings from operations of approximately \$54.3 million. The change in our operating assets and liabilities for the three months ended March 31, 2021 was primarily due to a net increase in our Supply and Offtake Agreements and Washington Refinery Intermediation Agreement obligations of \$124.4 million and an increase in our gross environmental credit obligations of \$109.5 million, partially offset by increases in inventories of \$139.1 million and accounts receivable of \$45.0 million. Net cash provided by changes in operating assets and liabilities also includes an increase of \$5.6 million in deferred turnaround costs. Net cash provided by operating activities was approximately \$14.5 million for the three months ended March 31, 2020, which resulted from a net loss of approximately \$222.3 million and net cash used for changes in operating assets and liabilities of approximately \$88.7 million, offset by non-cash charges to operations of approximately \$325.6 million.

For the three months ended March 31, 2021, net cash provided by investing activities was approximately \$94.7 million and primarily related to proceeds received from the Sale-Leaseback Transaction. Net cash used in investing activities was approximately \$14.9 million for the three months ended March 31, 2020 and primarily related to additions to property and equipment totaling approximately \$14.9 million.

Net cash provided by financing activities for the three months ended March 31, 2021 was approximately \$82.5 million, which consisted primarily of proceeds of \$87.4 million from our March 2021 Equity Offering and net borrowings associated with the J. Aron deferred payment and MLC receivable advances of approximately \$44.5 million, partially offset by net debt and insurance premium repayments of approximately \$47.3 million. Net cash used in financing activities for the three months ended March 31, 2020 was approximately \$63.5 million, which consisted primarily of net debt and insurance premium repayments of approximately \$9.8 million and net repayments associated with the J. Aron deferred payment and MLC receivable advances of approximately \$52.1 million.

Capital Expenditures and Turnaround Costs

Our deferred turnaround costs and capital expenditures, excluding acquisitions, for the three months ended March 31, 2021 totaled approximately \$13.8 million and were primarily related to the 2021 turnaround and related scheduled maintenance work at our Washington refinery and underground tank replacements, rebranding, and point of sale and other equipment upgrades at our Retail segment. Our capital expenditure and deferred turnaround cost budget for 2021 ranges from \$35 to \$45 million and primarily relates to a partial turnaround at our Washington refinery and scheduled sustaining maintenance, regulatory, and safety compliance projects across all businesses.

We also continue to seek strategic investments in business opportunities, but the amount and timing of those investments are not predictable.

Commitments and Contingencies

Supply and Offtake Agreements. On June 1, 2015, we entered into the Supply and Offtake Agreements with J. Aron to support our Hawaii refining operations. On May 8, 2017, we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a one-year extension option upon mutual agreement of the parties. On June 27, 2018, we and J. Aron amended the Supply and Offtake Agreements to increase the amount that we may defer under the deferred payment arrangement. On December 5, 2018, we and J. Aron amended the Supply and Offtake Agreements to account for additional processing capacity expected to be provided by the Par West Hawaii refinery. On May 4, 2021, we extended the term of the Supply and Offtake Agreements to June 30, 2021. We expect to finalize a new multi-year agreement during the second quarter. Please read Note 7—Inventory Financing Agreements for more information.

Washington Refinery Intermediation Agreement. In connection with the consummation of the Washington Acquisition on January 11, 2019, we assumed the Washington Refinery Intermediation Agreement with MLC to support the operations of our Washington refinery. On November 1, 2019, we and MLC amended the Washington Refinery Intermediation Agreement and extended the term through June 30, 2021. We further amended the Washington Refinery Intermediation Agreement on February 11, 2021 and extended the term through March 31, 2022. Please read Note 7—Inventory Financing Agreements for more information.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 13—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Critical Accounting Policies and Estimates

There have been no material changes to critical accounting policies disclosed in our Annual Report on Form 10-K.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (“PSLRA”), or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties, and other important factors including, without limitation, our expectations regarding the impact of COVID-19 on our business, our customers, and the markets where we operate; our beliefs with regard to available capital resources, our beliefs regarding the likelihood or impact of any potential fines or penalties and of the fair value of certain assets, and our expectations with respect to laws and regulations, including environmental regulations and related compliance costs and any fines or penalties related thereto; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital expenditures, including the timing and cost of compliance with consent decrees and other enforcement actions; our expectations regarding the impact of the adoption of certain accounting standards; our estimates regarding the fair value of certain indebtedness; estimated costs to settle claims from the Delta bankruptcy; the estimated value of, and our ability to settle, legal claims remaining to be settled against third parties; our expectations regarding the synergies or other benefits of our acquisitions; our expectations regarding certain tax liabilities and debt obligations; our expectations and estimates regarding our Supply and Offtake Agreements and the Washington Refinery Intermediation Agreement; management’s assumptions about future events; our ability to raise additional debt or equity capital; our ability to make strategic investments in business opportunities; and the estimates, assumptions, and projections regarding future financial condition, results of operations, liquidity, and cash flows. These and other forward-looking statements could cause the actual results, performance, or achievements of Par and its subsidiaries to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-

looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act, and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control, including those set out in our most recent Annual Report on Form 10-K and this Quarterly Report on Form 10-Q under “Risk Factors.”

In addition, management’s assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance; and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described above and under Critical Accounting Policies and Risk Factors included in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. All forward-looking statements speak only as of the date they are made. Additionally, significant uncertainties remain with respect to COVID-19 and its economic effects. Due to the unpredictable and unprecedented nature of the COVID-19 pandemic, we cannot identify all potential risks to, and impacts on, our business, including the ultimate adverse economic impact to the Company’s business, results of operations, financial condition, and liquidity. However, the adverse impact of COVID-19 on the Company has been and will likely continue to be material. There can be no guarantee that the operational and financial measures the Company has taken, and may take in the future, will be fully effective. We do not intend to update or revise any forward-looking statements as a result of new information, future events, or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Our earnings, cash flows, and liquidity are significantly affected by commodity price volatility. Our Revenues fluctuate with refined product prices and our Cost of revenues (excluding depreciation) fluctuates with movements in crude oil and feedstock prices. Assuming all other factors remain constant, a \$1 per barrel change in average gross refining margins, based on our throughput for the three months ended March 31, 2021 of 127 thousand barrels per day, would change annualized operating income by approximately \$45.9 million. This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options, and over-the-counter (“OTC”) swaps associated with:

- the price for which we sell our refined products;
- the price we pay for crude oil and other feedstocks;
- our crude oil and refined products inventory; and
- our fuel requirements for our refineries.

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales, and inventory. All our open futures and OTC swaps at March 31, 2021 will settle by October 2021. At March 31, 2021, these open commodity derivative contracts represent (in thousands of barrels):

Contract type	Purchases	Sales	Net
Futures	500	(250)	250
Swaps	2,525	(3,025)	(500)
Total	3,025	(3,275)	(250)

Based on our net open positions at March 31, 2021, a \$1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately \$0.3 million to the fair value of these derivative instruments and Cost of revenues (excluding depreciation).

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three months ended March 31, 2021, we consumed approximately 127 thousand barrels per day of crude oil during the refining process at our Hawaii, Washington, and Wyoming refineries. We internally consumed approximately 3% of this throughput in the refining process during each of the three months ended March 31, 2021, which is accounted for as a fuel cost. We have economically hedged 25 thousand barrels per month through December 1, 2021 of our internally consumed fuel cost at our Hawaii refineries by executing option collars. These option collars have a weighted-average strike price ranging from a floor of \$36.50 per barrel to a ceiling of \$60.00 per barrel. We do not currently economically hedge our internally consumed fuel cost at our Wyoming or Washington refineries.

Compliance Program Price Risk

We are exposed to market risks related to the volatility in the price of RINs required to comply with the Renewable Fuel Standard. Our renewable volume obligation (“RVO”) is based on a percentage of our Hawaii, Wyoming, and Washington refineries’ production of on-road transportation fuel. The EPA sets the RVO percentages annually. The EPA has not yet set volumetric requirements for 2021, which makes it difficult to estimate our obligations. To the degree we are unable to blend the required amount of biofuels to satisfy our RVO, we must purchase RINs on the open market. To mitigate the impact of this risk on our results of operations and cash flows, we may purchase RINs when the price of these instruments is deemed favorable. Some of these contracts are derivative instruments, however, we elect the normal purchases normal sales exception and do not record these contracts at their fair values.

Interest Rate Risk

As of March 31, 2021, we had \$225.0 million in debt principal that was subject to floating interest rates. We also had interest rate exposure in connection with our liabilities under the J. Aron Supply and Offtake Agreements and the MLC Washington Refinery Intermediation Agreement for which we pay charges based on three-month LIBOR. An increase of 1% in the variable rate on our indebtedness, after considering the instruments subject to minimum interest rates, would result in an increase to our Cost of revenues (excluding depreciation) and Interest expense and financing costs, net, of approximately \$3.0 million and \$3.7 million per year, respectively.

We may utilize interest rate swaps to manage our interest rate risk. As of December 31, 2020, we had entered into an interest rate swap at an average fixed rate of 3.91% in exchange for the floating interest rate and on the notional amounts due under the Retail Property Term Loan. This swap was set to expire on April 1, 2024, the maturity date of the Retail Property Term Loan. On February 23, 2021, we terminated and repaid all amounts outstanding under the Retail Property Term Loan and the related interest rate swap.

Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. We will continue to closely monitor the creditworthiness of customers to whom we grant credit and establish credit limits in accordance with our credit policy.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, as of March 31, 2021, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes during the quarter ended March 31, 2021 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 13—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Item 1A. RISK FACTORS

We are subject to certain risks. For a discussion of these risks, see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020. These “Risk Factors” may be amplified by the uncertain and unprecedented nature of the COVID-19 pandemic.

Our business, financial condition, results of operations, and liquidity have been adversely affected by the COVID-19 pandemic that has caused, and is expected to continue to cause, the global slowdown of economic activity (including the decrease in demand for crude oil and the refined products that we produce and sell), disruptions in global supply chains, and significant volatility and disruption of financial markets and that also has adversely affected workforces, customers, and regional and local economies.

Because the severity, magnitude, and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing, and difficult to predict, the impact on our business, results of operations, financial condition, and liquidity remains uncertain and difficult to predict. The ultimate impact of the COVID-19 pandemic on our results of operations and financial condition remains uncertain and depends on numerous evolving factors, many of which are not within our control, and which we may not be able to effectively respond to, including, but not limited to: governmental, business, and individuals’ actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport, workforce pressures and social distancing, and stay-at-home orders); the effect of the pandemic on economic activity and actions taken in response; the effect on our customers and their demand for our products; the effect of the pandemic on the creditworthiness of our customers; national or global supply chain challenges or disruption; workforce availability; facility closures; commodity cost volatility; general economic uncertainty in key global markets and financial market volatility and ability to access capital markets; global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides, as well as response to a potential reoccurrence.

Further, the COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, could also precipitate or aggravate the other risk factors that we identify in our 2020 Annual Report on Form 10-K, which could materially adversely affect our business, financial condition, results of operations (including revenues and profitability), and liquidity and/or stock price. Additionally, COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Dividends

We have not paid dividends on our common stock and we do not expect to do so in the foreseeable future. In addition, under the ABL Credit Facility, the indentures governing the 7.75% Senior Secured Notes and the 12.875% Senior Secured Notes, and the Term Loan B Facility, our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

Stock Repurchases

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended March 31, 2021:

Period	Total number of shares (or units) purchased (1)	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1 - January 31, 2021	—	\$ —	—	—
February 1 - February 28, 2021	75,854	17.39	—	—
March 1 - March 31, 2021	67	19.19	—	—
Total	75,921	\$ 17.39	—	—

(1) All shares repurchased were surrendered by employees to pay taxes withheld upon the vesting of restricted stock awards.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURE

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

- 2.1 [Third Amended Joint Chapter 11 Plan of Reorganization of Delta Petroleum Corporation and Its Debtor Affiliates dated August 16, 2012. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on September 7, 2012.](#)
- 2.2 [Contribution Agreement, dated as of June 4, 2012, among Piceance Energy, LLC, Laramie Energy, LLC, and the Company. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2012.](#)
- 2.3 [Membership Interest Purchase Agreement dated as of June 17, 2013, by and among Tesoro Corporation, Tesoro Hawaii, LLC, and Hawaii Pacific Energy, LLC Incorporated by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, filed on August 14, 2013.](#)
- 2.4 [Agreement and Plan of Merger dated as of June 2, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed on August 11, 2014.](#)
- 2.5 [Amendment of Agreement and Plan of Merger dated as of September 9, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 10, 2014.](#)
- 2.6 [Second Amendment of Agreement and Plan of Merger dated as of December 31, 2014, by and among Par Petroleum Corporation, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholder's Representative. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 7, 2015.](#)
- 2.7 [Third Amendment to Agreement and Plan of Merger dated as of March 31, 2015, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed on April 2, 2015.](#)
- 2.8 [Unit Purchase Agreement, dated as of June 13, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 15, 2016.](#)
- 2.9 [First Amendment to Unit Purchase Agreement dated as of July 14, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 15, 2016.](#)
- 2.10 [Purchase and Sale Agreement dated as of November 26, 2018, among Par Petroleum, LLC, TrailStone NA Oil & Refining Holdings, LLC, and solely for certain purposes specified therein, the Company. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A filed on November 30, 2018. #](#)
- 2.11 [Amendment No. 1 to Purchase and Sale Agreement dated as of January 11, 2019, among Par Petroleum, LLC, TrailStone NA Oil & Refining Holdings, LLC and Par Pacific Holdings, Inc. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on January 14, 2019.](#)
- 3.1 [Restated Certificate of Incorporation of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 20, 2015.](#)
- 3.2 [Second Amended and Restated Bylaws of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on October 20, 2015.](#)
- 4.1 [Form of the Company's Common Stock Certificate. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 31, 2014.](#)
- 4.2 [Stockholders Agreement dated April 10, 2015. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 13, 2015.](#)
- 4.3 [Registration Rights Agreement effective as of August 31, 2012, by and among the Company, Zell Credit Opportunities Master Fund, L.P., Waterstone Capital Management, L.P., Pandora Select Partners, LP, Iam Mini-Fund 14 Limited, Whitebox Multi-Strategy Partners, LP, Whitebox Credit Arbitrage Partners, LP, HFR RVA Combined Master Trust, Whitebox Concentrated Convertible Arbitrage Partners, LP, and Whitebox Asymmetric Partners, LP. Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on September 7, 2012.](#)
- 4.4 [First Amendment to Registration Rights Agreement dated as of December 19, 2018, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.3 to the Company's registration statement on Form S-3 filed on December 21, 2018.](#)
- 4.5 [Registration Rights Agreement dated as of September 25, 2013, by and among the Company and the Purchasers party thereto. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 27, 2013.](#)

- 4.6 [Indenture, dated June 21, 2016, between Par Pacific Holdings, Inc. and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.](#)
- 4.7 [Registration Rights Agreement, dated June 21, 2016, between Par Pacific Holdings, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.](#)
- 4.8 [Registration Rights Agreement dated as of July 14, 2016, by and among Par Pacific Holdings, Inc. and the purchasers party thereto. Incorporated by Reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2016.](#)
- 4.9 [First Amendment to Registration Rights Agreement dated as of September 27, 2016, by and among the Company and the purchasers party thereof. Incorporated by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.10 [Second Amendment to Registration Rights Agreement dated as of September 30, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.15 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.11 [Third Amendment to Registration Rights Agreement dated as of October 7, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.12 [Fourth Amendment to Registration Rights Agreement dated as of October 14, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.17 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.13 [Fifth Amendment to Registration Rights Agreement dated as of October 21, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.18 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.14 [Sixth Amendment to Registration Rights Agreement dated as of October 28, 2016 by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.19 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.15 [Second Amended and Restated Par Pacific Holdings, Inc. 2012 Long Term Incentive Plan. Incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on March 29, 2018.](#)
- 4.16 [Par Pacific Holdings, Inc. 2018 Employee Stock Purchase Plan. Incorporated by reference to Appendix B to the Company's Proxy Statement on Schedule 14A filed on March 29, 2018.](#)
- 4.17 [Registration Rights Agreement dated as of January 11, 2019, by and between the Company and TrailStone NA Oil & Refining Holdings, LLC. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on January 14, 2019.](#)
- 4.18 [Indenture, dated December 21, 2017, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors \(as defined therein\), and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 22, 2017.](#)
- 4.19 [First Supplemental Indenture, dated November 20, 2018, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors \(as defined therein\), and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.21 to the Company's registration statement on Form S-3 filed on December 21, 2018.](#)
- 4.20 [Second Supplemental Indenture, dated January 11, 2019, among Par Tacoma, LLC \(f/k/a TrailStone NA Asset Finance I, LLC\), U.S. Oil & Refining Co., McChord Pipeline Co., Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on January 14, 2019.](#)
- 4.21 [Third Supplemental Indenture, dated August 15, 2019, among Par Hawaii, LLC \(successor by conversion to Par Hawaii, Inc.\), Par Petroleum, LLC, Par Petroleum Finance Corp., Par Pacific Holdings, Inc., the other guarantors party thereto, and Wilmington Trust, National Association. Incorporated by reference to Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q filed on August 10, 2020.](#)
- 4.22 [2019 Par Pacific Holdings, Inc. Management Stock Purchase Plan. Incorporated by reference to Appendix 1 to the Company's Definitive Proxy Statement on Schedule 14A filed on March 28, 2019.](#)
- 4.23 [Indenture, dated as of June 5, 2020, among Par Petroleum, LLC, Par Petroleum Finance Corp., the Guarantors \(as defined therein\) and Wilmington Trust, National Association, as Trustee and Collateral Trustee. Incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed on June 8, 2020.](#)
- 4.24 [Par Pacific Holdings, Inc. Amended and Restated 2012 Long Term Incentive Plan. Incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on April 21, 2016.](#)

4.25	<u>Registration Rights Agreement dated as of December 19, 2018, by and between the Company and IES Downstream, LLC. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 20, 2018.</u>
10.1	<u>Purchase Agreement and Escrow Instructions, dated as of February 11, 2021, by and among Par Hawaii, LLC, Par Pacific Hawaii Property Company, LLC, MDC Coast HI 1, LLC, and Fidelity National Title Insurance Company. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 16, 2021.</u>
10.2	<u>Amended and Restated Master Land and Building Lease Agreement, dated as of March 12, 2021, by and among Par Hawaii, LLC, Par Petroleum, LLC and MDC Coast HI 1, LLC. *#</u>
10.3	<u>Thirteenth Amendment to First Lien ISDA 2002 Master Agreement entered into as of February 11, 2021, by and between U.S. Oil & Refining Co. and Merrill Lynch Commodities, Inc. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 16, 2021.</u>
31.1	<u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *</u>
31.2	<u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *</u>
32.1	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350. **</u>
32.2	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. **</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Documents.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

Portions of this exhibit have been redacted in accordance with Item 601(b)(10) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange of Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAR PACIFIC HOLDINGS, INC.
(Registrant)

By: /s/ William Pate
William Pate
President and Chief Executive Officer

By: /s/ William Monteleone
William Monteleone
Chief Financial Officer

Date: May 7, 2021

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([**]) IN THIS EXHIBIT, HAS BEEN OMITTED BECAUSE THE INFORMATION IS NOT MATERIAL AND IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL.

