

This Instrument was prepared by:

Thomas P. Witt, Esquire
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street - 22nd Floor
Philadelphia, PA 19103

Record and Return to:

David Feldman, Esquire
First American Title Insurance Company
Two Penn Center Plaza, Suite 1910
Philadelphia, PA 19102

Tax Parcel: #58-10-5-15-0-001-039; 58-10-5-15-0-001-038.004; 58-10-5-15-0-001-038.003;
58-10-5-15-0-001-038

Store #7026

SPACE ABOVE THIS LINE FOR
RECORDER'S USE

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, made as of the 1st day of November, 2005, by and between BABINGTON PROPERTIES, L.P., an Alabama limited partnership with an address of 150 Government Street, Suite 2000, Mobile, AL 36602 (the "Landlord") and Harco, Inc. an Alabama corporation, with offices at P.O. Box 3165, Camp Hill, Pennsylvania 17105 ("Tenant").

1. Lease. Landlord hereby demises and lets to Tenant that certain real property located in Birmingham, Shelby County, Alabama, and as more particularly described on Exhibit "A" attached hereto (the "Premises"), as more particularly set out in and pursuant to the terms and conditions of a Ground Lease dated and effective as of November 1, 2005 (the "Lease"), the terms and conditions of which are incorporated herein as though set forth in full.

2. Original Term. Tenant may have and hold the Premises, together with the tenements, hereditaments, appurtenances and easements thereunto belonging, at the rental and upon the terms and conditions therein stated, for an initial term (the "Term") commencing on November 1, 2005 and expiring on November 30, 2025.

3. Renewal Term(s). The Term shall be automatically extended for eight (8) separate and additional periods of five (5) years each after the expiration of the Term (each such additional five-year period is hereinafter referred to as a "Renewal Term") unless Tenant notifies Landlord in writing at least one hundred eighty (180) days prior to expiration of the Term that Tenant is terminating the Lease as of the expiration of the Term. Each Renewal Term shall be subject to all the terms and conditions of the Lease as if the Term originally included the Renewal Term (except that Tenant shall not have the right to any additional Renewal Terms).

4. Tenant's Right of First Refusal. During the Term or any Renewal Term, Tenant has a right of first refusal to purchase the Premises from Landlord subject to the terms and conditions more particularly set forth in the Lease.

5. Purpose and Intention. This Memorandum of Lease is executed for the purpose of recordation in the proper local recording office in order to give notice of all of the

Alabama Title, Inc.

terms, provisions and conditions of the Lease and is not intended, and shall not be construed, to define, limit or modify the Lease. The leasehold estate created and conveyed hereby with respect to the Premises is intended to be one and the same estate as was created with respect to the Premises by the Lease and is further intended to be governed in all respects solely by the Lease and all of the provisions thereof.

[Remainder of Page Left Blank; Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the day and year first above written.

ATTEST/WITNESS:

LANDLORD:

BABINGTON PROPERTIES, L.P.

By: Babington Management, LLC, an Alabama limited liability company, the General Partner of Babington Properties, L.P.

Megan McCrory
Name:

By: Joseph P.H. Babington
Name: Joseph P.H. Babington
Title: Manager

TENANT:

HARCO, INC.

By: _____
Name:
Title:

By: _____
Name: I. Lawrence Gelman
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the day and year first above written.

ATTEST/WITNESS:

LANDLORD:

BABINGTON PROPERTIES, L.P.

By: Babington Management, LLC, an
Alabama limited liability company, the
General Partner of Babington Properties,
L.P.

Name:

By: _____
Name: Joseph P.H. Babington
Title: Manager

TENANT:

HARCO, INC.

By: _____

Name: *CAROL BRODELICK*
Title: *ASST. SECRETARY*

By: _____

Name: I. Lawrence Gelman
Title: Vice President



20051209000639710 5/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

STATE OF NEW YORK)

:

COUNTY OF Manhattan)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Joseph P.H. Babington, whose name as Manager of Babington Management, LLC, an Alabama limited liability company, acting as General Partner of Babington Properties, L.P., an Alabama limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such Manager, and with full authority, executed the same voluntarily for and as the act of said limited liability company, acting in its capacity as General Partner of said limited partnership.

Given under my hand and official seal this 18 day of November, 2005.

(SEAL)

WULFF IVETTE
NOTARY PUBLIC, STATE OF NEW YORK
NO.: 01WU4973060
QUALIFIED IN STATE OF NEW YORK
COMMISSION EXPIRES 10/9/06

Notary Public

My commission expires: 10/9/06

20051209000639710 6/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

Commonwealth of Pennsylvania)
County of Philadelphia) ss.

