

Instrument prepared by
L. REESE JOHNSTON, JR.
W. W. CONWELL ✓
TERRY W. GLOOR
BIRMINGHAM, ALABAMA 35202

1176

STATE OF ALABAMA,)
SHELBY COUNTY.)

GROUND LEASE

THIS LEASE AGREEMENT by and between the Owners, as set forth on Exhibit "A" hereto and made a part hereof (Lessor), and the TILLMAN BUSINESS TRUST (Lessee);

WHEREAS, the Lessor desires to build an expansion on its property so as to secure a longer and more advantageous lease on the improvements presently on their property, and

WHEREAS, the Lessee has funds available to build such and is desirous of making such investment, and

WHEREAS, this Agreement will be to the mutual benefit of both parties;

W I T N E S S E T H:

1. For the rental hereinafter provided and the covenants to be performed by Lessee, Lessor hereby leases to Lessee the property described on Exhibit "B" hereto and made a part hereof.

2. The term of this lease shall be for a period of fifty (50) years, commencing February 1, 1989, terminating on January 31, 2039.

3. Lessee hereby agrees to pay to Lessor as a fixed rental per month for the leased premises the sum of Fifty Dollars (\$50.00) per month.

4. Lessor agrees to assign to Lessee the rents which will be received for this expansion of 2,000 square feet to the present facilities to the Lessor pertaining to the existing proposed lease of

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said premises which is to commence on February 1, 1989, and terminate March, 1992. Lessor shall assign to Lessee an appropriate sum for any and all other leases which may be entered into or negotiated in Lessor's name for the improvements which the Lessee has placed on the subject property.

5. Lessor shall pay all city, state and county taxes and assessments on said property during the term of this Ground Lease.

6. Lessor covenants that they are seized and possessed of good title to the premises and have the right to lease same, and that so long as Lessee is not in default with respect to its obligations under this lease, that it shall have quiet and peaceable possession of the premises and Lessor will warrant and defend the same against the claims of any and all persons.

Lessee agrees that upon the request of Lessor in writing it will subordinate this lease and the lien hereof from time to time to the lien of any present or future mortgage to any mortgagee, irrespective of the time of execution or time of recording of any such mortgage or mortgages, provided that the holder of any such mortgage shall enter into an agreement with Lessee, in recordable form, that in the event of foreclosure or other right asserted under the mortgage by the holder or any assignee thereof, the lease and the rights of Lessee hereunder shall continue in full force and effect and shall not be terminated or disturbed except in accordance with the provisions of this lease. Lessee agrees that if requested by the holder of any such mortgage, it will be a party to said agreement, and will agree in substance that if the mortgagee or any person person claiming under the mortgagee shall

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succeed to the interest of Lessor in this lease, it will recognize said mortgagee or person as its lessor under the terms of this lease. Lessee agrees that it will upon the request of the Lessor, execute, acknowledge and deliver any and all instruments necessary or desirable to give effect to or notice of such subordination. The word "mortgage" as used herein includes mortgages, deeds of trust or other similar instruments and modifications, consolidations, extensions, renewals, replacements and substitutes thereof. Lessee agrees that upon notice from any such mortgagee that its mortgage is in default, that Lessee will pay directly to said mortgagee the rents herein provided until notified otherwise by said mortgagee. Lessor and Lessee agree that the said mortgage placed against the leased premises will contain no prohibition or restriction against Lessor and Lessee utilizing the entire amount of the insurance proceeds paid as a result of any fire or other casualty insured against for the purpose of repairing, reconstructing or restoring the improvements so damaged or destroyed.

7. It is understood that Lessee will construct a warehouse facility on said premises, and it will remove and discharge any mechanics or materialman's liens which arise from such construction and indemnify and hold harmless Lessor therefrom. Repair and maintenance of improvements shall be the obligation of Lessee. Lessee may, at their own cost and expense, from time to time during the term of this lease, or any extension hereof, make any interior alterations, additions and improvements in and to the leased premises which they deem necessary or desirable and which do not adversely affect the structural integrity thereof, but it shall make them in a good workmanlike manner in

accordance with all valid requirements of municipal or other governmental authorities. All permanent structural improvements shall belong to Lessor and shall become a part of the premises upon termination or expiration of this lease. Lessee may construct and build or install in the premises any and all racks, counters, shelves and other fixtures and equipment of every kind and nature as may be necessary or desirable in Lessee's business, which items of personal property shall at all times remain the property of Lessee, and Lessee shall have the right to remove all or any part of same from the premises at any time, provided that Lessee shall repair or reimburse Lessor for the cost of repairing any damage to the said premises resulting from the installation or removal of such items.