AMENDED AND RESTATED
MASTER LAND AND BUILDING LEASE AGREEMENT

MARCH 12, 2021

LANDLORD:

MDC COAST HI 1, LLC,
a Delaware limited liability company

TENANT:

PAR HAWAII, LLC,
a Delaware limited liability company

**AMENDED AND RESTATED
MASTER LAND AND BUILDING LEASE AGREEMENT**

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Exhibit "A" – Schedule of Leased Premises

Exhibit "B" – Memorandum of Lease

Exhibit "C" – ACH Automatic Payment Authorization

Exhibit "D" – Subordination, Non-disturbance and Attornment Agreement

Exhibit "E" – Tenant Estoppel Certificate

Exhibit "F" – Intentionally Omitted

Exhibit "G" – Environmental Reports

Exhibit "H" – Base Monthly Rent

**AMENDED AND RESTATED
MASTER LAND AND BUILDING LEASE AGREEMENT**

This Amended and Restated Master Land and Building Lease Agreement (“**Lease**”), dated for reference purposes only as of March 12, 2021, is made by and between **MDC COAST HI 1, LLC**, a Delaware limited liability company (“**Landlord**”), and **PAR HAWAII, LLC**, a Delaware limited liability company (“**Tenant**”, and together with Landlord, the “**Parties**”), and is joined in by **PAR PETROLEUM, LLC**, a Delaware limited liability company (“**Guarantor**”) for the purpose of granting its consent to the terms and conditions hereof, with reference to the recitals set forth below.

RECITALS

A. Landlord and Tenant entered into (i) that certain Master Land and Building Lease Agreement dated February 23, 2021 (the “**Master Lease**”) for the twenty-one (21) certain real properties listed as items 1-20 and 22 on the “**Schedule of Leased Premises**,” attached hereto and incorporated herein as Exhibit “A” (the “**Original Sites**”); and (ii) that certain Master Land and Building Lease Agreement Addendum dated February 23, 2021 (the “**Master Lease Addendum**”).

B. As contemplated by the Master Lease, Landlord has now acquired the real property commonly known as 4261 Puhi Rd. (the “**Additional Site**”), as listed as item #21 on the Schedule of Leased Premises.

C. Landlord is the owner of the Original Sites and the Additional Site, together with certain improvements located thereon (including without limitation, to the extent owned by Tenant, the gasoline canopy and structure and built-in refrigeration equipment and walk-in coolers) and appurtenances thereunto belonging (but excluding any existing or future mineral estates, including all oil, gas and other minerals on, in, under or that may be produced from or about the real property), as further identified on the “**Schedule of Leased Premises**,” attached hereto and incorporated herein as Exhibit “A.” The term “**Premises**” as used in this Lease shall mean all of the real properties identified on the Schedule of Leased Premises.

D. This Lease constitutes a single master lease of all, but not less than all, of the Premises.

E. Landlord and Tenant hereby desire to amend and restate the Master Lease in its entirety to include the Additional Site as part of the Premises.

F. Landlord desires to lease the Premises to Tenant, and Tenant desires to lease the Premises from Landlord, pursuant to the provisions of this Lease.

1. DEFINITIONS

The following terms, when used in this Lease, shall have the meaning set forth in this Article.

1.1 Claim.

The term “**Claim**” shall mean any and all claims, action, suit, loss, cost, damage, expense and/or liability (including court costs and reasonable and documented out of pocket attorneys’ fees).

1.2 Environmental Laws.

The term “**Environmental Laws**” shall mean the applicable Laws relating to Hazardous Materials, air pollution, water pollution, noise control, waste release, species, habitat, environmental conditions, and/or transporting, storing, handling, release, discharge or disposal of Hazardous Material, including the following: the Clean Air Act; the Resource Conservation and Recovery Act, as amended by the Hazardous Waste and Solid Waste Amendments of 1984; the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act; the Federal Insecticide, Fungicide and Rodenticide Act, as amended; the Safe Drinking Water Act; the Hazardous Liquid Pipeline Safety Act; the Hazardous Materials Transportation Act; and the National Environmental Policy Act, in each case, as now exist and as may at any later time be adopted or amended from time to time.

1.3 HVAC.

The term “**HVAC**” means all heating, ventilating and air conditioning systems and equipment that are located on or serve the Premises.

1.4 Hazardous Material.

The term “**Hazardous Material**” means any substance, material, or waste which is toxic, ignitable, reactive, or corrosive and which is or becomes regulated as such by the United States Government or the local or state governmental authority that has jurisdiction over the Premises. The term “Hazardous Material” includes (i) any material or substance which is defined as a “hazardous waste,” “extremely hazardous waste,” “restricted hazardous waste,” “hazardous substance,” or “hazardous material,” by any Law, (ii) oil and petroleum products and their by-products (including gasoline and diesel), pollutants, pollution, contaminants or contamination as those terms are commonly used or as defined or designated under any Environmental Law, (iii) asbestos, or asbestos-containing materials, (iv) any material or substance which is designated as a “hazardous substance” pursuant to the Federal Water Pollution Control Act, (v) all chemical, petroleum, or biological wastes, contaminants, emissions, discharges, or pollutants, whether hazardous or non-hazardous, liquid, solid or gaseous, and whether from any production, operation, maintenance, manufacturing, processing, storage, use or other activity, where such waste is regulated under federal, state, or local law which is designed to protect health, safety or the environment, (vi) any material or substance which is defined as a “hazardous waste” pursuant to the Federal Resource Conservation and Recovery Act, or (vii) any material or substance which is defined as a “hazardous substance” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act.

1.5 Indemnify.

The term “**Indemnify**” includes indemnify, hold harmless, protect, and defend with counsel reasonably acceptable to the indemnified party.

1.6 Law.

The term “**Law**” means any applicable law, statute, ordinance, policy, common law, directive, demand, requirement, regulation, order, or rule now or hereafter promulgated by any governmental entity, whether local, state, or federal.

1.7 Lease Year.

The term “**Lease Year**” shall mean the first twelve (12) full calendar months after the Rent Commencement Date (as defined in Section 4.2) and each subsequent twelve (12) month period thereafter during the term and any extensions. If the Rent Commencement Date is a day other than the first day of a calendar month, then the first Lease Year also will include the partial month commencing on the Rent Commencement Date and ending on the last day of such calendar month.

1.8 Pollutants.

The term “**Pollutants**” means: (i) any Hazardous Materials arising out of Tenant’s past, present or future use or occupancy of the Premises, Tenant’s acts or omissions which include, but are not limited to, any Hazardous Materials transported to or from the Premises, used, stored, spilled, released, discharged, disposed or emitted by Tenant or its invitees; (ii) any Hazardous Materials released at, under, from, or to the Premises, including the migration of Hazardous Materials to or from the Premises, during or before the Term; and (iii) any Hazardous Materials present at, under, from or to the Premises as a result of, or relating to any condition or risk identified in the Phase I Environmental Site Assessments listed on Exhibit G attached hereto (collectively, the “**Identified Risks**”), except in all cases those relating to the actions of Landlord or Landlord’s employees, agents, contractors, subcontractors or persons action on Landlord’s behalf (“**Landlord Party(ies)**”). As used herein, Tenant includes Tenant’s employees, agents, successors, subtenants, assigns, contractors, subcontractors, or persons acting on behalf of Tenant.

1.9 Release.

The term “**Release**” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment of any Hazardous Material during the Term, except to the extent caused by a Landlord Party. Notwithstanding anything herein to the contrary, a Release of de minimis or non-reportable amounts of Hazardous Materials in the ordinary course of business or as expressly permitted by applicable Law shall not be an Event of Default hereunder, but nothing herein shall relieve Tenant of liability for such Releases except to the extent caused by a Landlord Party.

1.10 Site.

The term “**Site**” or “**Sites**” means the real property and the improvements leased hereunder with respect to one or more, as the context requires, of the locations described on Exhibit A.

1.11 Storage Tank and Dispenser System.

The term “**Storage Tank and Dispenser System**” means a complex of one or more underground or aboveground storage tanks and their associated underground, above ground, and/or connected piping and related fuel dispensing, pumping, mechanical, control and detection equipment. Tenant is and shall remain and be the owner and operator of all Storage Tank and Dispenser Systems on the Premises, and, accordingly, is further deemed to be such for purposes of compliance with and liabilities arising from all applicable laws relating to such Storage Tank and Dispenser Systems as set forth in Article 27 hereof.

1.12 Trade Fixtures.

The term “**Trade Fixtures**” shall mean Tenant’s machinery and equipment that can be removed without doing material damage to the Premises (but excluding Utility Installations).

1.13 Utility Installations.

The term “**Utility Installations**” refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC, and plumbing for the buildings on the Premises.

2. MASTER LEASE / CONDITION OF THE PREMISES

2.1 Master Lease.

Landlord and Tenant have executed and delivered this Lease with the understanding that this Lease constitutes a unitary, unseverable instrument pertaining to all, but not less than all, of the Premises, and that, except as specifically provided in this Lease, neither this Lease nor the duties, obligations or rights of Tenant may be allocated or otherwise divided among the Premises by Tenant, except as noted herein. Landlord and Tenant each further acknowledge and agree that each of Landlord and Tenant entered into this single master lease as part of the consideration for entering into the leasing transaction between the parties, and that the transaction would not have been consummated if there were to have been separate lease agreements for each of the Premises. Landlord and Tenant further acknowledge that the addition of the Additional Site to this Lease was a condition to Landlord acquiring the Premises and entering into this Lease, and as such does not make this instrument severable or enable the Tenant to otherwise terminate this Lease as any Additional Site or any other Site.

2.2 Condition of the Premises.

Landlord leases to Tenant and Tenant leases from Landlord the Premises in their “**AS IS, WHERE IS, WITH ALL FAULTS**” condition with no representations or warranties whatsoever and on the terms and conditions set forth in this Lease. By affixing its initials below, Tenant acknowledges and agrees that: (i) immediately prior to the effectiveness of this Lease Tenant or an affiliate of Tenant owned and occupied the Premises; (ii) Tenant has knowledge of the Premises; (iii) in connection with entry into this Lease, no representations have been or are made by Landlord or relied upon by Tenant, or responsibility assumed by Landlord, with respect to the Premises (including, without limitation, the Storage Tank and Dispenser System) or their operations, or the condition or repair of the Premises, or as to any fact, circumstance, thing or condition which may affect or relate to the Premises, except as specifically set forth in this Lease; (iv) the Premises are leased in their “**AS IS, WHERE IS, WITH ALL FAULTS**” condition as of the Commencement Date; and (v) other than as specifically set forth in this Lease, Landlord shall have no obligation to alter, restore, improve, repair or develop the Premises, and further shall have no obligation to remove therefrom any items of personal property, or other trade fixtures or equipment which may be located at the Premises.

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Tenant’s Initials

2.3 Encroachments/Unplotted Easements.

The surveys obtained by Landlord for the Premises disclose encroachments and unplottable easements (“**Encroachments**”). In consideration of, and in order to induce Landlord to purchase the Premises and lease it to Tenant, for the Term of this Lease, Tenant, its successors and assigns, hereby absolutely and unconditionally indemnify, agree to defend with counsel reasonably acceptable to Landlord, protect and hold harmless Landlord, its successors and assigns, from and against any and all claims, demands, losses, costs, obligations, liabilities, penalties and expenses, (including, without limitation, reasonable attorneys' fees and expert witness fees), incurred in connection with or arising at any time in relation to the Encroachments. Notwithstanding the foregoing, Landlord shall not require Tenant to remedy or cure the Encroachments unless required by a third party or Landlord suffers a material adverse effect for which indemnification is provided for herein.

3. TERM

3.1 Primary Term.

The effective date with respect to each of the Original Sites shall be February 23, 2021 (the “**Original Sites Commencement Date**”) and the effective date with respect to the Additional Site shall be March 12, 2021 (the “**Additional Site Commencement Date**”) and, together with the Original Sites Commencement Date, as applicable, the “**Commencement Date**”). Tenant acknowledges that Tenant possesses the Premises as of the Commencement Date. The primary term (“**Primary Term**”) of this Lease shall commence upon the Commencement Date. The expiration date (“**Expiration Date**”) of the Primary Term shall be

March 31, 2036. The “Term” of this Lease is the Primary Term as it may be extended in accordance with this Lease for any Extension Period. Except as otherwise expressly stated herein, the terms and conditions of this Lease shall remain in effect during any extension, renewal or holdover of the Primary Term. Concurrently with the recording of the deeds transferring ownership of the Premises to Landlord, the Memorandums of Lease substantially in the form of Exhibit “B.” attached hereto and incorporated herein, may be recorded by and at the expense of Tenant with respect to each of the Premises in each county in which a Site is located. If a Memorandum of Lease is not recorded at a particular Site at the foregoing time, then Landlord shall deliver to Tenant an executed, witnessed and notarized Memorandum of Lease for the particular Site promptly following a written request for same and Tenant at Tenant’s cost may have such Memorandum of Lease recorded in the county in which such Site is located.

3.2 Extension Period

As long as no Event of Default has occurred and is continuing at the expiration of the Term then in effect, then Tenant shall have four (4) consecutive options (each an “**Extension Option**”) to extend the term and continue this Lease in effect, for five (5) years each (with each such period with respect to each Extension Option exercised by Tenant in accordance with this Lease being referred to as the “**Extension Period**”). During each Extension Period, the terms and provisions of this Lease will continue in effect, except that the Base Monthly Rent during each Extension Period shall be as set forth in Section 4.3. Tenant may exercise each Extension Option only by giving unequivocal and unconditional notice to Landlord of Tenant’s exercise of such Extension Option at least nine (9) months prior to the expiration of the Term. If Tenant shall fail to give the notice within the aforesaid time limits, Tenant’s right to exercise its options shall nevertheless continue during said 9 month period until five (5) business days after Landlord shall have given Tenant notice of Landlord’s election to terminate such option (“**Landlord’s Notice**”), and Tenant may exercise such option at any time until the expiration of said five (5) business day period. It is the intention of the parties to avoid forfeiture of Tenant’s rights to extend the Term under the options set forth in this Lease through inadvertent failure to give the extension notice within the time limits prescribed. Accordingly, if Tenant shall fail to give an extension notice to Landlord for an Extension Period, and if Landlord shall fail to give Landlord’s Notice to Tenant, then until the expiration of five (5) business days following Landlord’s Notice, or until Tenant either exercises its option to extend or notifies Landlord that it does not intend to exercise said option to extend, subject to Section 3.3 below, the then current term shall be extended automatically from month to month upon all the terms and conditions then in effect, and in no event shall the term extend beyond the last date of the Extension Period.