On November 8, 2005, before me, the undersigned Officer, a Notary Public, personally appeared **I. LAWRENCE GELMAN**, who acknowledged himself to be the Vice President of **HARCO, INC.**, an Alabama corporation, and further acknowledged that he, as such officer and being authorized to do so, executed the foregoing instrument as the act and deed of the corporation for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Carolann T. Facenda

Notary Public

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL

CAROLANN T. FACENDA, Notary Public

City of Philadelphia, Phila. County

My Commission Expires March 21, 2009

EXHIBIT "A"



20051209000639710 7/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

Real property in the County of Shelby, State of Alabama, described as follows:

Lot 1 according to the survey of Valleydale Rite Aid Survey as recorded in Map Book 36 page 21 in the Probate Office, Shelby County, Alabama.

GROUND LEASE

THIS GROUND LEASE ("Lease") dated and effective as of the 1st day of November, 2005 (the "Effective Date") by and between **BABINGTON PROPERTIES, L.P.**, an Alabama limited partnership, with an address of 150 Government Street, Suite 2000, Mobile, AL 36602 ("Landlord"), and **HARCO, INC.**, an Alabama corporation, with offices at Post Office Box 3165, Harrisburg, Pennsylvania 17105 ("Tenant").

RECITALS

WHEREAS, Tenant and Landlord's predecessor in interest entered into a Ground Lease with respect to the Premises (as hereinafter defined) dated as of September 13, 2004 (the "Original Ground Lease");

WHEREAS, Landlord and Tenant desire for the Original Ground Lease to expire simultaneously with the execution of this Lease;

WHEREAS, Landlord is the owner of a certain parcel of land located at the southeast corner of Valleydale and Caldwell Mill Roads, Birmingham, Shelby County, Alabama, being more fully described in Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, Tenant desires to lease same as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual promises of the parties herein contained, and intending to be legally bound hereby, Landlord and Tenant hereby agree as follows:

1. Premises: Landlord hereby leases to Tenant and Tenant hereby takes from Landlord, upon and subject to the terms, conditions, covenants and provisions hereof, all that certain tract, piece or parcel of land, more particularly described on Exhibit A annexed hereto and made a part hereof, together with any and all buildings, improvements, appurtenances, rights, privileges and easements benefiting, belonging or pertaining thereto, and any right, title and interest of Landlord in and to any land lying in the bed of any street, road or highway (open or proposed) to the center line thereof, in front of or adjoining said tract, piece or parcel of land and together with any strips and gores relating to said tract, piece or parcel of land (all the foregoing hereinafter referred to as the "Premises"), and together with all of Landlord's right, title and interest in any award made in condemnation, eminent domain or proceeding in lieu thereof with respect to the Premises.

Cahaba Title, Inc.

20051209000639710 9/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

2. Termination of Original Ground Lease; Term:

2.1 The Original Ground Lease is hereby terminated on the Effective Date hereof, provided that Landlord shall retain the monthly basic rent for the month of November, 2005 due under the Original Ground Lease. The parties acknowledge that any rights, duties and obligations with respect to the Premises and the Original Ground Lease arising during the term of the Original Ground Lease shall survive the termination of the Original Ground Lease. The term of this Lease shall commence simultaneously with the termination of the Original Ground Lease; provided, however, that Tenant's obligation to pay rent shall commence on December 1, 2005 (the "Rent Commencement Date").

2.2 Intentionally Omitted.

2.3 The term of this Lease shall expire on November 30, 2025, unless extended as herein provided.

2.4 The term of this Lease shall automatically extend for eight (8) successive five (5) year renewal periods (each, "Renewal Term") unless Tenant cancels any Renewal Term by giving notice ("Renewal Term Cancellation Notice") to Landlord in writing at least one hundred eighty (180) days prior to the expiration of the initial term or the then current Renewal Term, as applicable. If Tenant does not timely give to Landlord a Renewal Term Cancellation Notice, the date by which Tenant may give such Renewal Term Cancellation Notice to Landlord shall be extended to the date occurring fifteen (15) days after the date on which Landlord shall have given to Tenant a written notice reciting the provisions of this Section 2.4. Upon the giving of a Renewal Term Cancellation Notice this Lease and the term shall terminate and come to an end as of the later of (i) the one hundred eightieth (180th) day following the giving of the Renewal Term Cancellation Notice, or (ii) the last day of the then current term (and if the effect of this sentence is to extend the term it shall be so extended on the terms and conditions and for the rent in effect for the term then expiring). Any Renewal Term shall be subject to all of the provisions of this Lease, and all such provisions shall continue in full force and effect, except that the minimum annual rent for each Renewal Term shall be the amounts determined in accordance with the schedule set forth in Section 3. If Tenant shall timely give a Renewal Term Cancellation Notice, then all options with regard to subsequent Renewal Terms shall expire and be null and void.