8. Lessee shall not permit the use of the premises for any improper or illegal purpose, or permit a general nuisance thereon.

9. Any building constructed on said premises by Lessee will, upon termination, be the property of Lessor, but Lessee shall have the right to remove any trade fixtures. Lessee, at its expense, will maintain fire and extended coverage insurance on any building that it may construct on the premises in an amount equal to not less than ninety percent (90%) of its replacement value payable jointly to Lessor, Lessee, any sublessee of Lessee, and the mortgagee of the leased premises, as their interests may appear. Should any building be damaged or destroyed, the entire proceeds of such insurance shall be delivered to Lessee, and Lessee will repair or rebuild same as expeditiously as possible following such damage or destruction.

10. Lessee will maintain public liability insurance

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covering the premises naming Lessor as additional insureds with limits of at least \$100,000/\$1,000,000/\$50,000.

11. If the whole of the leased property, or such portion thereof as will make the leased property economically unsuitable for use as a warehouse, is taken under the power of eminent domain, then this lease shall terminate from the time when possession is so taken. Lessee shall be entitled to recover from the condemning authority their moving expenses and shall also be entitled to the unamortized cost (depreciated on a straight-line basis) to Lessee of all leasehold improvements made by Lessee during the original term of the lease or any extension; and all other damages shall inure to Lessor. Should a lesser portion of the premises be condemned by such authority, the lease shall continue, but rent shall be proportionately reduced.

12. Lessee shall not have the right to assign or sublet the premises without consent of Lessor.

13. In the event Lessee should fail to pay any of the monthly installments of rent reserved herein for a period of more than fifteen (15) days after the same shall become due and payable, or if Lessee shall fail to keep or shall violate any other condition, stipulation or agreement herein contained, on the part of Lessee to be kept and performed, and if either such failure or violation shall have continued for a period of thirty (30) days after Lessee shall have received written notice by certified or registered mail at the address hereinafter designated from Lessor to pay such rent or to cure such violation or failure, then, in such event, Lessor, at his option, may either (a) terminate this lease or (b) re-enter the demised premises by

summary proceedings or otherwise expel Lessee and remove all property therefrom and relet the premises at the best possible rent obtainable, making reasonable efforts therefor and receive the rent therefrom; but Lessee shall remain liable for the deficiency, if any, between Lessee's rent under this lease and the price obtained by Lessor on reletting. However, a default (except as to payment of rentals) shall be deemed cured if Lessee in good faith commence performance requisite to cure same within thirty (30) days after receipt of notice and thereafter continuously and with reasonable diligence proceed to complete the performance required to cure such default.

14. The term Lessor or Lessee as used herein shall be deemed to refer to and include the male or female, the singular or plural, a corporation, or other business entity, as the sense may require.

15. The entire contract between the parties is contained in this instrument and all of the covenants and conditions herein contained shall be binding upon them, their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this lease agreement in duplicate, this 8th day of March, 1989.

WITNESS:

Deborah Thomas
Barbara S. McCones

LESSOR:

Halford A. Tillman
Halford A. Tillman, Individually

Claude A. Tillman, Jr.
Claude A. Tillman, Jr., Individually

Halford A. Tillman
Halford A. Tillman, as Trustee for
Patricia Ann Tillman Ogletree

Halford A. Tillman
Halford A. Tillman, as Trustee for
Halford A. Tillman, Jr.

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WITNESS:

Deborah Thomas
Barbara S. McCon

Claude A. Tillman, Jr.
Claude A. Tillman, Jr., as Trustee
for Claude A. Tillman, III

Claude A. Tillman, Jr.
Claude A. Tillman, Jr., as Trustee
for Lucile T. Colee

LESSEE:

TILLMAN BUSINESS TRUST

By Halford A. Tillman, Jr.
Halford A. Tillman, Jr.