3.3 Surrender of Premises; Holding Over.

On the last day or sooner termination of the Term of this Lease, Tenant shall quit and surrender the Premises, together with all alterations and Utility Installations, vacant and free of all tenancies (except those Landlord elects to assume) and any leasehold rights therein and in good condition and repair, normal wear and tear and casualty and condemnation excepted, broom clean, free of known violations, without regard to the condition of the Premises on the Commencement Date, and shall surrender all keys for the Premises to Landlord at the place then

fixed for the payment of rent and shall inform Landlord of all combinations of locks, safes, and vaults, if any, in the Premises. If Tenant does not do so, then after expiration of this Lease, Tenant will be a tenant at will upon the applicable conditions of this Lease. In such event the Base Monthly Rent payable shall be increased by fifty percent (50%) over the rent payable during the last full month of the Term. If the Premises are not surrendered by Tenant within thirty (30) days after the expiration or earlier termination of the Lease, Tenant shall Indemnify Landlord from and against all Claims resulting from the delay by Tenant in so surrendering the Premises, including without limitation, any Claims made by any succeeding occupant or purchaser founded on such delay. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. "Normal wear and tear" shall not include any loss of use that would have been prevented by good and customary maintenance practice.

4. BASE MONTHLY RENT

4.1 Net-Net-Net Lease.

This is a net-net-net lease. It is the intention of Landlord and Tenant that the Base Monthly Rent (as defined below) and other sums and charges provided herein shall be absolutely net to Landlord. Except as otherwise specifically set forth in this Lease, Tenant shall pay, as additional rent ("**Additional Rent**"), all costs, charges, obligations, assessments, and expenses of every kind and nature against or relating to the Premises or the use, occupancy, operation, maintenance, or repair thereof, which may arise or become due during the Term hereof, whether or not now customary or within the contemplation of the parties hereto. Nothing in this Lease shall require Tenant to pay or reimburse Landlord for the payment of or be liable for any of the following: (i) any internal or overhead costs of Landlord or allocation of same to this Lease for any purpose (including, without limitation, any allocation of salaries or other costs of Landlord's employees); (ii) any conveyance, lease or other similar tax on or related to Landlord's transaction involving this Lease or any Site, except for such taxes applicable to the conveyance of the Sites to Landlord on or around the date hereof, this Lease on or around the date hereof, or the initial conveyance and lease of all the Sites occurring as a result of an Event of Default hereunder; (iii) any undocumented costs incurred by Landlord with respect to this Lease, the Sites or the Tenant; (iv) any agreements entered into by Landlord with respect to this Lease, the Sites or the Tenant which the Tenant didn't expressly consent to after the date of this Lease as required by this Lease; (v) any management, development, leasing, review or other similar oversight costs incurred by Landlord with respect to the Lease, the Sites or the Tenant unless directly related to an Event of Default by Tenant hereunder; (vi) any Claims relating to Hazardous Materials existing on, over or under the Premises or violations of Environmental Law to the extent caused by a Landlord Party; (vii) any Claims relating to violations of any Law to the extent caused by a Landlord Party; (viii) any costs and expenses related to any financing by Landlord involving this Lease or the Sites for any purpose and any related debt service, taxes or recording costs with respect to same; (ix) Landlord's federal, state and local income taxes, other taxes on income or net worth, margin taxes, capital, estate, succession, inheritance, value added or transfer taxes of Landlord or similar taxes or charges or substitutes therefor with respect to any rent and other

amounts received by Landlord under this Lease (provided, however, if a rent tax is instituted in Hawaii Tenant shall be fully responsible for payment of any rent tax); (x) any Claims resulting from the gross negligence or wilful misconduct of a Landlord Party; (xi) any late fees, interest, penalties or similar costs related to delayed or delinquent payments for any purpose to the extent caused by Landlord not delivering payment details to Tenant with a reasonable amount of time to make timely payments; and (xii) the costs of any insurance held by Landlord with respect to this Lease, the Sites, or the transaction involving the foregoing unless expressly required hereunder. References to Sites or Premises herein shall mean all or any portion of any Site or Sites or Premises part of this Lease.

4.2 Base Monthly Rent.

Tenant shall pay to Landlord as base monthly rent (“**Base Monthly Rent**”) the applicable amounts set forth in Exhibit “H.”

Base Monthly Rent allocated to each of the Sites (“**Individual Store Rents**”) is listed on Exhibit “A.” The parties acknowledge and agree that the Individual Store Rents are included in Exhibit “A.” solely for the convenience and use of the parties in making certain calculations as may be necessary from time to time pursuant to the provisions hereof. By way of example only, Base Monthly Rent payable hereunder following any of the following events will be adjusted by the respective Individual Store Rent(s): (i) termination of this Lease pursuant to the terms hereof as to certain (but not all) of the Sites; or (ii) of a conveyance by Landlord of Landlord’s interest in this Lease as to one or more of the Sites prior to expiration or termination hereof; or (iii) an assignment by Tenant of Tenant’s interest in this Lease as to one or more of the Sites pursuant to the terms hereof.

Notwithstanding anything contained in this Lease to the contrary, in no event shall the rental to be paid by Tenant hereunder ever be less than the amount payable by Tenant as Base Monthly Rent. Base Monthly Rent shall be payable by Tenant to Landlord in advance commencing on the Commencement Date (“**Rent Commencement Date**”) and on or before the first day of each calendar month thereafter, without prior notice, invoice, demand, deduction, or offset whatsoever. If the first day of the calendar month falls on a day which is a Saturday, Sunday, or a day which is, in the city and state in which Tenant is located, either a legal holiday or a day on which banking institutions are authorized by law to remain closed for the entire day, then Base Monthly Rent shall be payable on the next business day.

4.3 Base Monthly Rent during the Extension Periods.

In the event Tenant exercises its option(s) to extend the term of this Lease as set forth above, during the Extension Periods, Tenant shall pay Landlord the Base Monthly Rent for such Extension Period as set forth in Exhibit “H.” which is a compilation of the Individual Store Rents and hence would be adjusted to reflect any additions or reductions in the Sites subject to this Lease.

4.4 Rent.

All references to “**rent**” in this Lease shall mean, Base Monthly Rent, Additional Rent, and the other charges payable by Tenant to Landlord under this Lease. Landlord shall have the right to accept all rent and other payments, whether full or partial, and to negotiate checks and payments thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant. Base Monthly Rent and Additional Rent payable to Landlord pursuant to the terms hereof shall be paid via electronic transfer of funds (via wire transfer, or via ACH transfer by completion of the ACH Automatic Payment Authorization attached hereto as Exhibit “C”), or at Landlord’s option (upon thirty (30) days advance written notice to Tenant), by check paid to Landlord at the address to which notices to Landlord are given or to such other address as Landlord may designate in writing from time to time. Rent for any partial month shall be prorated based upon the actual number of days in the period subject to proration. Notwithstanding anything in this Lease to the contrary, Additional Rent and all other charges payable by Tenant to Landlord under this Lease, shall be paid by Tenant within thirty (30) days after Tenant’s receipt of written demand for payment together with reasonable documentation supporting that same is due and may be paid, at Tenant’s election, by check to Landlord at the address to which notices to Landlord are given or to such other address as Landlord may designate in writing from time to time. Except as expressly approved in a written separate document signed by Tenant, in no event shall Landlord debit any account of Tenant’s without written authorization from Tenant permitting same.

5. INTENTIONALLY OMITTED

6. INTENTIONALLY OMITTED

7. INTENTIONALLY OMITTED

8. USE OF THE PREMISES

Tenant shall use the Premises only for a convenience store with gasoline and refined fuel sales as such concepts exist now or in the future (together with ancillary commercial uses associated with such concepts, including, but not limited to the sale of liquor on the Premises pursuant to retail liquor license(s) issued by the applicable governmental authority and further provided Tenant obtains and maintains an endorsement for liquor liability on its general liability insurance) and such other uses as may be incidental thereto (“**Use**”) and no other uses without the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord acknowledges that: (i) Tenant or an affiliate of Tenant owned the Premises prior to Landlord; (ii) to the extent the uses are in compliance with applicable Law and private recorded deed or other such restrictions, the uses prior to Landlord’s purchase of the Premises are hereby permitted; and (iii) to the extent the uses are in compliance with applicable Law and private recorded deed or other such restrictions, any use permitted under those existing leases/subleases at any of the Sites are also hereby permitted by Landlord. Tenant has satisfied itself, and represents to Landlord to the extent of its knowledge, that such Use is lawful and conforms to all applicable zoning and other use restrictions and regulations applicable to the Premises.

9. PROPERTY TAXES, OTHER CHARGES, ASSESSMENTS AND UTILITIES

9.1 Tenant's Required Payments.

Effective on the Commencement Date, Tenant shall (i) subject to Tenant's right to contest the such tax or other charge, pay directly to the taxing authority on or before delinquency and as Additional Rent, all Property Taxes and Other Charges (as such terms are defined herein) that accrue during or are otherwise allocable to the term of this Lease; and (ii) upon request, provide Landlord with reasonable evidence of payment thereof. Property Taxes and Other Charges together are referred to herein as "**Taxes.**"

- 9.1.1 "**Property Taxes**" shall mean all taxes, assessments, excises, levies, fees, and charges (and any tax, assessment, excise, levy, fee, or charge levied wholly or partly in lieu thereof or as a substitute therefor or as an addition thereto) of every kind and description, general or special, ordinary or extraordinary, foreseen or unforeseen, secured or unsecured, whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed, or imposed on or against, or otherwise with respect to, the Premises or any part thereof or any personal property used in connection with the Premises, including real, *ad valorem*, personal property, margin, franchise, commercial activity, and gross receipts taxes.
- 9.1.2 "**Other Charges**" shall mean all other taxes, assessments, excises, levies, fees, and charges (including common area maintenance charges, charges relating to the cost of providing services to the Sites as provided in this Lease, and charges relating to documents or instruments of record affecting or encumbering the Premises existing as of the date hereof or otherwise consented to by Tenant), whether or not now customary or within the contemplation of Landlord and Tenant, that are levied, assessed, charged, confirmed, or imposed upon, or reasonably attributable to (a) the Premises; (b) Tenant's furniture, fixtures, equipment, or personal property located in the Premises, including the cost or value thereof; any leasehold improvements made in or to the Premises, regardless of whether title to such improvements is vested in Tenant or Landlord, including the cost or value thereof; (c) rent, including, if applicable, Property Taxes, Other Charges, insurance, and maintenance; (d) the possession, operation, maintenance, alteration, repair, use, or occupancy by Tenant of the Premises; (e) any license fee, occupancy fee, tax based upon the collection of rent, or any other fees or taxes assessed or charged in connection with the rental under this Lease (but in no event any income, wealth or other such taxes); and (f) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. Other Charges also include: (x) any so called rent tax in any form, but not Landlord's income, franchise or other such tax on Landlord's income generally (even though rent is included in Landlord's income) ; and (y) any fees, charges, fines, costs, assessments, taxes, demands, orders, directives, or other requirements by any governmental agency

asserting jurisdiction, or under any Environmental Laws which arise from or relate to Tenant's use of, or Tenant's activities at, the Premises.

9.1.3 In addition to the foregoing, during the term of this Lease, Tenant shall timely perform all obligations of the owner of the Premises under, and pay all expenses which the owner of the Premises may be required to pay in accordance with any declarations, covenants, conditions and restrictions or reciprocal easement agreements or any other documents or instruments that are of record now and affect the Premises (or of record in the future if created or filed by or with the consent of Tenant, such consent not to be unreasonably withheld, conditioned or delayed) (referred to collectively herein as the "**Title Instruments**"); provided, however, Tenant need not pay any debt service on loans it is not a party to and Tenant need not pay any rent on any lease that is senior in priority to this Lease. Tenant promptly shall comply with all of the terms and provisions of all Title Instruments, including all insurance requirements, to the extent of the requirements set forth in Article 13 below, or as existed prior to the Commencement Date, or as mutually acceptable to the Parties.

Landlord and Tenant will not alter, modify, amend or terminate any Title Instruments, give any consent or approval thereunder, or enter into any new Title Instrument without, in each case, the prior written consent of Landlord and Tenant. Landlord shall promptly respond, in its reasonable prudent business judgment, to Tenant's request to modify, amend or terminate any existing Title Instrument or enter into any new Title Instrument if same is necessary or beneficial to Tenant's business operations, as determined by Tenant in its prudent business judgment.

9.2 Assessments.

If any assessment for a capital improvement made by a public or governmental authority shall be levied or assessed against the Premises, and the assessment is payable either in a lump sum or on an instalment basis, then Tenant shall have the right to elect the basis of payment; provided however, throughout the entire Term of this Lease, Tenant shall pay, as part of Property Taxes, all assessments that accrue or are otherwise allocable to the Term of this Lease.

9.3 Utility Payments.

Tenant shall promptly pay when due all charges for water, wastewater, gas, electricity, and all other utilities furnished to or used upon the Premises, including all charges for installation, termination, and relocations of such service requested by Tenant. Landlord, at its option, may require Tenant to promptly furnish Landlord with reasonable evidence of payment of such charges. Tenant hereby agrees to direct Tenant's utility providers to provide Landlord or Landlord's representative, data regarding the utilities consumed in the operation of the Premises ("**Utility Data**"), and shall execute any documents required by the utility providers in connection therewith. In addition, if requested by a Landlord Party, Tenant, at no material cost to Tenant, hereby agrees to provide such Landlord Party copies of Tenant's utility bills and such other

Utility Data reasonably requested such Landlord Party for purposes of benchmarking, environmental performance labelling, energy management, and other related purposes.

9.4 Tenant's Right to Contest Utility Charges, Contest Taxes and Seek Reduction of Assessed Valuation of the Premises.

Tenant, at Tenant's sole cost and expense, shall have the right, at any time, to seek a reduction in the assessed valuation of the Premises or to contest any taxes or utility charges that are to be paid by Tenant; provided however, Tenant shall (i) Indemnify Landlord from all Claims that may directly result from or arise out of such contest (including Landlord's actions pursuant to Section 9.5); (ii) take such action as is necessary to remove the effect of any lien which attached to any of the Premises or the improvements thereon due to such contest; and (iii) in the event of a final determination adverse to Tenant, prior to enforcement, foreclosure or sale, pay the amount involved together with all penalties, fines, interest, costs, and expenses which may have accrued. Tenant may use any means allowed by statute to protest Taxes or utility charges as defined in this Article 9 as long as Tenant performs all other obligations under this Lease (including this Section 9.4). If Tenant seeks a reduction or contests any Taxes or utility charges, the failure on Tenant's part to pay the Taxes or utility charges shall not constitute a default as long as Tenant complies with the provisions of this Section.

9.5 Landlord Not Required to Join in Proceedings or Contest Brought by Tenant.

Landlord shall not be required to join in any proceeding or contest brought by Tenant; provided, however, if applicable law requires that any proceeding contest described in Section 9.4 be brought by or in the name of Landlord or the owner of the Premises, then Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is required neither to bear any material cost, to bear any material risk nor to violate any law, rule or regulation. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges, interest, and penalties incidental to the decision or judgment.

9.6 Partial Lease Years and Adjustment of Taxes.

Property Taxes (and Other Charges, as may be applicable) payable by Tenant in accordance with the terms of this Lease shall be appropriately adjusted for any partial Lease Year. Upon the Expiration Date, Taxes which have accrued prior to the Expiration Date and are payable after the Expiration Date, shall be prorated and apportioned as of the Expiration Date based upon the actual number of days in the period subject to proration such that Tenant shall bear all expenses with respect to the Premises up through and including the Expiration Date. Any amount payable by Tenant shall be remitted to Landlord within thirty (30) days following the later of (i) the Expiration Date, or (ii) Tenant's receipt of Landlord's written demand for payment together with reasonable evidence supporting same. Any excess prepaid Taxes shall be refunded to Tenant by Landlord within ten (10) business days of the Expiration Date. Taxes which cannot be ascertained with certainty as of the Expiration Date shall be prorated on the basis of the parties' reasonable estimates of such amount(s) and shall be the subject of a final

proration as soon thereafter as the precise amounts can be ascertained. The provisions of this paragraph shall survive the expiration or termination of this Lease.

9.7 Monthly Instalments of Property Taxes.

At Landlord's option, after and during the continuance of an Event of Default, upon written notice to Tenant and without in any way limiting Tenant's obligations under this Lease, Property Taxes shall be paid by Tenant as Additional Rent to Landlord in monthly instalments on the same day that Base Monthly Rent is due hereunder. Such monthly instalments shall be an estimated amount equal to one-twelfth (1/12) of the Property Taxes for the immediately preceding year, subject to adjustment when the actual amount of Property Taxes is determined. At such time as the actual amount of Property Taxes is determined, Landlord shall furnish to Tenant a statement indicating the actual amount of Property Taxes and the amount of any deficiency. Within thirty (30) days after Tenant receives such statement, Tenant shall pay to Landlord any deficiency due. In the event that Landlord has collected Property Taxes pursuant to this provision, then Landlord shall be obligated to timely pay such taxes in the amount collected to the applicable governmental authority prior to any delinquency. Any surplus paid by Tenant shall, at Tenant's option, be credited against the next instalment(s) of Base Monthly Rent or Other Charges due from Tenant or be promptly refunded to Tenant forthwith.

9.8 Transfer Taxes on Lease.

If any governmental authority levies, assesses, and/or imposes on Landlord a transfer tax or similar tax or fee as a result of entering into this Lease, Tenant shall, at Landlord's election in its sole discretion, either pay such tax directly to the governmental authority or pay the amount of such tax to Landlord, in which latter event Landlord shall pay such tax directly to the governmental authority.