3. Rent:

Commencing on the Rent Commencement Date, Tenant covenants and agrees to pay Landlord for the Premises without previous demand therefor, except as specifically provided herein, annual basic rent as follows (the term "Lease Years" used in the chart below refers to the

one year period commencing on the Rent Commencement Date and each subsequent year commencing on the anniversary of the Rent Commencement Date):

Lease Years 1-19	\$115,207.48
Lease Year 20	\$123,848.04
Lease Years 21-24 (Renewal Period #1)	\$123,848.04
Lease Year 25 (Renewal Period #1)	\$133,136.64
Lease Years 26-29 (Renewal Period #2)	\$133,136.64
Lease Year 30 (Renewal Period #2)	\$143,121.88
Lease Years 31-34 (Renewal Period #3)	\$143,121.88
Lease Year 35 (Renewal Period #3)	\$153,856.02
Lease Years 36-39 (Renewal Period #4)	\$153,856.02
Lease Year 40 (Renewal Period #4)	\$165,395.22
Lease Years 41-44 (Renewal Period #5)	\$165,395.22
Lease Year 45 (Renewal Period #5)	\$177,799.86
Lease Years 46-49 (Renewal Period #6)	\$177,799.86
Lease Year 50 (Renewal Period #6)	\$195,579.85
Lease Years 51-54 (Renewal Period #7)	\$195,579.85
Lease Year 55 (Renewal Period #7)	\$215,137.83
Lease Years 56-60 (Renewal Period #8)	\$215,137.83

All rent shall be paid to Landlord at Landlord's address given on the first page of this Lease or such other place as Landlord shall designate by notice to Tenant, in such United States of America coin or currency as at the time of payments will be legal tender for the payment of public and private debt. Said rent shall be paid in equal monthly installments, commencing on the Rent Commencement Date, on or before the first day of each month, in advance.

4. Use of Premises: The Premises may be used for any lawful purpose.

5. Taxes and Utility Expenses:

5.1. Commencing on the Rent Commencement Date, Tenant shall pay as additional rent, as and when the same shall become due and payable, all real estate taxes and assessments, water rents, rates and charges, sewer rents and other utility charges solely benefiting the Premises. Landlord shall use its best efforts to cause the applicable taxing authorities to send real estate tax bills for the Premises directly to Tenant.

5.2 All real estate taxes and assessment shall be apportioned pro rata between Landlord and Tenant in accordance with the respective portions of such year during which such term shall be in effect. Tenant shall pay its share of real estate taxes to Landlord within ten (10)

days following Tenant's receipt of Landlord's bill therefor, together with a true copy of the current real estate tax bill for the tax parcel of which the Premises is a part.

5.3. Tenant or its designees shall have the exclusive right to contest or review all such real estate taxes and assessments at Tenant's own cost and expense, and free of any expense to Landlord, and if necessary, in the name of and with the cooperation of Landlord, and Landlord shall execute all reasonable documents necessary to accomplish such contest or review.

6. Improvements, Repairs, Additions, Replacements

6.1 Tenant shall have the right, at its own cost and expense, to construct on any part or all of the Premises, at any time and from time to time, such building and improvements as Tenant shall from time to time determine, provided that such improvements shall be in compliance with all then applicable building codes and ordinances.

6.2 Tenant, during the term of this Lease and during each renewal term, and at its own cost and expense, shall keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear excepted) the building and improvements Tenant constructs on the Premises, and shall use all reasonable precaution to prevent waste, damage or injury.

6.3 Tenant, at its option and at its own cost and expense, at any time and from time to time, may make such alterations, changes, replacements, improvements, and additions in and to the building and improvements Tenant constructs on the Premises as it may deem desirable, including the demolition of any of same.

6.4 Until the expiration or sooner termination of this Lease, title to the building and improvements, Tenant's personal property and any alteration, change or addition thereto, shall remain solely in Tenant; and Tenant alone shall be entitled to deduct all depreciation on Tenant's income tax returns for all of same.