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EXHIBIT "A"

To Halford A. Tillman, Individually, an undivided one-fifth (1/5) interest;

To Claude A. Tillman, Jr., Individually, an undivided one-fifth (1/5) interest;

To Halford A. Tillman and Virginia B. Tillman, as Trustees for Patricia Ann Tillman under Indenture of Trust dated the 20th day of December, 1960, and recorded in Real Volume 150, Page 370, in the Office of the Judge of Probate, Jefferson County, Alabama, an undivided three-twentieth (3/20) interest;

To Halford A. Tillman as Trustee for Halford A. Tillman, Jr. under Indenture of Trust dated the 22nd day of November 1978, an undivided three-twentieth (3/20) interest;

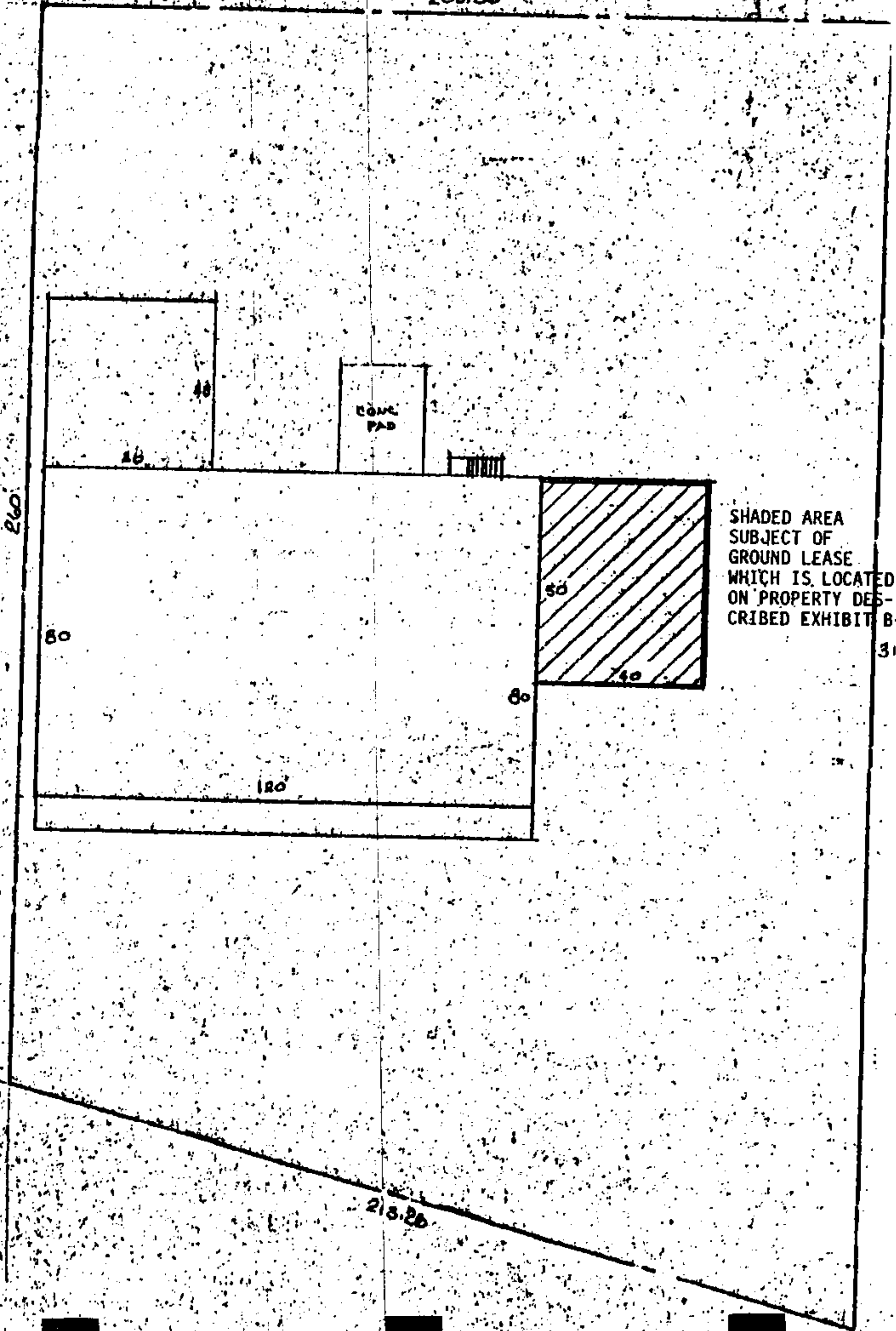
To Claude A. Tillman, Jr. as Trustee for Claude A. Tillman, III under Indenture of Trust dated the 1st day of March, 1973, an undivided three-twentieth (3/20) interest;

To Claude A. Tillman, Jr. as Trustee for Lucille T. Colee, formerly known as Lucille Virginia Tillman, under Indenture of Trust dated the 1st day of March, 1973, an undivided three-twentieth (3/20) interest.