10. FURNITURE, FIXTURES AND EQUIPMENT

10.1 Furniture, Fixtures, and Equipment.

During the term Tenant may, at Tenant's expense, place or install such furniture, Trade Fixtures, equipment, machinery, furnishings, face plates of signage and other articles of movable personal property (collectively, "**Tenant's Personal Property**") on the Premises as may be needed for the conduct of Tenant's business. It is expressly understood that the term Tenant's Personal Property as used herein shall in no event extend to Alterations (as defined below), equipment permanently affixed to the Premises (other than Trade Fixtures) and Utility Installations.

10.2 Landlord's Waiver.

Tenant may finance Tenant's Personal Property at any time and from time to time during the term of this Lease. Upon request of Tenant, Landlord shall execute and deliver to any lender a Landlord's Waiver in such form as shall be reasonably acceptable to Landlord and Tenant's

lender. Tenant may remove and/or replace Tenant's Personal Property periodically during the term of this Lease.

10.3 Removal of Tenant's Personal Property at Expiration of Lease.

At the expiration or earlier termination of this Lease, Tenant's Personal Property may be removed at the option of Tenant. If Tenant does not so remove Tenant's Personal Property, then at the expiration or earlier termination of this Lease, Landlord may require Tenant to remove Tenant's Personal Property within a reasonable time following receipt of written notice from Landlord. In either case, Tenant immediately shall make such repairs and restoration of the Premises as may be necessary to repair any damage to the Premises that is related to or results from the removal of Tenant's Personal Property. Any of Tenant's Personal Property that is not so removed within a reasonable period (not to exceed ten business days) shall, at Landlord's option, be deemed abandoned, and Landlord may cause such property to be removed from the Premises and disposed of, but Tenant shall promptly pay the reasonable cost of any such removal. The provisions of this paragraph shall survive the expiration or termination of this Lease.

10.4 Right to Affix Signs, Banners and Decals.

Tenant shall have the right (at Tenant's sole cost and expense) to decorate the Premises and affix such signs, banners and decals customarily used in its business upon the windows, doors, interior and exterior walls (excluding the roof) of the Premises, and such sign panels or free-standing signs, as Tenant may deem appropriate and as authorized by any governmental authority having jurisdiction over the Premises and permitted by all applicable Law and Title Instruments ("**Signage**"). Upon the expiration or earlier termination of this Lease, Tenant shall remove such Signage within a reasonable time following receipt of written notice from Landlord provided, however, in no event may Tenant remove free-standing Signage (such as pole-mounted or monument signs) from the Premises unless Landlord notifies Tenant to do so. Any sign panels removed from any pylon sign structures shall be promptly replaced with blank sign panels so as to preserve the integrity of the applicable structure. Tenant promptly shall make such repairs and restoration of the Premises as are necessary to repair any damage to the Premises that results from removal of the Signage. Notwithstanding the foregoing, in no event shall Tenant knowingly exercise any rights under this Section 10.4 that may adversely affect any existing Signage rights benefiting the Premises (including any existing variance or legal-nonconforming Signage rights) without the prior written consent of Landlord (such consent not to be unreasonably withheld, conditioned or delayed).

10.5 No Landlord Lien.

It is expressly understood and agreed that Landlord shall have no contractual or statutory landlord's lien or security interest of any kind applicable to Tenant's furniture, fixtures, equipment, inventory, or other property located within the Premises, and Landlord hereby waives and relinquishes any such contractual or statutory landlord's lien applicable to Tenant's property located within the Premises. Landlord shall promptly execute documents reasonably acceptable

to Landlord and requested by Tenant confirming the waiver of any contractual or statutory landlord's lien or security interest in Tenant's property as noted above.

11. MAINTENANCE AND REPAIRS OF THE PREMISES; COMPLIANCE

11.1 Obligation to Maintain the Premises.

During the term of this Lease, Tenant shall, at its own expense, keep and maintain the entire Premises in good order and repair, including, the interior, exterior, foundations, floors, walls, roof and structure of the building, Utility Installations, the sidewalks, curbs, trash enclosures, landscaping with sprinkler system (if installed), light standards, and parking areas which are a part of the Premises. Tenant shall make such repairs and replacements as may be necessary, regardless of whether the benefit of such repair or replacement extends beyond the term of this Lease. The Premises shall be returned to Landlord at the termination or expiration of this Lease in the condition noted in Section 3.3. Landlord hereby assigns to Tenant all building contractor, subcontractor, and manufacturer's warranties and guarantees, if any, applicable to the Premises; and Landlord shall cooperate with Tenant at Tenant's request and sole cost in any action to enforce such warranties and guarantees. In the event of damage or destruction of the Premises by fire or other casualty or by condemnation, the Parties' obligations with respect to the repair of such damage or destruction and the condition of the Premises upon any resulting termination of this Lease shall be governed by Article 14 or 15, as applicable. Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, renovate, retrofit or maintain the Premises or any portion thereof.

11.2 Obligation to Keep the Premises Clear.

Tenant shall keep the Premises, all sidewalks adjacent to the Premises and loading area allocated for the use of Tenant, clean and free from rubbish and debris. Tenant shall store all trash and garbage within the Premises and arrange for regular pickup and cartage of such trash and garbage at Tenant's expense.

11.3 Compliance.

Tenant, at Tenant's sole expense, promptly shall comply with all Title Instruments and Laws that are in effect during the Term or any part of the term hereof, and regulate or apply to the use or maintenance by Tenant of the Premises, including the obligation at Tenant's cost, to alter, maintain, repair, or restore the Premises (including access and accessible features) in compliance and conformity with all applicable Laws (taking into consideration any grandfathering provisions) relating to the condition, use, accessibility or occupancy of the Premises during the term (including any and all requirements as set forth in the Americans with Disabilities Act) and regardless of (i) whether such Laws require structural or non-structural improvements, (ii) whether the improvements were foreseen or unforeseen, and (iii) the period of time remaining in the term.

12. ALTERATIONS AND IMPROVEMENTS

12.1 Right to Make Alterations.

At all times during the term of this Lease, except as provided in this Lease, Tenant shall have the right to make alterations, additions and improvements (“**Alterations**”) to the interior or exterior of the Premises and parking areas adjacent to the Premises and Utility Installations. Nevertheless, the following shall not be made by Tenant without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned or delayed: Alterations and/or Utility Installations that (a) are expected to cost more than ONE HUNDRED THOUSAND DOLLARS (\$100,000) per Site, and (b) are structural in nature, negatively impact parking, in any manner involve or impact the roofing system, or require a material variance, conditional use permit, or similar instrument from a governmental authority. Subject to any other provision of this Lease to the contrary, any Alterations or Utility Installations made or installed by Tenant shall remain upon the Premises and, at the expiration or earlier termination of this Lease, shall be surrendered with the Premises to Landlord. Alterations and Utility Installations shall be accomplished by Tenant in a good, expeditious, high quality and workmanlike manner, in conformity with applicable Laws, and Title Instruments, and by a licensed contractor. Prior to commencement of any Alterations or Utility Installations, Tenant shall provide to Landlord copies of documents as shall reasonably be requested by Landlord, including permits and governmental approvals, architectural plans and manufacturer specifications. Within reasonable period of time after receipt of a written request from Landlord, following completion of any Alterations, Tenant shall provide to Landlord final “as-built” plans, copies of all construction contracts, inspection reports, proof of payment of all labor and materials (including, final unconditional lien waivers from the general contractor and all subcontractors), and such other documentation as reasonably may be requested by Landlord and previously obtained by Tenant (including digital photographs documenting the progress and completion of the Alterations, and if such Alterations change the footprint of the building, a survey of the Premises prepared by a licensed surveyor or civil engineer, certified to Landlord and Tenant, and conforming to the performed to the 2016 Minimum Standard Detail Requirements minimum requirements for ALTA/ NSPS land title surveys). Tenant shall pay when due all claims for such labor and materials (subject to Tenant’s right to dispute same) and shall use good faith reasonable efforts to give Landlord at least ten (10) days’ prior written notice of the commencement of any Alterations or Utility Installations. Upon reasonable prior notice Landlord may enter upon the Premises, in such case, for the purpose of posting appropriate notices, including, but not limited to, notices of non-responsibility.

12.2 Tenant Shall Not Render Premises Liable For Any Lien.

Tenant shall have no right, authority, or power to bind Landlord, or any interest of Landlord in the Premises, nor to render the Premises liable for any lien or right of lien for the payment of any claim for labor, material, or for any charge or expense incurred to maintain, to repair, or to make Alterations to the Premises. Tenant shall in no way be considered the agent of Landlord in the construction, erection, modification, repair, or alteration of the Premises. Notwithstanding the above, Tenant shall have the right to contest the legality or validity of any

lien or claim filed against any of the Premises. No contest shall be carried on or maintained by Tenant after the time limits in the sale notice of the Premises for any such lien or claim unless Tenant, to Landlord's satisfaction, (i) shall have duly paid the amount involved under protest; (ii) shall have procured and recorded a lien release bond that effectively releases such lien or Claim; or (iii) shall have procured a stay of all proceedings to enforce collection. Upon a final adverse determination of any contest, Tenant shall promptly pay and discharge the amount of the lien or claim determined to be due, together with any penalties, fines, interest, cost, and expense which may have accrued, and shall provide proof of payment to Landlord.

13. INDEMNITY AND INSURANCE

13.1 Indemnification.

[***]

13.2 Insurance Company Requirement.

Insurance required by this Lease shall be issued by companies holding a general policyholder's rating of A-VIII or better as set forth in the most current issue of Best's Insurance Guide and authorized to do business in the state in which the Premises are located. If this publication is discontinued, then another insurance rating guide or service generally recognized as authoritative shall be substituted by Landlord.

13.3 Insurance Certificate Requirements.

13.3.1 Promptly upon request Tenant shall deliver to Landlord or Landlord's designee evidence of the existence and amounts of the insurance with additional insured endorsements and loss payable clauses as required herein. Tenant shall deliver to Landlord or Landlord's designee the then most current versions of an ACORD 25 Certificate of Liability Insurance in connection with Tenant's liability policy(ies) and an ACORD 28 Evidence of Commercial Property Insurance in connection with Tenant's property policy(ies) (together, the "**ACORD Forms**"), such ACORD Forms to be delivered to Landlord or Landlord's designee, together with a copy of the additional insured endorsement set forth in Section 13.5 below annually, or upon request. In the event Tenant delivers ACORD Forms or procures policies that set forth an entity other than Tenant as the "insured" ("**Insured Party**") under the applicable policy(ies), Tenant hereunder represents and agrees that (i) the Insured Party is an affiliate of Tenant and has an insurable interest in Tenant and the Premises, (ii) Tenant has the right to bind the Insured Party and (iii) the Insured Party automatically shall be joined in this Lease for the purposes of being bound by the provisions of Articles 13 and 14. To the extent Tenant delivers ACORD Forms to Landlord that indicate a variance between the requirements of this Article 13 and the policy provisions and coverages maintained by Tenant, under no circumstances shall Landlord's acceptance of such ACORD Forms ever be deemed to constitute a waiver by Landlord of the express requirements set forth

herein. Within ten (10) business days following Landlord's request (or as promptly as practicable under the circumstances), Tenant shall deliver to Landlord the aforementioned certificates of insurance. Notwithstanding anything herein to the contrary, Tenant shall not be in default hereunder for failure to deliver insurance information unless such failure continues for ten (10) business days following Landlord's written request for same. Neither the issuance of any insurance policy required hereunder, nor the minimum limits specified herein with respect to any insurance coverage, shall be deemed to limit or restrict in any way the liability of Tenant arising under or out of this Lease.

- 13.3.2 Insurance required by this Lease may be carried under blanket policies provided that any such blanket policy: (a) otherwise complies with the requirements for insurance set forth in this Lease; and (b) except in the case of Liability Insurance, specifies how much coverage, and which sub-limits, apply exclusively to the Premises. Such allocated coverage shall equal or exceed the insurance requirements set forth in this Lease.

13.4 Minimum Acceptable Insurance Coverage Requirements.

- 13.4.1 Tenant shall, at Tenant's expense, obtain and keep in full force during the term of this Lease a policy of combined single limit bodily injury and property damage insurance written on an occurrence basis insuring Tenant against any liability arising out of ownership, use, occupancy or maintenance of the Premises and all of its appurtenant areas. The policy shall provide blanket contractual liability coverage and shall include an endorsement for liquor liability in the event alcoholic beverages are being sold on the Premises. The insurance shall be in an amount not less than FOUR MILLION DOLLARS (\$4,000,000) per occurrence. The insurance to be maintained by Tenant pursuant to this Section 13.4.1 may be procured in any combination of primary, umbrella and/or excess coverage (as long as the umbrella and/or excess policies are at least as broad as the primary policies), but in all events shall be primary and not contributory to any other insurance maintained by Landlord, it being expressly understood and agreed that any policy(ies) maintained by Landlord are solely for its own benefit (and not for the benefit of Tenant), and under no circumstances shall any such policy(ies) ever be deemed to be other insurance covering loss or damage otherwise the responsibility of Tenant pursuant to the terms hereof. In no event shall the limits of insurance maintained by Tenant limit any liability of Tenant under this Lease.
- 13.4.2 Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a "Special Form" policy of property insurance covering loss or damage to the Premises, including signage, lighting and other exterior fixtures. The insurance shall be in an amount not less than the full replacement cost of the building(s) (less slab, foundation, supports and other customarily excluded improvements) which replacement value shall be commercially reasonable

(Landlord acknowledges that Tenant's current replacement values are acceptable). The policy shall: (1) contain only standard printed exclusions; (2) contain no coinsurance clause (unless approved in advance by Landlord); (3) include an agreed value endorsement; and (4) include an ordinance or law coverage endorsement covering loss to the undamaged portion of the building, demolition costs and increased cost of construction resulting from changes in laws or codes. In no event shall any deductible payable in connection with such policy exceed \$500,000 (unless approved in advance by Landlord, such approval not to be unreasonably withheld). All proceeds from property insurance policy(ies) covering the Premises shall be utilized solely for restoration and repair of the Premises in compliance with Tenant's obligations set forth in this Lease (including as set forth in Article 14).

- 13.4.3 Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease an environmental policy insuring against and satisfying Tenant's minimum statutory obligations and liabilities under the Environmental Laws of the State in which the Premises is located but in no event less than the insurance coverage described in a Certificate of Liability Insurance (adding Storage Tank Liability and Pollution Liability coverage) provided to Landlord dated February 4, 2021 from Lockton Companies, Policy # IRONTX009037361 and #001790907. Tenant shall name Landlord as an additional insured on such policies.
- 13.4.4 Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease such insurance coverages as Tenant shall deem reasonable or necessary to insure Tenant's Personal Property.
- 13.4.5 If the Premises is located in Special Flood Hazard Area as defined by the Federal Emergency Management Agency (FEMA), Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of insurance covering loss or damage due to flood with respect to the Premises with such coverages and deductibles as commercially reasonable and available to obtain but in no event higher than what is in effect on the date hereof.
- 13.4.6 Intentionally Omitted.
- 13.4.7 Intentionally Omitted.
- 13.4.8 Tenant shall also obtain and keep in force during the term of this Lease a worker's compensation policy and Employer's Liability policy insuring against and satisfying Tenant's minimum statutory obligations and liabilities under the worker's compensation laws of the state in which the Premises is located.
- 13.4.9 Intentionally Omitted.

13.5 Additional Insureds; Loss Payee.

Tenant shall name as additional insureds (by way of a CG 20 26 11 85 endorsement (without modification) or equivalent endorsement), on all liability policies, the following parties:

LANDLORD, TOGETHER WITH REALTY INCOME CORPORATION, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUBSIDIARIES, AFFILIATES, SUCCESSOR(S) AND ASSIGN(S).

Tenant shall cause any and all contractors performing work on the Premises for or on behalf of Tenant to maintain commercial general liability insurance with limits of coverage commensurate with the scope of work being performed, and naming both Tenant and Landlord as additional insureds thereunder by way of a CG 2038 04 13 endorsement (or equivalent endorsement).

Tenant shall name Landlord as loss payee by way of a Lender's Loss Payable Provisions endorsement (ISO Form CP 12 18 06 95) without modification (or equivalent endorsement) on all property policies insuring the Premises.

13.6 Mortgage Endorsement.

At Landlord's option and upon written request, the policies of insurance required to be maintained hereunder shall bear a standard first mortgage endorsement in favor of any holder or holders of a first mortgage lien or security interest in the property with loss payable to such holder or holders as their interests may appear.