6.5 On the expiration or sooner termination of the term of this Lease, Tenant shall quit and surrender the Premises, and the building and improvements thereon, broom clean and in good condition and repair (ordinary wear and tear and damage by the elements excepted), except that Tenant may remove its personal property and trade fixtures.

7. Requirements of Public Authority: During the term of this Lease, at its own cost and expense, Tenant shall promptly observe and comply (unless Tenant contests same and protects Landlord, at no cost to Landlord) with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of any governmental body dealing with Tenant's use and occupancy of the Premises.

20051209000639710 12/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

8. Covenant Against Liens: If, because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Landlord or any portion of the Premises, that is not otherwise permitted by this Lease, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within ninety (90) days after written notice from Landlord to Tenant of the filing thereof; and Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable counsel fees, resulting therefrom.

9. Access to Premises: Landlord or Landlord's agents and designees shall have the right to enter upon the Premises at all reasonable times to examine same and to exhibit the Premises to prospective purchasers and prospective tenants, but in the latter case only during the last six (6) months of the term of this Lease. Landlord shall be permitted to affix a "To Let" or "For Sale" sign on the Premises during the last ninety (90) days of the term of this Lease in such place as shall not interfere with the business then being conducted at the Premises.

10. Exclusive: Within three (3) miles of the Premises, Landlord shall not, either directly or indirectly, during the term of this Lease and any renewals thereof, lease to or otherwise authorize or permit the operation of any other health and/or beauty aids store or pharmacy or authorize or permit the sale of health and/or beauty aids or prescription drugs by any other parties or entities (or on any property) under the control of Landlord, either directly or indirectly; provided, however, that nothing herein shall prohibit Landlord from permitting the sale of health and/or beauty aids or prescription drugs from a supermarket containing not less than 35,000 leasable square feet of space. Landlord further represents to Tenant that it has not heretofore granted the above rights prior hereto nor will it permit the same in any operation within the above area. The provisions of this Section shall be a covenant which shall run with the land, and in the event of a breach thereof, Tenant shall be entitled, in addition to any other remedy available to it, to withhold rent, sue for damages, terminate the Lease and/or to obtain injunctive or other equitable relief.

11. Assignment and Subletting: Tenant may assign its interest in this Lease or sublet the Premises (in whole or in part or parts) without requiring Landlord's consent. Tenant shall furnish Landlord written notice of the assignment or subletting within thirty (30) days thereafter, together with the name and address of the assignee or subtenant. Notwithstanding the foregoing, no such assignment or subletting shall relieve Tenant or its guarantor of liability under this Lease. Upon request of Tenant, Landlord shall execute and deliver to a subtenant under an "Approved Sublease" (as defined below) a recognition agreement to the effect that notwithstanding the termination of this Lease by Landlord, such sublease and the rights of the subtenant thereunder shall not be disturbed by Landlord but shall continue in full force and effect so long as such subtenant observes and performs all of its obligations under the sublease. A sublease shall be considered an "Approved Sublease" if it either (i) obligates the subtenant to pay

minimum annual rent in an amount not less than a proportionate share of the minimum annual rent payable under this Lease (which proportionate share shall be based on the floor area of the Premises) as well as its proportionate share of taxes, utilities and all other charges payable by Tenant; or (ii) obligates the subtenant to agree with Landlord in the recognition agreement that if the subtenant's monetary obligations to Tenant are less than that described in (i) above, then upon termination of this Lease, the subtenant's monetary obligations to Landlord shall equal (or in the case of a partial sublease, equal a proportionate share of) Tenant's rental obligations hereunder.

12. Indemnity:

12.1 Tenant shall indemnify and save harmless Landlord from and against any and all liability, damage, penalties or judgments arising from injury to person or property sustained by anyone in and about the Premises resulting from any act or acts or omission of Tenant, or Tenant's agents, servants, employees or contractors. Tenant shall, at its own cost and expense, defend any and all suits or actions which may be brought against Landlord or in which Landlord may be impleaded with others upon any such above-mentioned matter, claim or claims, except as may result from the acts set forth in Section 12.2.

12.2 Except for its acts or negligence of Landlord, its officers, agents, servants, employees or contractors, Landlord shall not be responsible or liable for any damage or injury to the building, improvements, or personal property of Tenant or to any person or persons, at any time on the Premises, including any damage or injury to Tenant or to any of Tenant's agents, servants, employees or contractors.

