

may, at its election, notify Lessor that Lessee desires that a property be substituted for the Property so damaged or destroyed. In the event of such notice Lessor shall upon written demand by Lessee convey such Property to Lessee by quitclaim deed, and Lessee shall within a reasonable time thereafter convey or cause to be conveyed to Lessor a property or properties which will upon such conveyance have a net book value on the books of Lessor at least equal to the net book value on the books of Lessor of the Property or Properties so damaged or destroyed, or, at the sole election of Lessor, Lessor may, by written notice to Lessee, make subject to this Lease a property or properties which shall at such time have a net book value on the books of Lessor at least equal to the net book value on the books of Lessor of the Property or Properties so damaged or destroyed, in which event Lessee shall pay to Lessor an amount in cash equal to the net book value of such additional Property, less the amount of any net proceeds received by Lessor from the sale or other disposition of the Property so damaged or destroyed.

SECTION 5. Maintenance. Lessee has received the Properties in good order and condition and, subject to the provisions of Sections 3, 4 and 9, shall keep them in the same order and condition, ordinary wear and tear excepted, during the term hereof.

SECTION 6. Taxes and Other Charges. During the term hereof, Lessee shall render for taxation, in Lessor's name, and will promptly pay, as additional rental, when and as the same shall become due and payable all real estate taxes, water rents, general and special assessments and other governmental charges and impositions whatsoever and to whomsoever assessed (whether in the nature of taxes, assessments or charges now in being or not) which may be assessed upon or payable for or in respect of the properties, and all miscellaneous taxes lawfully assessed against Lessor or its business. Lessee, its assignees and sub-lessees shall comply with all valid federal, state, county and municipal laws, rules, regulations and ordinances affecting the Properties or the use thereof.

Lessee covenants to furnish to Lessor upon written demand by Lessor proof of the payment of any tax, assessment, imposition or other similar charge on any of the Properties that is payable by Lessee as in this paragraph provided.

SECTION 7. Indemnification and Insurance.

7.1. Lessee shall protect, indemnify and save harmless Lessor and any assignee of Lessor from and against: (1) any and all liability, damage, expense, causes of action, suits, claims, demands or judgments of any nature whatsoever arising from injury to persons or property on any of the Properties or upon adjoining sidewalks, streets or ways, or in any manner growing out of or connected with the use and occupancy of the Properties or resulting from the condition of the Properties or the adjoining sidewalks, streets or ways during the term of this Lease, and (2) any liability for violation of conditions, agreements, restrictions, laws, ordinances or regulations affecting the Properties or the ownership, occupancy or use thereof.

7.2. Lessee agrees to carry during the term of this Lease, insurance under valid and enforceable policies issued by insurers of recognized responsibility and authorized to do business in the respective states in which the Properties are located whereby all of the Properties, including, but not in limitation hereof, buildings, structures, machinery, equipment, fixtures and appurtenances used in connection with the operation of the Properties, shall be adequately insured against fire, explosion, and windstorm, and such other risks as now or later may be customarily insured against to protect property used and corporations engaged in business similar to that conducted on or in the Properties. Any loss payable under such policies shall be payable to Lessee and Lessee shall, within a reasonable time after receipt thereof, apply such proceeds to the satisfaction of its obligations under Section 4 hereof.

7.3. Should any mechanics' liens at any time during the term of this Lease be contracted or caused or permitted by Lessee to be filed against any Property then subject thereto, Lessee shall cause the same to be discharged of record or bonded with a surety company, in an amount satisfactory to Lessor, within 40 days after actual notice is received by Lessee of the filing of the same.

7.4. Lessee covenants and agrees that if it shall at any time fail to pay any tax, assessment, imposition, or to cause to be taken out, paid for and maintained any of the insurance required herein, or shall fail to make any other payment or perform any other act on its part to be made or performed as in this Lease provided, then Lessor may, but shall not be obligated so to do, and without notice to or demand upon Lessee and without waiving or releasing Lessee from any obligations of Lessee in this Lease contained, pay any tax, assessment or imposition, effect any such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act on the part of Lessee to be made and performed as in this Lease provided. All sums so paid by Lessor and all necessary and incidental costs in connection with the performance of any such act by Lessor, together with interest at the rate of 6% per annum from the date of the making of such expenditures by Lessor, shall be deemed additional rental hereunder and shall be payable to Lessor on demand.

SECTION 8. Letting and Subletting. Lessee is granted the right, during the term hereof, to let or sublet the Properties or any one or more thereof, or to assign its rights hereunder as to any one or more thereof, and to renew, amend, release or cancel any lease of a Property or Properties heretofore or hereafter executed; provided, that no such act on the part of Lessee shall operate to relieve it of any of its obligations hereunder.

SECTION 9. Eminent Domain. Lessee shall be entitled to receive the entire proceeds of any Property condemned by, or sold to, any Government, governmental agency or corporation having power of eminent domain, and shall pay all costs and expenses incurred by Lessee, as well as all costs and expenses incurred by Lessor necessarily or with consent or approval of Lessee, in connection with such condemnation or sale. Lessor shall have the right, with the consent of Lessee, to sell any Property to any Government, governmental agency or corporation having the power of eminent domain, whenever condemnation thereof is threatened, provided that the proceeds of such sale shall always be paid to Lessee. Lessee shall, within a reasonable time after receipt of proceeds from a Property resulting from condemnation or threat thereof, as provided above, convey or cause to be conveyed to Lessor a property or properties which will upon such conveyance have a net book value on the books of Lessor at least equal to the net book value on the books of Lessor of the Property or Properties lost by condemnation or threat thereof, or, at the sole election of Lessor, Lessor may, by written notice to Lessee, make subject to this Lease a property or properties which shall at such time have a net book value on the books of Lessor at least equal to the net book value on the books of Lessor of the Property or Properties so condemned or sold, in which event Lessee shall pay to Lessor an amount in cash equal to the net book value of such additional property or properties.

SECTION 10. Existing Leases, Assignment of Rights Under. It is recognized by both parties hereto that certain of the Properties described in Schedules 1 and 2 are subject to existing leases to various lessees. In consideration of the benefits accruing to Lessor under this Lease, Lessor hereby transfers and assigns unto Lessee so much, but only so much, of Lessor's rights to rentals and other benefits, as shall accrue and be payable on, or in respect of, the Properties prior to termination of this Lease, under each and all of said leases and any and all renewals and extensions thereof. Lessor expressly reserves unto itself, its successors and assigns, the residue of its rights to said rentals and other benefits, if any.

SECTION 11. Defaults and Remedies. If one or more of the following events (herein sometimes called "events of default") shall happen and be continuing:

(a) If Lessee defaults in the payment of any of the rentals, provided to be paid hereunder and such default shall continue for a period of 10 days;

(b) If Lessee defaults in the observance or performance of any other covenant, condition, agreement or provision hereof which is not remedied within 30 days after notice of such default from Lessor to Lessee;