13.7 Renewals, Lapses or Deficiencies.

Tenant shall, on or before the Commencement Date, and thereafter, prior to the expiration of such policies, furnish Landlord with the ACORD Forms evidencing its compliance with this Article 13. Should Tenant fail to timely deliver to Landlord the ACORD Forms, or in the event of a lapse or deficiency of any insurance coverage specified herein for any reason and provided that such failure continues for two (2) business days after Tenant's receipt of written notice from Landlord advising as to such failure, Landlord (without the need for any further notice or cure period) may immediately procure and replace the deficient insurance coverage with a policy of insurance covering the Premises of the type and in the limits set forth above. Upon written notice from Landlord of the placement of insurance, Tenant shall immediately pay to Landlord, as Additional Rent, an amount equal to (i) the total cost of premiums and expense of such insurance placement plus (ii) actual and reasonable handling fees plus (iii) an administrative fee of the lesser of (i) \$500, or (ii) five percent (5%) of the cost of the premiums for such insurance (which Landlord and Tenant agree is a reasonable sum to compensate Landlord for accounting and administrative expenses incurred by Landlord). Tenant shall be responsible for payment of any deductible or self-insured retention maintained under policies procured by Landlord pursuant to this Section 13.7. Tenant shall not knowingly do or permit to be done anything which shall invalidate the insurance policies. If Tenant does or permits to be done anything which shall increase the cost of the insurance policies, then upon Landlord's demand Tenant shall

immediately pay to Landlord, as Additional Rent, an amount equal to the additional premiums attributable to any acts or omissions or operations of Tenant causing the increase in the cost of insurance.

13.8 Waiver of Subrogation.

Except to the extent of Landlord's gross negligence or wilful misconduct, Tenant hereby waives and releases any and all right of recovery against Landlord, including, without limitation, employees and agents, arising during the term of the Lease for any and all loss (including, without limitation, loss of rental) or damage to property located within or constituting a part of the Premises. This waiver is in addition to any other waiver or release contained in this Lease. Tenant shall have its insurance policies issued in such form as to waive any right of subrogation that might otherwise exist, and shall provide written evidence thereof to Landlord upon written request.

14. PARTIAL AND TOTAL DESTRUCTION OF THE PREMISES

14.1 Damage or Destruction of the Premises.

In the event any part or all of the Premises shall at any time during the term of this Lease be damaged or destroyed, regardless of cause, Tenant shall give prompt notice to Landlord. Tenant shall, as soon as circumstances permit, repair and restore the Premises to its original condition (including buildings and all other improvements on the Premises, and with any and all modifications as may be necessary to meet code compliance). Landlord's consent to the contractor and proposed materials to be used, as well as labor and materials warranty(ies) to be issued (such consent by Landlord not to be unreasonably withheld, conditioned or delayed). Tenant shall Indemnify Landlord from any and all Claims resulting from such damage or destruction, and such repairs and restoration. Tenant shall use the net proceeds of property insurance maintained by Tenant for purposes of discharging its restoration and repair obligations under this Section 14.1, subject to Landlord's commercially reasonable construction draw terms and conditions relating to such proceeds. Tenant, and not Landlord, shall be responsible for paying for any cost of repairs and restoration in excess of the proceeds available from insurance policies procured by Tenant. The risk of loss or of decrease in the enjoyment and beneficial use of the Premises as a consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, is assumed by Tenant, and no such event shall entitle Tenant to any abatement of rent. Tenant is not entitled to any rent abatement during or resulting from any disturbance from partial or total destruction of the Premises. Notwithstanding anything herein to the contrary, Landlord shall make the insurance proceeds that Landlord receives, if any, related to such casualty from the insurance policies required by this Lease available to Tenant for purposes of Tenant discharging its restoration and repair obligations under this Section 14.1.

Notwithstanding anything contained herein to the contrary, in lieu of undertaking its repair and restoration obligations as set forth in Section 14.1 above, Tenant may terminate this Lease as to the Damaged Property (as defined below) upon giving written notice to Landlord within thirty (30) days following the date upon which the Damaged Property is damaged or destroyed, provided: (i) such damage or destruction occurs within the last two (2) years of the

Primary Term or any extension thereof; (ii) the Damaged Property is totally or substantially damaged or destroyed (as defined below); and (iii) Tenant is not then in Material Event of Default beyond applicable notice and cure periods; and (iv) Tenant pays over to Landlord a sum equal to the full replacement cost of the improvements less any insurance proceeds to be received hereunder. As used herein, the phrase “substantially damaged or destroyed” shall mean that the restoration or repair cost as estimated by at least two (2) reputable general contractors properly licensed in the State in which the “Damaged Property” is located and reasonably acceptable to and approved by Landlord, exceeds fifty percent (50%) of the replacement value of the improvements immediately prior to such damage or destruction.

Notwithstanding the foregoing or anything contained in this Lease to the contrary, Tenant immediately and irrevocably assigns to Landlord, all right, title and interest it has in and to the entirety of the insurance proceeds “**Insurance Proceeds**”) payable in connection with the loss. In the event Tenant is in default or breach of the Lease at the time of the casualty, or in the event this Lease is terminated as to the Damaged Property following a casualty pursuant to the terms of this Section 14.1 or otherwise, Landlord, as assignee and as attorney-in-fact for Tenant, shall have the right to collect the Insurance Proceeds and apply same toward Tenant’s obligations under this Lease. Notwithstanding the foregoing, if Tenant terminates the Lease with respect to the Premises pursuant to this Section, Landlord may, at its option, require Tenant to raze and remove any or all of the buildings and improvements located on the Damaged Property, in which case proceeds of applicable insurance shall be made available to Tenant with respect to such demolition.

The Lease will terminate as to the Damaged Property effective on the date Landlord receives the total sum due pursuant to this Section 14.1. Upon such termination, Landlord and Tenant shall be released from all obligations and liabilities under the Lease with respect to the Damaged Property, with the exception of those liabilities which, pursuant to the terms of the Lease, accrued prior to the termination date and survive termination or expiration of the Lease. Notwithstanding any termination of this Lease with respect to the Damaged Property, this Lease shall continue in full force and effect with respect to the remaining Premises; provided, however, Base Monthly Rent shall be adjusted by the Individual Store Rent allocated to the Damaged Property pursuant to Exhibit “A” as adjusted over time by Exhibit “H”.

14.2 Intentionally Omitted.

15. CONDEMNATION

15.1 General Division of Claims.

In the event of any acquisition by eminent domain (or by any conveyance in lieu of or under threat of eminent domain) (a “**Taking**”) by any entity with the power of eminent domain (“the **Condemning Authority**”), except as specifically set forth herein all compensation arising from or relating to the Taking, including, but not limited to, direct damages, severance damages and consequential damages (“**Compensation**”), shall be the sole and exclusive property of Landlord. Provided that there is no reduction in the Compensation paid to Landlord, in the event of a Taking, Tenant shall be entitled to recover directly from the Condemning Authority: (a) any

relocation assistance, services and benefits under state or federal law, (b) payment for any Trade Fixtures owned by the Tenant, (c) payment for Tenant's Personal Property, (d) payment for Tenant's business damages, and (e) Temporary Taking Compensation (as defined below) (collectively, "**Tenant's Reserved Claims**").

15.2 Termination of Condemned Site Because of Taking.

In the event of any permanent Taking of the entirety of a Site or a material and significant portion of the land and/or building comprising the Site (such Site, a "**Condemned Site**") that renders such Site unusable for Tenant's Use ("**Permanent Material Taking**"), Tenant shall have the right (but not the obligation) to terminate this Lease as to the Condemned Site (only). In the event Tenant desires to exercise its option to terminate this Lease as to the Condemned Site as provided for in this paragraph, Tenant shall provide written notice to Landlord on or before the later to occur of (i) thirty (30) days following the date upon which Tenant receives written notice from Landlord of a Permanent Material Taking, or (ii) the Termination Date noted below. In the event this Lease as to the Condemned Site is terminated as provided in this section, the effective date of the termination ("**Termination Date**") shall be the earlier of (i) the date upon which title vests with the Condemning Authority, or (ii) the date upon which transfer of possession (or grant of possessory rights) occurs for all or any portion of the Condemned Site by or in favor of the Condemning Authority, whether by judicial order, consensual surrender by Landlord following threat of condemnation, or by consensual agreement. In the event of such termination, (v) Landlord and Tenant shall be released from all obligations and liabilities under this Lease with respect to such Condemned Site, with the exception of those liabilities which, pursuant to the terms of this Lease, accrued prior to the Termination Date and survive termination or expiration of this Lease with respect to such Condemned Site, (w) the Premises will no longer include the Condemned Site, (x) rent and charges with respect to the Condemned Site shall be prorated based upon the actual number of days in the period to be prorated, and within thirty (30) days following the termination and written demand for same, Landlord shall refund to Tenant any rent and Other Charges paid to Landlord in advance of the termination which are applicable to any period of time after termination, and Tenant shall pay to Landlord any Rent and Other Charges due and owing Landlord up to the date of termination, (y) Base Monthly Rent shall be adjusted by removing the Individual Store Rent allocated to the Condemned Site and (z) this Lease shall continue in full force and effect with respect to the remaining Premises.

15.3 Partial Taking Requiring Restoration.

In the event of a Taking in which termination of this Lease is not available to Tenant or in which Tenant chooses not to terminate this Lease as permitted above, this Lease shall continue and Tenant shall continue to perform and observe all terms and conditions required of Tenant under this Lease. There shall be no abatement in Base Monthly Rent or Other Charges payable by Tenant under this Lease. Tenant shall, at Tenant's sole cost and expense ("**Tenant's Restoration Costs**"), promptly repair the Premises in a first-class manner to a condition substantially similar to the condition existing prior to the Taking or Tenant's current standard for similar properties; and once available Landlord shall make such condemnation award for such Taking available to Tenant for such restoration and repair or if such restoration and repair has

already been completed, Landlord shall use such condemnation award to reimburse Tenant the full cost of such restoration and repair promptly after Landlord's receipt of such condemnation award. In addition to Tenant's Reserved Claims, Tenant shall be entitled to recover from the Condemning Authority Tenant's Restoration Costs, provided that there is no reduction in the Compensation paid to Landlord. In any event, Landlord shall have no obligation to pay for the cost of restoration, replacement and reconstruction in excess of any award to or Compensation received by Tenant and/or Landlord for such Taking. Moreover, in no event shall the Taking be considered a breach of quiet enjoyment or breach of this Lease by Landlord. This provision shall survive the expiration or earlier termination of the Lease.

15.4 Temporary Taking.

In the event of a Taking for temporary use ("**Temporary Taking**"), this Lease shall continue and Tenant shall continue to perform and observe all terms and conditions required of Tenant under this Lease. There shall be no abatement in Base Monthly Rent or Other Charges payable by Tenant under this Lease. The portion of any award or Compensation from the Condemning Authority for the Temporary Taking shall belong to the Tenant ("**Temporary Taking Compensation**"), provided that (i) there is no then uncured Event of Default; and (ii) such Temporary Taking occurs during the Term of the Lease. If any portion of the Temporary Taking occurs outside the Term of the Lease, then such Temporary Taking Compensation shall be prorated based on the amount of time that such Temporary Taking occurs in the Term of the Lease and outside the Term of the Lease. The amount of the Temporary Taking Compensation which relates to the Temporary Taking occurrence outside the Term of the Lease shall belong to the Landlord. Notwithstanding the foregoing, if there is an uncured Event of Default, then Landlord shall apply any portion of the Temporary Taking Compensation otherwise due Tenant against the costs of the Event of Default, and any remaining portion shall be paid to Tenant.

15.5 Defense of Claims.

Landlord, at Landlord's sole cost and expense, shall have the exclusive authority and discretion to pursue, defend, assign and settle any Taking claims and to select counsel for the handling of such claims, excepting only Tenant's Reserved Claims and Tenant's Claims for Temporary Takings under Section 15.4; however, in no event shall Landlord's costs relating to such handling be charged to Tenant hereunder.

15.6 Third-Party Beneficiary.

In no event is a Condemning Authority to be construed as a third-party beneficiary or as having any rights under this Section.

16. ASSIGNMENT AND SUBLETTING

16.1 Tenant's Right of Assignment and Subletting.

[***]

16.2 Landlord's Option to Preserve Subtenancies.

[***]

16.3 Tenant's Assignment of All Rent from Subletting as Security for Tenant's Obligations.

[***]

16.4 Continuing Obligation of Tenant.

[***]

16.5 Landlord's Right of Assignment.

[***]

16.6 REIT Protection.

[***]

17. DEFAULT AND TERMINATION

17.1 Event of Default.

The occurrence of any of the following events (each an "**Event of Default**") shall constitute a default by Tenant:

- (a) Failure by Tenant to pay Base Monthly Rent when due; provided, however, for two (2) times during any twelve (12) consecutive month period, if any payment of rent is not received when due, Landlord shall notify Tenant in writing ("**Late Notice**"), and Tenant shall have ten (10) days from the date of receipt of the Late Notice to make full payment of the rent. If the late rent is not paid within the ten (10) day period, or if any subsequent rent after receiving notice and the applicable 10 day cure period twice during that twelve (12) consecutive month period is not received when due after Landlord has delivered to Tenant the Late Notice as hereinabove required, then Tenant shall be in default of this Lease.
- (b) Failure by Tenant to pay Additional Rent as and when such Additional Rent becomes due, and such failure continues for thirty (30) days after written notice to Tenant reporting that such payment is past due;
- (c) Failure by Tenant to deliver to Landlord evidence of the existence and amounts of the insurance with endorsements and loss payable clauses as required pursuant to Article 13, if the failure is not cured within thirty (30) days after written notice has been given to Tenant;
- (d) A Transfer occurs in violation of this Lease and without Landlord's consent;

- (e) Failure by Tenant to perform or comply with any provision of this Lease (other than as set forth in clauses (a), (b), (c) or (d) of this Section 17) if the failure is not cured within thirty (30) days after notice has been given to Tenant, or in the event of an Emergency (as hereinafter defined), within forty-eight (48) hours after notice has been given to Tenant. As used herein, the term “Emergency” shall mean a condition that gives rise to a good faith reasonable basis for Landlord to believe the integrity of the improvements situated on the Premises may be or may imminently be in peril or jeopardy if immediate action is not taken. If, however, the failure cannot reasonably be cured within the above cure period, Tenant shall not be in default of this Lease if Tenant commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure;
- (f) The abandonment or vacation of any Site by Tenant for a period of sixty (60) consecutive days and Tenant fails to comply with each other term and condition of this Lease with respect to such Site beyond any applicable notice and cure period; provided, however, that Tenant shall not be considered to have vacated or abandoned a Site if: (i) such Site is temporarily untenable due to a casualty or condemnation; (ii) Tenant temporarily ceases operations at such Site for a period not to exceed one hundred eighty (180) consecutive days for an active repurposing or repositioning of the Tenant’s operations at such Site provided visual or physical evidence of such active repurposing is observed; or (iii) any period of time relating to a shutdown in compliance with Law or recommendations to shutdown from any governmental function or health authority, or events outside the reasonable control of Tenant (such as a pandemic); or
- (g) To the extent permitted by law, a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or the filing by or against Tenant or any guarantor of any proceeding under any insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within sixty (60) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant’s assets located upon the Premises or of Tenant’s interest in this Lease, unless such seizure is discharged within sixty (60) days.

Any notice delivered pursuant to this Section 17.1 shall be in lieu of, and not in addition to, any similar or equivalent notice required by law. The acceptance by Landlord of a partial payment of rent or security deposit shall not constitute a waiver of any of Landlord’s rights, including Landlord’s right to terminate this Lease to recover possession of the Premises. Notwithstanding anything herein to the contrary, Landlord shall not be allowed to terminate this Lease with respect to any Site or dispossess Tenant of possession of any Site, unless there has been a Material Event of Default. A “**Material Event of Default**” shall mean that Tenant has failed to cure an Event of Default within the applicable notice and cure period and such failure continues for an additional ten (10) business days after Tenant’s receipt of a second notice from

Landlord noting that failure to cure may result in termination of the Lease or dispossession of the Premises.

17.2 Landlord's Remedies.

Landlord shall have any one or more of the following remedies after the occurrence of an uncured Event of Default by Tenant. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law, in equity, or otherwise:

- 17.2.1 Terminate this Lease as to one or more or all of the Sites by giving written notice of termination to Tenant, in which event Tenant immediately shall surrender such Sites to Landlord. If Tenant fails to so surrender such Sites, then Landlord, without prejudice to any other remedy it has for possession of such Sites or arrearages in rent or other damages, may lawfully and peacefully re-enter and take possession of such Sites and expel or remove Tenant and any other person or entity occupying such Sites or any part thereof, without being liable for any damages.
- 17.2.2 No act by Landlord other than giving notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of this Lease. Notwithstanding anything contained herein to the contrary, if Landlord elects to terminate this Lease as to one or more or all of the Premises, or to terminate Tenant's right to possession of one or more or all of the Premises without terminating this Lease, or if Tenant's right to possession to one or more or all of the Premises is otherwise terminated by operation of law, then Landlord may, to the extent not prohibited under applicable law, recover as damages from Tenant the following: (i) all applicable Base Monthly Rent and Additional Rent then due under this Lease through the date of termination; (ii) the applicable Base Monthly Rent due for the remainder of the Term in excess of the fair market rental value of the Premises for the remainder of the Term plus any and all Additional Rent (each discounted by the discount rate of the Federal Reserve Bank of San Francisco plus one percent (1%)); (iii) the cost of reletting the Premises, including the anticipated period of vacancy until the Premises can be re-let at its fair market rental value; and (iv) any other actual and documented out of pocket costs and expenses that Landlord may reasonably incur in connection with the Event of Default.
- 17.2.3 Landlord may lawfully and peacefully re-enter and take possession of one or more or all of the Premises without terminating this Lease and without being liable for any damages. Landlord may relet one or more or all of the Premises, or any part of them, to third parties, but has no obligation to do so. Landlord may relet the Premises on whatever terms and conditions Landlord, in its sole discretion, deems advisable. Reletting can be for a period shorter or longer than the remaining term of this Lease. Landlord's action under this Subsection is not

considered an acceptance of Tenant's surrender of the Premises unless Landlord so notifies Tenant in writing. Tenant shall be immediately liable to Landlord for all costs Landlord incurs in reletting the Premises, including brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Tenant shall pay to Landlord the rent due under this Lease on the dates the rent is due, less the rent Landlord receives from any reletting.