EXHIBIT B-1

205.86

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SHADED AREA
SUBJECT OF
GROUND LEASE
WHICH IS LOCATED
ON PROPERTY DES-
CRIBED EXHIBIT B-2

EXHIBIT "B-2"

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A tract of land situated in the Northeast 1/4 of the Southwest 1/4 of Section 31, Township 19 South, Range 2 west, Shelby County, Alabama, being more particularly described as follows: Commence at the Northwest corner of the Southeast 1/4 of the Northwest 1/4 of Section 31, Township 19 South, Range 2 west, Shelby County Alabama, and run in an Easterly direction along the North line of said 1/4-1/4 section a distance of 452.73 feet to a point; thence turn a deflection angle of 86 degrees 31 minutes 40 seconds to the right and run in a Southerly direction a distance of 1321.78 feet to a point; thence turn a deflection angle of 47 degrees 06 minutes 00 seconds to the right and run in a Southwesterly direction a distance of 250.20 feet to a point on the center line of the road; thence turn a deflection angle of 79 degrees 55 minutes 15 seconds to the right and run in a Northwesterly direction along the center line of said road a distance of 34.06 feet to a point; thence turn a deflection angle of 89 degrees 58 minutes 30 seconds to the left and run in a Southwesterly direction a distance of 146.00 feet to a point; thence turn a deflection angle of 38 degrees 00 minutes 00 seconds to the right and run in a Southwesterly direction of 152.97 feet to a point on the East right-of-way line of U.S. Highway #31; thence turn a deflection angle of 85 degrees 12 minutes 35 seconds to the left and run in a Southerly direction along the chord of a curve to the right having a radius of 2010.08 feet a distance of 311.77 feet to the point of beginning; thence turn a deflection angle of 97 degrees 33 minutes 22 seconds to the left and run in a Northwesterly direction a distance of 260.00 feet to a point; thence turn an interior angle of 90 degrees 00 minutes 00 seconds and run to the right in a Southeasterly direction a distance of 205.86 feet to a point; thence turn an interior angle of 90 degrees 00 minutes 00 seconds and run to the right in a Southwesterly direction a distance of 315.33 feet to a point on the East right of way line of U. S. Highway #31, said point being a point on a curve; thence turn an interior angle of 71 degrees 55 minutes 02 seconds (angle measured to tangent) and run to the right in a Northerly direction along the arc of a curve to the left having a central angle of 6 degrees 04 minutes 44 seconds and a radius of 2010.08 feet a distance of 213.26 feet to the point of beginning.

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

89 MAR 17 PM 1:30

SUBJECT TO THE FOLLOWING:

1. That certain mortgage, identified hereinabove, which grantee assumes and agrees to by accepting this conveyance.
2. Advalorem taxes for the year 1979, which said taxes are not due or payable until October 1, 1979.
3. Restrictions appearing of record in Deed Volume 281, Page 6 in the Probate Office of Shelby County, Alabama.
4. Right of Way granted to Alabama Power Company by instrument(s) recorded in Volume 101, Page 506; Volume 112, Page 513; Volume 138, Page 50 and Volume 170, Page 258, in the Probate Office of Shelby County, Alabama.
5. Right of Way for highway as shown in Condemnation Proceedings as recorded in Final Record 13, Page 203 and Final Record 16, Pages 190 and 191, in the Probate Office of Shelby County, Alabama.
6. Subject to that certain lease to Glidden-Durkee, Division of SCM Corporation, a New York corporation, recorded in Deed Volume 301, Page 438, in the Probate Office of Shelby County, Alabama.
7. Assignment of rents and leases to North Carolina Mutual Life Insurance Company, as recorded in Misc. Book 27, Page 395, in the Probate Office of Shelby County, Alabama.
8. That certain lease to Unprinted Furniture, Inc., dated the 1st day of April, 1977 a copy of which has been furnished grantee prior to the delivery hereof to grantee.

1. Dead Tax \$ 9.60
2. Mtg Tax _____
3. Recording Fee 25.00
4. Indexing Fee 1.00
TOTAL 35.60