12.3 The obligation of Tenant to indemnify Landlord, as hereinabove set forth, shall not extend to any matter against which Landlord shall be protected by insurance, provided however, that if any such liability shall exceed the amount of the collectable insurance in question, the liability of Tenant shall apply to such excess.

13. Insurance:

13.1 At no expense to Landlord, Tenant shall provide and keep in force commercial general liability insurance in a good and solvent insurance company or companies licensed to do business in the state wherein the Premises is located in the amount of at least Two Million Dollars (\$2,000,000.00) per occurrence. Such policy or policies shall include Landlord as an additional insured, as its interest appears. Tenant agrees to deliver certificates of such insurance to Landlord.

13.2 During the term of this Lease and during each renewal term, Tenant shall keep (or cause to be kept) all buildings and improvements Tenant constructs insured against loss

or damage by fire and customary extended coverage in an amount equal to the full replacement value thereof.

13.3 Any insurance required to be provided by Tenant pursuant to this Lease may contain a deductible or self-insured retention provision, and may be provided by blanket insurance covering the Premises and other locations in which Tenant has an interest.

13.4 Except with respect to the insurance required by Section 13 hereof, neither Landlord nor Tenant shall take out separate insurance concurrent in form or contributing in the event of loss with that required in this Section 13 to be furnished by, or which may reasonably be required to be furnished by Tenant unless Landlord and Tenant are included therein as the insured, with loss payable as in this Lease provided. Each party shall immediately notify the other of the placing of any such separate insurance and shall cause the same to be delivered as is required.

14. Waiver of Subrogation: All insurance policies carried by either party covering the Premises, including but not limited to contents, fire and casualty insurance, shall expressly waive any right on the part of the insurer against the other party. The parties hereto agree that their policies will include such waiver clause or endorsement so long as the same shall be obtainable without extra cost, or if extra cost shall be charged therefor, so long as the other party pays such extra cost. If extra cost shall be chargeable therefor, each party shall advise the other thereof and of the amount of the extra cost, and the other party, at its elections, may pay the same, but shall not be obligated to do so. Neither party, nor its agents, employees or guests, shall be liable to the other for loss or damage caused by any risk covered by such insurance, provided such policies shall be obtainable. This release shall extend to the benefit of any subtenant and the agents, employees and guests of any such subtenant.

15. Destruction:

15.1 If at any time during the term of this Lease, the building or improvements constructed by Tenant shall be destroyed or damaged in whole or in part by fire or other cause within the extended coverage of the fire insurance policies carried by Tenant in accordance with this Lease, then, Tenant, at its option, and at its own cost and expense, shall cause the same to be repaired, replaced or rebuilt within a period of time which, under all prevailing circumstances, shall be reasonable.

15.2 If such damage or destruction shall occur during the last three (3) years of the term hereof or during the last year of any renewal term, then Tenant shall have the right to terminate this Lease by giving written notice of termination to Landlord on or prior to the date ninety (90) days after the occurrence of such damage or destruction, and upon the giving of such notice of termination the term of this Lease shall expire and come to an end on the last day of the

calendar month in which such notice shall be given, with the same force and effect as if said day had been originally fixed herein as the expiration date of the term of this Lease, Tenant shall pay over to Landlord such insurance proceeds as Tenant shall have received from the Premises' insurance carrier, and neither party shall have any further rights or liabilities hereunder.

16. Eminent Domain:

16.1 If the whole of the Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or by private purchase in lieu thereof (a "Taking"), then this Lease shall automatically terminate as of the date of the vesting of title. In the event of a partial Taking of the Premises pursuant to which Tenant's business is adversely affected, then Tenant shall have the right to terminate this Lease by giving written notice of such termination to Landlord on or prior to the date ninety (90) days after the date of such Taking and upon the giving of such notice of termination the term of this Lease shall expire and come to an end on the last day of the calendar month in which such notice shall be given, with the same force and effect as if said day had been originally fixed herein as the expiration date of the term of this Lease. If this Lease shall terminate or shall be terminated, the rent shall, if and when necessary, be adjusted to the day of the Taking and neither party shall have any further rights or liabilities hereunder.

16.2 In the event of a Taking resulting in the termination of this Lease pursuant to the provisions of Section 16.1, the parties hereto agree to cooperate in applying for and in prosecuting any claim for compensation for such Taking and further agree, that the aggregate net award, after deducting all expenses and costs, including attorneys' fees, incurred in connection therewith, shall be paid to both Landlord and Tenant as their interests appear, provided however that Tenant shall be solely entitled to any awards for buildings and improvements constructed by Tenant, and Landlord shall be solely entitled to any award for the land portion of the Premises so taken.