If Landlord elects to relet one or more or all of the Premises without terminating this Lease, any rent received will be applied to the account of Tenant, not to exceed Tenant's total indebtedness to Landlord; no reletting by Landlord is considered to be for its own account unless Landlord has notified Tenant in writing that this Lease has been terminated. If Landlord elects to relet one or more or all of the Premises, rent that Landlord receives from reletting will be applied to the payment of: (i) first, all costs, including maintenance, incurred by Landlord in reletting; (ii) second, any indebtedness from Tenant to Landlord other than rent due from Tenant; and (iii) third, rent due and unpaid under this Lease. After deducting the payments referred to in this Subsection, any sum remaining from the rent Landlord receives from reletting will be held by Landlord and applied in payment of future rent as rent becomes due under this Lease. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant will pay to Landlord, in addition to the remaining rent due, all costs, including maintenance, Landlord incurred in reletting which remain after applying the rent received from the reletting. Tenant shall have no right to or interest in the rent or other consideration received by Landlord from reletting to the extent it exceeds Tenant's total indebtedness to Landlord.

- 17.2.4 Lawfully and peacefully re-enter one or more or all of the Premises without terminating this Lease and without being liable for any damages, and do whatever Tenant is obligated to do under the terms of this Lease. The actual and documented out of pocket expenses incurred by Landlord in effecting compliance with Tenant's obligations under this Lease after notice and request for payment shall become due and payable to Landlord as Additional Rent.
- 17.2.5 In all events, Tenant is liable for all direct damages suffered by Landlord as a result of the occurrence of an Event of Default. If Tenant fails to pay Landlord in a prompt manner for the damages suffered after Landlord has sent written notice to Tenant for payment, Landlord may pursue a monetary recovery from Tenant. Included among these damages are all expenses incurred by Landlord in repossessing the Premises (including increased insurance premiums resulting from Tenant's vacancy), all commercially reasonable expenses incurred by Landlord in reletting the Premises (including those incurred for advertisements, brokerage fees, repairs, remodeling, and replacements), all losses incurred by Landlord as a result of Tenant's Event of Default (including any unamortized commissions paid in connection with this Lease). In addition, Tenant shall pay all expenses incurred by Landlord (including reasonable attorney's fees) in

connection with; (i) the enforcement of Landlords' rights under this Lease in any proceeding whether formal or informal relating to or arising under this Lease, as amended, any proceedings in connection with a petition for relief under the Bankruptcy Code filed by or against Tenant and whether or not the matter is settled before a judgment or order is entered; or (ii) any assumption by Tenant or assignment of this Lease to and by any assignee of Tenant whether pursuant to the Bankruptcy Code or otherwise.

17.2.6 Pursuit of any of the foregoing remedies does not constitute an irrevocable election of remedies nor preclude pursuit of any other remedy provided elsewhere in this Lease or by applicable law, and none is exclusive of another unless so provided in this Lease or by applicable law. Likewise, forbearance by Landlord to enforce one or more of the remedies available to it on an Event of Default does not constitute a waiver of that default or of the right to exercise that remedy later or of any rent, damages, or other amounts due to Landlord hereunder. Nothing herein shall be deemed to preclude Landlord from pursuing non-judgment collection and related activities (including skip-tracing and payment negotiations) to the extent permitted by applicable law, nor from placing derogatory information in a debtor's credit profile to the extent such information is based upon an Event of Default under this Lease and is otherwise materially accurate.

17.2.7 Whether or not Landlord elects to terminate this Lease or Tenant's right to possession of the Premises on account of any default by Tenant, Landlord shall have all rights and remedies at law or in equity, including, but not limited to, the right to lawfully and peacefully re-enter the Premises and, to the maximum extent provided by law, Landlord shall have the right to terminate any and all subleases, licenses, concessions, or other consensual arrangements for possession entered into by Tenant and affecting the Premises or, in Landlord's sole discretion, may succeed to Tenant's interest in such subleases, licenses, concessions, or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions, or arrangements, Tenant shall have no further right to or interest in the rent or other consideration receivable thereunder as of the date of notice by Landlord of such election; provided same are used to offset any amounts due to Landlord from Tenant hereunder.

17.3 Late Charge; Default Interest.

If Tenant fails to pay when due any payment of rent or Other Charges which Tenant is obligated to pay to Landlord under this Lease, there shall be a late charge, immediately payable by Tenant as Additional Rent, in the amount of the lesser of six percent (6%) of each such obligation. Landlord and Tenant agree that this sum is reasonable to compensate Landlord for accounting and administrative expenses incurred by Landlord. In addition to the foregoing, if any payment tendered by Tenant to Landlord is dishonored by the financial institution upon

which the payment is drawn (e.g., insufficient funds, uncollected funds, account closed, payment stopped, etc.), Tenant shall pay to Landlord the greater of Twenty Dollars (\$20.00) or the actual service fee charged by Landlord's financial institution in connection with such dishonored payment.

In addition to the late charge, any and all rent or Other Charges which Tenant is obligated to pay to Landlord under this Lease which are unpaid, shall bear interest from the date said payment was due until paid an interest rate ("**Default Rate**") equal to the lesser of (i) the prime commercial rate being charged by the Bank of America N.A. in effect on the date due plus four percent (4%) per annum; or (ii) the maximum rate permitted by law, said interest to be payable by Tenant as Additional Rent. If Bank of America N.A. is no longer in existence, then another comparable bank or financial institution shall be substituted by Landlord. Landlord and Tenant agree that this sum is reasonable to compensate Landlord for the loss of the use of funds.

Notwithstanding the foregoing, in the event Landlord shall have provided a Late Notice to Tenant in accordance with Section 17.1(a), Tenant shall not be obligated to pay the late charge and default interest otherwise due pursuant to this Section 17.3 unless ten (10) days shall have lapsed following Tenant's receipt of said notice and the delinquent amount(s) shall not have been paid.

17.4 Right of Landlord to Re-Enter.

In the event of any termination of this Lease or of Tenant's possession of the Premises (without termination of this Lease), Landlord shall have the immediate right to enter upon and repossess one or more or all of the Premises, and any personal property of Tenant may be removed from the Premises and discarded and/or stored in any public warehouse at the risk and expense of Tenant.

17.5 Surrender of Premises.

No act or thing done by Landlord or any agent or employee of Landlord during the Term shall be deemed to constitute an acceptance by Landlord or a surrender of any or all of the Premises unless such intent is specifically acknowledged in a writing signed by Landlord. The delivery of keys to any of the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect any partial or full termination of this Lease, whether or not the keys are thereafter retained by Landlord and, notwithstanding such delivery, Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been terminated properly. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises.

17.6 Default by Landlord.

Landlord shall be in breach or default hereunder only if Landlord fails to perform any provision of this Lease required of it and the failure is not cured within thirty (30) days after

notice thereof to Landlord, and, if any Mortgage encumbers the Premises and Tenant has been notified of the address of the holder of such Mortgage, to the holder of such Mortgage. If, however, the failure cannot reasonably be cured within the thirty (30) day cure period, and Landlord or such holder commences to cure the failure within the cure period and diligently and in good faith continues to cure the failure then Landlord shall not be in breach or default hereunder. Notices given under this Section 17.6 shall specify the alleged breach or failure and the applicable Lease provisions.

18. RIGHT OF ENTRY

Landlord and Landlord's authorized representatives shall have the right (but not the obligation) after reasonable advance written notice to Tenant (except in the event of an Emergency, when written notice is not required and notice may be given telephonically to Tenant by Landlord), to enter upon the Premises at all reasonable hours for the purpose of inspecting the Premises, addressing Events of Default, and for the purpose of exhibiting the Premises to prospective tenants, purchasers, or others; provided, however, that such entry on the Premises shall not unreasonably interfere with the business activities of Tenant on the Premises. Provided Tenant is not in default beyond any applicable notice and cure period, Landlord shall not exhibit any "for sale" or "for lease" signs on the Premises except during the last six (6) months of the Term. As used herein, the term "Emergency" shall mean a condition that gives rise to a reasonable basis for Landlord to believe the integrity of the improvements situated on the Premises may be or may imminently be in peril or jeopardy if immediate action is not taken.

19. WAIVER OF BREACH

No waiver of any breach of any one or more of the terms, covenants, conditions, or agreements of this Lease shall be deemed to imply or constitute a waiver of any succeeding or other breach of the same or any other provision of this Lease. Failure to insist upon the strict performance of any of the terms, conditions, covenants, and agreements of this Lease shall not constitute or be considered as a waiver or relinquishment of rights to subsequently enforce any default, term, condition, covenant, or agreement, which shall all continue in full force and effect. The rights and remedies of each party under this Lease shall be cumulative and in addition to any and all other rights and remedies which Landlord has or may have.

20. NOTICES

Except in the case of an Emergency, all notices, requests, or demands herein provided to be given or made, or which may be given or made by either party to the other (excluding Emergencies), shall be given or made only in writing in the English language and shall be deemed to have been duly given:

- (i) upon delivery, or if delivery is rejected when delivery was attempted, of U.S. Certified Mail, properly addressed, postage prepaid with return receipt requested; or

- (ii) upon delivery, or if delivery is rejected when delivery was attempted, when sent via overnight or express mail courier, properly addressed and postage prepaid; or
- (iii) when delivered personally at the address set forth below, or to any agent of the party to whom notice is being given, or if delivery is rejected when delivery was attempted; or
- (iv) by email, and if so sent, (a) the subject line of the e-mail shall state “URGENT: NOTICE TO [LANDLORD] [TENANT]” (or substantially similar thereto) and (b) followed within one (1) business day by a copy sent by a method prescribed in (i), (ii) or (iii) above.

Notwithstanding the above-prescribed methods of delivery, actual receipt of written notice by a party designated below shall constitute notice given in accordance with this Lease on the date received, unless deemed earlier given pursuant to the foregoing methods of delivery. The proper address and e-mail to which notices, requests or demands may be given or made by either party shall be as set forth below, or to such other address or to such other person as any party shall designate in writing. Such address or e-mail may be changed by written notice given to the other party in accordance with this Article.

If to Landlord:

MDC COAST HI 1, LLC
Attn: Legal Department
11995 El Camino Real
San Diego, CA 92130
Phone Number: (858) 284-5000
E-mail Address: notices@realtyincome.com

If to Tenant:

Par Hawaii, LLC
Attn: Keith Yoshida and Matt Vaughn
825 Town & Country Lane, Suite 1500
Houston, Texas 77024
Phone Number: (832) 916-3386
E-mail Address: MVaughn@parpacific.com; KYoshida@parpacific.com

With an electronic copy to :

Par Hawaii, LLC
Attn: Jeff Hollis
825 Town & Country Lane, Suite 1500
Houston, Texas 77024
Phone Number: (832) 916-3392

E-mail Address: jhollis@parpacific.com

Porter Hedges LLP

Attn: Kevan Richards

Phone Number: (713) 226-6722

E-mail Address: KRichards@porterhedges.com

21. RELATIONSHIP OF THE PARTIES

This Lease shall not be deemed or construed by the parties, nor by any third party, as creating the relationship of (i) principal and agent, (ii) partnership, or (iii) joint venture between the parties. Neither the method of computation of rent nor any other provision of this Lease, nor any acts of the parties are other than in the relationship of Landlord and Tenant.

22. SUBORDINATION, ATTORNMENT AND ESTOPPEL

22.1 Subordination and Non-Disturbance.

Subject to the provisions of this Section, this Lease and the leasehold estate created hereby shall be, at the option and upon written declaration of Landlord, subject, subordinate, and inferior to the lien and estate of any liens, trust deeds, and encumbrances that encumber all or any portion of the Premises (“**Mortgages**”), and all renewals, extensions, or replacements thereof, now or hereafter imposed by Landlord upon the Premises; provided, however, that this Lease shall not be subordinate to any Mortgage arising after the date of this Lease, or any renewal, extension, or replacement thereof, unless and until Landlord provides to Tenant for Tenant’s execution a subordination, non-disturbance and attornment agreement (“**Non-Disturbance Agreement**”) that has been executed by Landlord and the holder of such Mortgage and is substantially in the form of Exhibit “D”, attached hereto and incorporated hereby, in recordable form, as modified to reflect such commercially reasonable modifications and additional provisions as may be requested by Landlord’s lenders and reasonably acceptable to Tenant. Tenant shall, within ten (10) business days, following a request by Landlord and after receipt and, if needed, negotiation of any commercially reasonable modifications of the Non-Disturbance Agreement, execute and acknowledge any subordination agreement or other documents required to establish of record the priority of any such encumbrance over this Lease, so long as such agreement does not otherwise increase Tenant’s obligations or diminish Tenant’s rights hereunder.

22.2 Attornment.

In the event of foreclosure of any Mortgage, whether superior or subordinate to this Lease, then (i) this Lease shall continue in force; (ii) Tenant’s quiet possession shall not be disturbed if Tenant is not in default hereunder beyond any applicable notice and cure periods; (iii) Tenant shall attorn to and recognize the mortgagee or purchaser at foreclosure sale (“**Successor Landlord**”) as Tenant’s landlord for the remaining term of this Lease; and (iv) the Successor Landlord shall not be bound by (a) any payment of rent for more than one month in advance unless such payment is required herein by Landlord; (b) any amendment, modification,

or ending of this Lease without the Successor Landlord's consent after the Successor Landlord's name is given to Tenant, unless the amendment, modification, or ending is specifically authorized by the original Lease and does not require Landlord's prior agreement or consent; and (c) any liability for any act or omission of a prior Landlord, provided Successor Landlord confirmed there was no liability with Tenant prior to the transfer; and (d) any provision of this Lease that requires the Landlord to make any improvements or other modifications to the Premises. At the request of the Successor Landlord, Tenant shall execute a new lease for the applicable Premises, setting forth all of the provisions of this Lease except that the term of the new lease shall be for the balance of the term of this Lease.

22.3 Tenant Estoppel Certificate.

Tenant shall execute and deliver to Landlord, within ten (10) business days after Landlord's written request, an estoppel certificate or other statement to be furnished to any prospective purchaser of the Premises or any current or prospective holder of a Mortgage ("**Estoppel Certificate**"), substantially in the form of Exhibit "E." attached hereto and incorporated hereby, as modified to reflect any commercially reasonable modifications and additional provisions as may be requested by any such purchaser or holder purchasers or lenders and reasonably acceptable to Tenant. Tenant shall also, upon request of Landlord, certify and agree for the benefit of any holder of a Mortgage that Tenant will not look to such holder: as being liable for any act or omission of Landlord; as being obligated to cure any defaults of Landlord under this Lease which occurred prior to the time Lender, its successors or assigns, acquired Landlord's interest in the Premises by foreclosure or otherwise until after said party is given notice and opportunity to cure, as being bound by any payment of rent or Additional Rent by Tenant to Landlord for more than one (1) month in advance except as required by Landlord pursuant to this Lease; or as being bound by Landlord to any amendment or modification of this Lease without Lender's written consent as long as Tenant had notice of Lender at the time the amendment or modification was entered into by the parties.

22.4 Landlord Estoppel Certificate.

Not more than two times per calendar year, Landlord shall execute and deliver to Tenant, within ten (10) business days after Tenant's written request, a commercially reasonable estoppel certificate confirming Lease terms, the status thereunder and such other items reasonably requested by Tenant and reasonably acceptable to Landlord.

23. TENANT'S FINANCIAL STATEMENTS

During the Term, Tenant shall provide Landlord with current financial statements as follows:

- (i) Within sixty (60) days of the end of the first three fiscal quarters and within one hundred twenty (120) days of the end of the fourth (4th) quarter, Tenant's unaudited profit and loss statement together with a certification from Tenant's Chief Financial Officer that such financial statements have been prepared in accordance with generally accepted accounting principles

and consistent with what Tenant provided to Landlord in the diligence data room in connection with entry into this Lease prior to entering into this Lease;

- (ii) Except to the extent publicly available, within one hundred twenty (120) days of the end of each fiscal year, Par Pacific Holdings, Inc. profit and loss statement, balance sheet, statement of changes in financial position, and notes to the financial statements as reviewed or audited by an independent certified public accountant or accounting firm; and
- (iii) Within one hundred twenty (120) days of the end of each fiscal year, Tenant's unaudited detailed profit and loss statements for the retail sales operations located upon each of the Premises in separate statements for each Premises which statements shall include all "**Gross Sales.**" The term "**Gross Sales**" as used herein shall mean the gross amount received by Tenant, its subtenants, licensees, and/or concessionaires, in cash and in credit (regardless of whether payment is actually collected) or trade-ins from all sales of merchandise and services, and income from all other sources of business conducted on or in each of the Premises, but only to the extent Tenant is able to obtain such information from its subtenants, licensees and/or concessionaires.

In the event the Premises is subleased during the term, Tenant shall use good faith efforts to have such subtenant timely comply with the reporting obligations of Subsection (iii) above, but in no event shall subtenant's failure to comply be a default hereunder.

Landlord acknowledges that the financial information ("**Information**") provided by Tenant pursuant to this Article 23 is for Landlord's informational purposes only. Subject to the terms and conditions contained herein, Landlord shall hold as confidential all Information and shall not release any Information to third parties without Tenant's prior written consent, except (1) for, to the extent they have a need to know, Landlord's directors, officers, employees, affiliates, attorneys, accountants, auditors, financial or legal consultants or advisors, others providing professional services, lenders, investors or prospective purchasers of Landlord or the Premises and such parties have entered into binding agreements to hold the Information as confidential, or (2) as may be required to comply with regulatory requirements (e.g., filings with the Securities and Exchange Commission), or pursuant to a court order requiring such release or as otherwise may be required by law or legal process based on the opinion of Landlord's counsel. Landlord shall provide Tenant notice prior to any required disclosure of any part of the Information so that Tenant may seek a protective order or take other action to prevent such disclosure.

24. ATTORNEYS' FEES

24.1 Recovery of Attorneys' Fees and Costs of Suit.

Tenant shall reimburse Landlord, upon demand, for any reasonable actual and documented out of pocket costs or expenses incurred by Landlord in connection with any Event of Default under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include external legal fees and costs incurred for the negotiation of a settlement, enforcement of rights, or otherwise, and in the preparation and service of notices of default or breach and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Event of Default.

24.2 Attorney's Fees.

If any Party brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon, shall be entitled to reasonable and documented out of pocket attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursuant to decision or judgment. The term, "Prevailing Party" shall include a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all reasonable and documented out of pocket attorneys' fees reasonably incurred.

24.3 Party to Litigation.

Tenant shall Indemnify Landlord against and from all reasonable costs and Claims incurred by Landlord if Landlord becomes or is made a party to any lawsuit, claim or action (i) instituted by Tenant (excluding any litigation between Landlord and Tenant), or by any third party against Tenant, or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant; (ii) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (iii) otherwise arising out of or resulting from any action or transaction of Tenant or such other person; or (iv) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any reasonable and documented out of pocket legal fees or costs incurred by Landlord in any such claim or action.

25. CONSENT

Tenant shall pay Landlord's reasonable attorneys' fees and other costs incurred in connection with Tenant's request for Landlord's consent under Article 16, "Assignment and Subletting," or in connection with any other act which Tenant proposes to do and which requires Landlord's consent (whether or not consent is ultimately given), which fees and costs shall not

exceed Two Thousand Dollars (\$2,000) for each such request. Landlord shall have no liability for damages resulting from, nor may Tenant terminate this Lease as a result of, Landlord's failure to give any consent, approval or instruction reserved to Landlord. Tenant's sole remedy in any such event shall be an action for injunctive relief and all such costs of seeking such injunctive relief is recoverable from Landlord pursuant to this Lease. Except as noted herein, Landlord's consent to any act, assignment or subletting shall not release Tenant from any liability under this Lease nor constitute an acknowledgment that no Event of Default or breach by Tenant of this Lease exists, nor shall such consent be deemed a waiver of any then-existing Event of Default or breach, except as may be otherwise specifically stated in writing by Landlord at the time of such consent.

26. AUTHORITY TO MAKE LEASE; COVENANT OF QUIET ENJOYMENT

26.1 Full Power and Authority to Enter Lease.

The parties covenant and warrant that each has full power and authority to enter into this Lease. If Tenant is a corporation, trust, limited liability company, partnership or other entity all individuals executing this Lease on behalf of that entity represent that they are authorized to execute and deliver this Lease on behalf of that entity.

26.2 Quiet Enjoyment.

Landlord covenants and warrants that, so long as Tenant shall pay the rent as the same becomes due and shall fully comply with all of the terms of this Lease and fully perform its obligations hereunder, Tenant shall have and enjoy full, quiet, and peaceful possession of the Premises, and all rights and privileges incidental thereto during the Term, as against all persons claiming by, through, or under Landlord, subject to the provisions of this Lease and any Title Instruments. Tenant shall have the right, by separate and independent action to pursue any claim it may have against Landlord as a result of a breach by Landlord of the covenant of quiet enjoyment contained in this Article.

26.3 No Violation of Covenants and Restrictions.

Tenant leases the Premises subject to (i) all Title Instruments matters known to Tenant as of the Commencement Date and (ii) any state of facts (each of clauses (i) and (ii), "**State of Facts**") which a current survey or physical inspection of the Premises might disclose, including onsite and off-site encroachments. Tenant shall not violate, permit a violation of, or cause Landlord to violate any zoning ordinance or Title Instruments. Tenant shall Indemnify Landlord (with counsel reasonably acceptable to Landlord) from and against any Claims incurred from such a violation or from any State of Facts.

27. HAZARDOUS MATERIAL

27.1 Environmental Compliance.

Tenant shall comply in all material respects with all Laws, including Environmental Laws, relating to the use, storage, transportation, dispensing, sale or Release of Hazardous Materials at the Premises. Without limiting the generality of the foregoing, Tenant shall comply with all Environmental Laws relating to the Storage Tank and Dispenser System in all material respects, its construction, operation, maintenance, calibration and alarm systems, and promptly shall implement any and all upgrade requirements promulgated by any government agency having jurisdiction at the earliest practicable time, but in no event, no later than any applicable deadline announced or promulgated by the government agency. Without limiting the generality of the foregoing, Tenant shall comply with all Environmental Laws relating to the Storage Tank and Dispenser System in all material respects, its construction, operation, maintenance, calibration and alarm systems, and promptly shall implement any and all upgrade requirements promulgated by any government agency having jurisdiction at the earliest practicable time, but in no event, no later than any applicable deadline announced or promulgated by the government agency, and provide all relevant information to Landlord, including, but not limited to, annual tank tightness tests for each Property no later than 30 days after such tests or on receipt of any instructions or notice from the applicable government agency. Tenant shall not Release, nor shall Tenant permit any employee, contractor, agent or invitee to Release, any Hazardous Materials, on or from the Premises land, surface water, groundwater, air, or the surrounding land, except as expressly permitted by law, including Environmental Laws, and approved in writing by Landlord in its sole discretion. Tenant shall provide Landlord with copies of all material, non-privileged reports, studies, complaints, claims, directives, citations, demands, inquiries, inspections, notifications, notices, notices of violation, or orders relating to Hazardous Materials at or emanating from or to the Premises, at any time, or to any alleged non-compliance with Environmental Laws at the Premises, reasonably promptly (and in no event later than thirty (30) days) after such documents are provided to or generated by Tenant. Tenant also shall promptly notify Landlord of any reportable Release of Hazardous Materials at, on, under or from the Premises and immediately shall abate and remove any such Releases as required under Section 27.2 below. All reporting, investigation and/or remediation requirements under any Environmental Law with respect to any and all Releases of Hazardous Materials from, at, on, from or near the Premises are the responsibility of Tenant except with respect to any Release caused by a Landlord Party. Tenant shall also be responsible for implementing and executing an asbestos management program in the event that asbestos containing materials are discovered at the Premises. Landlord hereby acknowledges that the Premises has been and will continue to be used as a convenience store and fuel center and hereby agrees that Tenant may have Hazardous Materials used in Tenant's ordinary course of business on the Premises provided same are handled in compliance with all applicable Environmental Laws.

Excepting any Pollutants generated or Released by a Landlord Party, Pollutants shall be the responsibility of Tenant and Tenant shall be liable for and responsible for Pollutants, including at Tenant's sole cost (i) permitting, reporting, assessment, testing, investigation, treatment, removal, remediation, transportation and disposal of such Pollutants as directed by any

governmental agency, as required by Environmental Laws; (ii) damages, costs, expenditures and claims for injury to persons, property, the Premises and surrounding air, land, soil vapor, surface water, and ground water resulting from such Pollutants; (iii) claims by any governmental agency or third party associated with injury to surrounding air, land, soil vapor, surface water and ground water or other damage resulting from such Pollutants; (iv) damages for injury to the buildings, fixtures, appurtenances, equipment and other personal property of Landlord to the extent caused by such Pollutants; (v) fines, costs, fees, assessments, taxes, demands, orders, directives or any other requirements imposed in any manner by any governmental agency asserting jurisdiction, or under any Environmental Laws with respect to such Pollutants; (vi) damages, costs and expenditures for injury to natural resources to the extent caused by such Pollutants as directed by any governmental agency or otherwise as required by applicable law, including Environmental Laws; (vii) compliance with Environmental Laws regarding the use, storage, transportation, release, disposal, dispensing or sale of Pollutants; and (viii) any other liability or obligation related to such Pollutants. While Landlord is not required to incur any costs, fees (including attorney, consultant and expert witness fees) or expenses for environmental compliance, testing, investigation, assessment, remediation or clean-up relating to Pollutants, should Landlord incur any such costs, fees or expenses relating to Pollutants at the Premises or surrounding lands or surface water or ground water relating to Tenant's activities, Tenant shall promptly reimburse Landlord for its reasonable and documented costs, expenses and fees excepting any costs associated with Pollutants generated or Release by a Landlord Party.

27.2 Tenant's Environmental Indemnification.

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27.3 Identified Risks.

For purposes of clarification, as part of Tenant's indemnification obligations pursuant to Section 27.2 above, Tenant hereby expressly agrees to Indemnify Landlord from and against any and all Claims arising from or relating to the Identified Risks (or any of them), including costs incurred in connection with any investigation or site conditions or any clean-up, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Pollutants present in the soil or ground water on or under the Premises, except to the extent generated or Released by a Landlord Party.

27.4 Tenant's Notification Obligation.

Tenant shall promptly notify Landlord of any of the following: (i) any non-routine and material correspondence or communication from or directed to any governmental entity regarding the application of Environmental Laws to the Premises or Tenant's operation of the Premises; (ii) any correspondence, communication or notifications as are required by either the Federal or State Emergency Planning and Community Right to Know Acts as a result of any reportable Release; (iii) any change in Tenant's operations on the Premises that will change or has the potential to change Tenant's obligations or liabilities under the Environmental Laws in any material respect; and (iv) any material Releases or suspected Releases of any and all Pollutants at, from or near the Premises, including without limitation, any automated warnings or

alarms of possible material leaks or spills in connection with the Storage Tank and Dispenser Systems.

27.5 Landlord's Right of Entry.

In the event that Landlord has a good faith reasonable belief that Tenant has had a material Release, Landlord shall have the right to enter the Premises upon reasonable advance written notice to Tenant for the purpose of conducting an environmental audit or assessment, at Landlord's cost, to assure that the Premises is in compliance with any applicable Environmental Laws and this Lease; provided, however, if such audit or assessment discloses that Tenant is not in material compliance with any Environmental Law or is not in compliance with this Lease in any material respect, then Tenant shall reimburse Landlord for the reasonable cost of such audit or assessment; and, provided, further, that such entry on the Premises shall not unreasonably interfere with the business activities of Tenant on the Premises.

27.6 Tenant's Responsibility for Hazardous Materials.

Landlord and Tenant acknowledge that Landlord may become legally liable for the costs of complying with Environmental Laws relating to Hazardous Material for which neither Landlord nor Tenant is responsible including the following: (i) Hazardous Material present in the soil or ground water on the Premises prior to the Commencement Date of this Lease; (ii) a change in Environmental Laws which relate to Hazardous Material which make Hazardous Material present on the Premises as of the Commencement Date, whether known or unknown to Landlord, a violation of such new Environmental Laws; (iii) Hazardous Material that migrates, flows, percolates, diffuses, or in any way moves on to or under the Premises before or after the Commencement Date; and (iv) Hazardous Material present or under the Premises as a result of any discharge, dumping, or spilling (whether accidental or otherwise) on the Premises by other tenants of the Premises or their agents, employees, contractors, or invitees, or by others. Accordingly, Landlord and Tenant agree that the cost of complying with Environmental Laws relating to Hazardous Material on the Premises for which Landlord is legally liable shall be the responsibility of Tenant and shall be paid by Tenant even if Tenant is not responsible for the presence of such Hazardous Materials; provided, however, that Tenant shall not have such responsibility with respect to Hazardous Materials generated or Released by a Landlord Party. To the extent any such expense relating to Hazardous Material is subsequently recovered or reimbursed through insurance (procured by Tenant or third parties other than Landlord), or recovery from responsible third parties, or other action, Tenant shall be entitled to a reimbursement to the extent it has paid the maintenance expense to which such recovery or reimbursement relates. At the expiration of the Term or earlier termination of this Lease, Tenant shall completely remove from the Premises any and all Hazardous Materials brought onto the Premises by or for Tenant, or any third party (except Hazardous Materials which were deposited via underground migration from areas outside of the Premises) to a commercially reasonable non actionable level. For Hazardous Materials in soils or groundwater at the Premises, at the expiration of the Term or earlier termination of this Lease, Tenant shall remove Hazardous Materials as and to the extent necessary to comply with applicable Environmental Laws and

applicable regulatory cleanup standards except with respect to any Hazardous Materials generated or Released by a Landlord Party.

27.7 Resolution of Environmental Matters at Expiration or Termination of Tenancy.

27.7.1 Tenancy Close-Out Environmental Assessment and Report. Not later than thirty (30) days prior to the expiration of the tenancy, Tenant shall submit to Landlord a report of any environmental assessments pursuant to ASTM and/or prevailing industry standards, conducted by an independent, qualified and adequately insured consultant firm, to (1) identify and assess the presence of Hazardous Materials on, in, at, and, where information indicates migration of Hazardous Materials off site and it is practical to do so, off site of the Premises; (2) all records relating to the determination of the integrity and tightness of all Storage Tank and Dispenser System on the Premises; and (3) determine any needed remedial actions needed or pending regulatory obligations performance or resolution of which is required to comply with Environmental Laws or restore the Premises as set forth in Subsection 27.7.2 below. Tenant shall use commercially reasonable efforts to secure on behalf of Landlord the ability of Landlord to rely upon the report and be named as an additional insured under the consultant's insurance policies. Tenant shall update and supplement such report as needed through the date of the end of the tenancy to reflect any change in conditions or new information pertaining to the methodology or findings of the report.

27.7.2 Remedial and Corrective Actions; Closure of Storage Tank and Dispenser Systems: Not later than the expiration of the Lease, or such longer time as is approved in writing by Landlord or by governmental authorities with the concurrent written consent of Landlord, Tenant shall provide Landlord with written evidence and assurances that, as of the date of the end of the tenancy, or as soon as reasonably practicable thereafter, the Premises and any Storage Tank and Dispenser System left at the Premises comply in all material respects with all environmental standards and Environmental Laws and, where applicable, any required regulatory closure standards have been achieved or, where reasonably available, closure documents obtained. If Landlord demands that any equipment or Storage Tank and Dispenser System be removed by Tenant, and Tenant fails to do so prior to the expiration of the Term, (a) Landlord shall, at Tenants sole cost and expense, be entitled to remove such equipment or Storage Tank and Dispenser System, (b) Tenant shall be deemed to be holding over in the Premises on the terms and conditions of Section 3.3 for the time period necessary for Landlord to complete the removal of the Storage Tank and Dispenser System, acting reasonably and in good faith, and (c) Tenant shall Indemnify Landlord from and against any Claims arising in connection therewith.

27.8 Intentionally Omitted.

27.9 Storage Tank and Dispenser System.

Tenant is and shall remain the owner and operator of the Storage Tank and Dispenser System on the Premises. Tenant is solely responsible for the notification, reporting, recordkeeping, upgrades, spill and overfill protection, closure investigation, financial responsibility, and including, specifically, all required communications with the State of Hawaii Office of Environmental Quality Control or other applicable governmental agencies. For avoidance of doubt, as between Landlord and Tenant, from and after the Commencement Date and throughout the term of the Lease, Tenant is and shall remain and be responsible at its sole expense for addressing any and all responsibilities and obligations associated with the Storage Tank and Dispenser System on the Premises in conformance with all applicable laws. Landlord shall execute and provide to Tenant such forms and authorizations as are required by law or otherwise necessary to effectuate the terms of this Article 27. Nothing in this Article 27 shall diminish or reduce the obligations and undertakings of Tenant under this Agreement, including, without limitation, Articles 15 and 27.

27.10 Financial Assurance Requirements.

Should any financial assurance requirements pursuant to Environmental Laws be imposed on Tenant's use of, or activities at, the Premises by a governmental authority, Tenant promptly and timely shall comply with those requirements as they take effect.

27.11 Survival.

Provisions of this Article 27 shall survive expiration or termination of tenancy.

28. GENERAL PROVISIONS

28.1 Recitals.

The Recitals set forth on Page 1 above are incorporated herein by this reference.

28.2 Gender; Number.

The use of (i) the neuter gender includes the masculine and feminine and (ii) the singular number includes the plural, whenever the context requires.

28.3 Captions.

Captions in this Lease are inserted for the convenience of reference only and do not define, describe, or limit the scope or the intent of this Lease or any of its terms.

28.4 Exhibits.

All attached exhibits are a part of this Lease and are incorporated in full by this reference. Except as specifically provided herein, if any provision contained in any exhibit hereto is inconsistent or in conflict with any provisions of this Lease, the provisions of this Lease shall supersede the provisions of such exhibit and shall be paramount and controlling.

28.5 Entire Agreement.

This Lease contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Lease.

28.6 Drafting.

This Lease shall not be construed more strictly against one party than the other because it may have been drafted by one of the parties or its counsel, each having contributed substantially and materially to the negotiation and drafting hereof.

28.7 Modification.

No modification, waiver, amendment, discharge, or change of this Lease shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge, or change is or may be sought.

28.8 Joint and Several Liability.

If any party consists of more than one person or entity, the liability of each such person or entity signing this Lease shall be joint and several.

28.9 Governing Law.

THIS LEASE (AND ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF HAWAII (WITHOUT REGARD OF PRINCIPLES OR CONFLICTS OF LAW) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

28.10 Enforceability.

Tenant warrants and represents that, to its knowledge, the terms of this Lease are fully enforceable in the localities in which the Premises are located. In the event any provision contained in this Lease is inconsistent or in conflict with local law, custom, or practice, the provisions of this Lease shall supersede and shall be paramount and controlling to the extent permissible under applicable law.

28.11 Attorneys' Fees.

With respect to Articles 24 and 25 and any other provision in this Lease providing for payment or indemnification of attorneys' fees, such fees shall be deemed to include reasonable and documented out of pocket fees incurred through any applicable appeal process, but shall not include fees attributable to legal services provided by any in-house counsel and staff to the prevailing or indemnified party.

28.12 Time of Essence.

Time is of the essence of every provision of this Lease.

28.13 Severability.

In the event any term, covenant, condition, or provision of this Lease is held to be invalid, void, or otherwise unenforceable by any court of competent jurisdiction, the fact that such term, covenant, condition, or provision is invalid, void, or otherwise unenforceable shall in no way affect the validity or enforceability of any other term, covenant, condition, or provision of this Lease.

28.14 Successors and Assigns.

Except as otherwise provided herein, all terms of this Lease shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, successors, and assigns.

28.15 Independent Covenants.

This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent, and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any offset of the rent or other amounts owing hereunder against Landlord; provided, however, the foregoing shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions hereof so long as notice is first given to Landlord and any holder of a mortgage or deed of trust covering the Premises (of whose address Tenant has theretofore been notified) and an opportunity is granted to Landlord and such holder to correct such violation as provided above.

28.16 Information Provided.

Tenant warrants and represents that, to its knowledge, all information Tenant has provided to Landlord is materially accurate and correct.

28.17 Limitation of Landlord's Liability.

Notwithstanding anything contained in this Lease to be contrary, Landlord shall not incur any liability beyond Landlord's interest in the Premises upon a breach of this Lease, and Tenant shall look exclusively to such interest in the Premises for the payment, discharge and satisfaction of any obligations or any liabilities imposed upon Landlord under this Lease, and Tenant shall not seek recourse against Landlord's partners, members, directors, officers or shareholders, or any of their personal assets for such payment, discharge and satisfaction. In no event shall Landlord or Tenant be liable or responsible for consequential, special, indirect or punitive damages under this Lease. Landlord shall mean each owner from time to time of an owner's estate and property in the Premises, and if such estate or the Premises is sold or transferred, the seller or transferor shall thereupon be relieved of all obligations and liabilities arising after such sale or transfer, and the purchaser or transferee shall be deemed to have assumed and agreed to perform and observe all obligations and liabilities hereunder arising after the sale or transfer.

28.18 Waiver of Trial by Jury.

Landlord and Tenant do hereby waive trial by jury in any action, proceeding or counterclaim brought by either party against the other, upon any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Premises and/or any claim of injury or damage.

28.19 OFAC Compliance.

28.19.1 Tenant represents and warrants that (a) Tenant and each person or entity owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons Listed maintained by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "**List**"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (d) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by law or that this Lease is in violation of law, and (e) Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "**Embargoed Person**" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C.A. § 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder

with the result that the investment in Tenant is prohibited by law or Tenant is in violation of law.

- 28.19.2 Tenant covenants and agrees (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this Article are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under this Lease, and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.
- 28.19.3 Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time prior to the expiration or earlier termination of this Lease shall constitute a material Event of Default under this Lease, and Landlord shall have the option, in its sole and absolute discretion, to terminate this Lease effective immediately. Notwithstanding anything to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall constitute a material Event of Default under this Lease.
- 28.19.4 Neither Landlord nor, to Landlord's knowledge, any individual or entity owning directly or indirectly any interest in Landlord, is an individual or entity whose property or interests are subject to being blocked under any of the OFAC Laws and Regulations or is otherwise in violation of any of the OFAC Laws and Regulations; provided, however, the representations contained in this sentence shall not apply to any Person to the extent such Person's interest is in or through a U.S. Publicly-Traded Entity.
- 28.19.5 Landlord covenants and agrees: (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos economic sanctions, now or hereafter in effect; (b) to immediately notify the other party in writing if any of the representations, warranties or covenants set forth in this Section are no longer true or have been breached or if Landlord has a reasonable basis to believe that they may no longer be true or have been breached; (c) not to use funds from any "Prohibited Person" (as such term is defined in the OFAC Laws and Regulations) to make any payment due to Landlord under the Lease and (d) at the request of Landlord, to provide such information as may be requested by Tenant to determine the other party's compliance with the terms hereof.

- 28.19.6 Landlord hereby acknowledges and agrees that Landlord's inclusion on the List at any time prior to the expiration or earlier termination of the Lease shall constitute a material Event of Default under the Lease, and Tenant may terminate this Lease with notice.
- 28.19.7 "**Governmental Authority**" means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority having jurisdiction or supervisory or regulatory authority over the Property, Landlord or Tenant.
- 28.19.8 "**OFAC Laws and Regulations**" means Executive Order 13224 issued by the President of the United States of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and the Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies, lists (including the Specially Designated Nationals and Blocked Persons List) and any other requirements of any Governmental Authority (including the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies or requirements of other states or localities.
- 28.19.9 "**Person**" means any individual, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Authority or any other form of entity.
- 28.19.10 "**U.S. Publicly-Traded Entity**" means an entity whose securities are listed on a national securities exchange or quoted on an automated quotation system in the U.S. or a wholly-owned subsidiary of such an entity.

28.20 Characterization of Lease.

Landlord and Tenant intend that:

- 28.20.1 This Lease is a "true lease" and not a financing lease, capital lease, mortgage, equitable mortgage, deed of trust, trust agreement, security agreement or other financing or trust arrangement, and the economic realities of this Lease are those of a true lease; and

28.20.2 The business relationship created by this Lease and any related documents is solely that of a long-term commercial lease between landlord and tenant and has been entered into by both parties in reliance upon the economic and legal bargains contained herein.

28.21 No Lease Until Accepted.

Landlord's delivery of unexecuted copies or drafts of this Lease is solely for the purpose of review by the party to whom delivered and is in no way to be construed as an offer by Landlord nor in any way implies that Landlord is under any obligation to lease the Premises. When this Lease has been executed by both Landlord and Tenant, it shall constitute a binding agreement to lease the Premises upon the terms and conditions provided herein and Landlord and Tenant agree to execute all instruments and documents and take all actions as may be reasonably necessary or required in order to consummate the lease of the Premises as contemplated herein.

28.22 Counterparts/Electronic Signatures

This Lease may be executed in multiple counterparts, and all counterparts shall together constitute one agreement binding upon all parties. This Lease may be executed through the use of electronic signature, which each party acknowledges is a lawful means of obtaining signatures in the United States. Each party agrees that its electronic signature on this Lease is the legal equivalent of its manual signature on this Lease. And has the same legal effect as original signatures. Each party further agrees that its use of a keypad, mouse or other device to select an item, button, icon or similar act/action to electronically sign this Lease constitutes its signature ("E-Signature") of this Lease as if actually signed by such party in writing. Each party also agrees that no certification authority or other third-party verification is necessary to validate its E-Signature and that the lack of such certification or third-party verification will not in any way affect the enforceability of its E-Signature on this Lease.

28.23 Security Measures

Tenant hereby acknowledges that the rent payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees and their property from the acts of third parties.

28.24 Statutory Provisions

The parties agree that the terms of this Lease shall govern with regard to all matters related thereto and hereby waive the provisions of any present or future statute to the extent that such statute is inconsistent with this Lease.

28.25 Force Majeure

The occurrence of any of the following events (whether foreseen or unforeseen) shall excuse such obligations of Landlord or Tenant as are thereby rendered impossible or reasonably

impracticable to perform for so long as such event continues: lockouts; labor disputes; acts of God; inability to obtain labor, materials or reasonable substitutes therefor; governmental restrictions regulations or controls; pandemics (including COVID-19); public health emergencies; eviction moratoria; judicial orders; enemy or hostile governmental action; civil commotion; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform (the foregoing events described in this Section 28.25 being herein called “**Force Majeure Events**”). Notwithstanding the foregoing, the occurrence of any such Force Majeure Events shall not excuse, defer or delay any payment obligations of Tenant under this Lease unless Tenant is unable to make such payment timely due to such Force Majeure Events (i.e. Tenant’s banks are closed) and any such delay will be temporary until Tenant can make alternate payment arrangements, but in no event shall such events excuse payment hereunder, and in no event shall Tenant be entitled to terminate this Lease.

28.26 Termination with Respect to Fewer than All of the Sites

Wherever in this Lease the action of terminating this Lease with respect to any Site (or action of similar import) is discussed, such action shall mean the termination of Tenant’s rights in and to the portion of the Premises that contains such Site, and the exclusion of such portion of the Premises from the Premises. Notwithstanding anything in this Lease to the contrary, if this Lease is terminated with respect to any Site, such termination shall not affect the applicable Term of this Lease with respect to the balance of the Sites not so terminated, and this Lease shall continue in full force and effect with respect to each other such Sites, except that the total Base Monthly Rent payable hereunder shall be reduced in accordance with Section 4.2. Nothing in this Lease shall serve in any way (a) to limit Landlord’s ability, to terminate this Lease with respect to any or all of the Sites if an Event of Default shall have occurred under this Lease, regardless of whether such Event of Default emanated primarily from a single Site, or (b) in the event of a termination because of an Event of Default, to recover damages or otherwise exercise its remedies with respect to such Site(s) as provided. Following any such termination, the Parties shall execute an amendment to this Lease to memorialize such termination; provided, however the failure to do so will not affect the effectiveness of such termination.

28.27 Including

The term “including” shall mean “including without limitation”, and the term “includes” shall mean “includes without limitation”. The term “or” shall not be exclusive unless used in conjunction with the word “either.”

28.28 Right of First Refusal.

During the term of the Lease, while the original Tenant or any affiliate of Tenant (and not an unrelated third party assignee) is the tenant under the Lease, and providing there is no uncured Event of Default, Tenant shall have the right to purchase the Premises if Landlord receives a bona fide offer to purchase the Premises (i.e. all 22 Sites subject to this Lease in a bulk transaction) from an unrelated third party, provided such offer (“**Offer**”) would otherwise be accepted by Landlord but for Tenant’s right of first refusal. Landlord shall provide Tenant written notice of such Offer (including the material economic terms), and Tenant shall have five

(5) business days thereafter (“**Notice Period**”) within which to match the offer in writing (“**Match the Offer**”) by (a) notifying Landlord of Tenant's intention to purchase the Premises on the same terms and conditions as the Offer. If Tenant does not Match the Offer within the Notice Period, it conclusively shall be presumed that Tenant has no interest in purchasing the Premises on the terms set forth in the Offer, the right of first refusal granted herein shall be deemed expired and null and void as to that Offer immediately upon the expiration of the Notice Period, and Landlord shall be free to sell the Premises to a third party on the terms and conditions of the Offer; provided, notwithstanding the foregoing, if the material economic terms, when considered collectively, of the Offer change in favor of the buyer by greater than five percent (5%) from the terms contained in the Offer originally presented to Tenant, the revised Offer terms shall be considered a new Offer subject to the right of first refusal set forth herein. This will be a continuing right of first refusal in favor of Tenant.

Notwithstanding anything to the contrary herein, the provisions of this Article shall not apply to (i) the grant of an easement, (ii) the sale, exchange or other transfer of the Premises to Landlord's parent or such parent's wholly owned subsidiary, affiliate or other related entity of Landlord, (iii) the securing of any financing or refinancing of the Premises or to effect any other transaction which is essentially a financing transaction, (iv) the sale, exchange or other transfer of the Premises in lieu of condemnation or other eminent domain proceedings, (v) the sale, exchange or other transfer of the Premises pursuant to a foreclosure proceeding, or to a lender unrelated to Landlord by deed in lieu of foreclosure under a mortgage loan or other similar transfer relating to a mortgage loan, or (vi) the sale, exchange or other transfer of the Premises in connection with a merger, sale or other transfer of Landlord or the sale of all or substantially all of the assets of Landlord.

28.29 Prompt Responses.

Notwithstanding anything herein to the contrary, each Party covenants to respond to the other Party any request for consent, approval or other such request no later than ten (10) days after receipt of such request. If such request is rejected, then such Party's response shall contain a detailed explanation for such rejection.

28.30 Survival Limitation.

The obligations of the parties herein which are noted to survive the expiration or early termination of this Lease shall survive for a period of no more than four (4) years after the expiration or termination of this Lease.

28.31 Starbucks Lease Provisions.

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28.32 Amended and Restated Lease

This Amended and Restated Master Land and Building Lease Agreement constitutes an amendment and restatement in its entirety of that certain Master Land and Building Agreement

dated February 23, 2021 and that certain Master Land and Building Lease Agreement Addendum dated February 23, 2021.

28.33 State Specific Matters

Without in any way limiting the governing law provisions set forth in Section 27.9 above, the provisions of Exhibit G attached thereto shall be deemed a part of and included within the terms and conditions of this Lease with respect to any Site located in a state and listed thereon, but only to the extent that the laws of such state are determined by a court of competent jurisdiction or an arbitral panel to be applicable to the leasing of such Site under this Lease or to any rights or remedies of Landlord hereunder or under applicable law.

28.34 Pending Condemnations

The Zoning Reports from Partner Engineering and Science, Inc. for the following properties describe the following pending condemnations (the “**Pending Condemnations**”):

Property #11 – 1607 Houghtailing St.: A 3 foot road widening along Houghtailing Street and a 30 foot line radius for road widening at the corner of Houghtailing Street and School Street.

Property #12 – 3608 Harding Ave.: A 3 foot road widening along Harding Avenue.

Property #13 – 87-890 Farrington Hwy: A 30 foot property line radius at the corner of Farrington and Hookele Street.

Property #14 – 66031 Kamehameha Hwy: 8 foot road widening along Haleiwa Rd and 20 feet along Kamehameha Hwy, and 30 foot property line radius at that corner.

Property #16 – 153 Oneawa St.: A 30 foot property line radius at the corner of Oneawa St. and Kawainui St.

Property #17 – 505 Kapahulu Ave.: A 30 foot property line radius at the corner of Kapahulu Ave. and Castle St.

Property #18 – 2105 King St.: A 30 foot property line radius at the corner of Williwilli St. and King St.

Notwithstanding anything contained in the Lease to the contrary, Tenant acknowledges and agrees that the condemning authority for each of the above-described Pending Condemnations (“**Condemnor**”), through its powers of eminent domain, if necessary, intends to acquire certain property interests in the Pending Condemnations described above. Notwithstanding any provisions of the Lease to the contrary, Tenant shall have no right to terminate the Lease as a result of the Pending Condemnations, and Tenant shall look solely to the Condemnor for any damages or losses sustained by Tenant as a result of the Pending Condemnations, as more particularly set forth in the Lease.

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LANDLORD:

MDC COAST HI 1, LLC,
a Delaware limited liability company

By: /s/ Shannon Jensen

Name: Shannon Jensen

Title: SVP, Associate General Counsel and Secretary

Date: March 12, 2021

TENANT:

PAR HAWAII, LLC
a Delaware limited liability company

By: /s/ William Monteleone

Name: William Monteleone

Title: Chief Financial Officer

Date: March 12, 2021

GUARANTOR'S CONSENT

The undersigned, Guarantor under that certain Guaranty of Master Land and Building Lease Agreement dated as of February 23, 2021 (“**Guaranty**”) entered into in connection with the above-referenced Master Lease, hereby consents to the terms of this Amended and Restated Master Land and Building Lease Agreement set forth above and acknowledges that the Guaranty shall continue to apply to the full performance of each and all of the terms, covenants and conditions of the Lease, as so amended and restated, to be kept and performed by Tenant under the Lease, as so amended and restated.

GUARANTOR:

PAR PETROLEUM, LLC,
a Delaware limited liability company

By: /s/ William Monteleone

Name: William Monteleone

Title: Chief Financial Officer

Date: March 12, 2021

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William Pate, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
-

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ William Pate

William Pate

President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William Monteleone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
-

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2021

/s/ William Monteleone

William Monteleone

Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Pate, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Pate

William Pate
President and Chief Executive Officer

May 7, 2021

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Monteleone, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Monteleone

William Monteleone
Chief Financial Officer

May 7, 2021