16.3 In the event of a partial Taking not resulting in the termination of this Lease, pursuant to the provisions of Section 16.1, Tenant shall, at no cost or expense to Landlord, make (or cause to be made) all repairs to the building and improvements affected by such Taking to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase), provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award made available to Tenant for such purposes.

16.3.1 All compensation available or paid to Landlord and Tenant upon such a partial Taking shall be paid to Tenant for the purpose of paying towards the cost of such restoration, or, in the event that the parties hereto agree that only a portion of the aggregate

award is sufficient to so restore, then only such portion as agreed upon shall be paid to Tenant for such purpose and the balance shall be distributed pursuant to Section 16.3.2.

16.3.2 All compensation available or paid to Landlord and Tenant upon such a partial Taking in excess of the amount needed by Tenant to repair and restore the buildings and improvements shall be distributed to the Landlord and Tenant equally.

16.3.3 In the event of such a partial Taking not resulting in a termination of this Lease, the rent payable hereunder shall be reduced by an amount determined by multiplying the rent provided for in Section 3 by a fraction the numerator of which shall be the square foot area of the Premises so taken (from any and all partial takings of purchases) and the denominator of which shall be the square foot area of the Premises on the date hereof.

16.4 All compensation for any temporary Taking shall be distributed to Tenant without participation by Landlord.

17. Utility Easement & Highway Alignment: Tenant shall have the right to enter into reasonable agreements with utility companies creating easements in favor of such companies as are required in order to service Tenant or the building and improvements, and Landlord covenants and agrees to consent thereto and to execute any and all documents, agreements and instruments, and to take all other actions, in order to effectuate the same, all at no cost or expense to Landlord. Landlord further covenants and agrees, upon request of Tenant, to convey without compensation therefor insubstantial perimeter portions of the Premises for highway or roadway purposes, to any appropriate governmental authorities.

18. Mortgages:

Tenant agrees to subordinate this Lease to any mortgage now or hereafter placed upon the Premises by Landlord and to all advances made or hereafter to be made upon the security thereto. To effectuate such subordination, Tenant shall execute and deliver a Subordination, Non-Disturbance and Attornment Agreement in the form attached hereto as Exhibit B. The word "mortgage" as used herein includes mortgages, deeds of trust or similar instruments. Provided, however, that if Tenant is not in default of this Lease, its tenancy will not be disturbed but shall continue in full force and effect. As a condition to Tenant's obligations under this Lease, Landlord shall obtain within ninety (90) days after the execution of this Lease a subordination, non-disturbance attornment agreement in conformance with Exhibit B, from the holders of any and all of the above mortgages.

19. Quiet Enjoyment:

19.1 Tenant, upon paying the rent and all other sums and charges to be paid by it as herein provided, and observing and keeping all covenants, warranties, agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the term of this Lease, without hindrance or molestation by anyone claiming an interest in the Premises by, through or under Landlord.

19.2 Landlord represents and warrants to Tenant that it has good and marketable fee simple title to the Premises and the power and authority to execute and deliver this Lease and to carry out and perform all covenants to be performed by it hereunder.

19.3 If Landlord shall be in default under this Section 19, Tenant, in addition to any and all remedies it may have in law and/or equity, may terminate this Lease upon written notice to Landlord.

20. Defaults:

20.1 If any of the following events shall have occurred and shall not have been remedied as hereinafter provided:

20.1.1 The occurrence of any event set forth in Section 21 hereof ("Bankruptcy"), without the curing of same as therein provided;

20.1.2 Tenant's failure to pay any installment of rent when the same shall be due and payable and the continuance of such failure for a period of ten (10) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure; or

20.1.3 Tenant's failure to perform any of the other covenants, conditions and agreements herein contained on Tenant's part to be kept or performed and the continuance of such failure without the curing of same for a period of thirty (30) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure, and provided Tenant shall not cure said failure as provided in Section 20.2;

then, Landlord may, at its option give to Tenant a notice of election to end the term of this Lease upon a date specified in such notice, which date shall be not less than ten (10) business days after the date of receipt by Tenant of such notice from Landlord, and upon the date specified in said notice, the term and estate hereby vested in Tenant shall cease and any and all other right, title and interest of Tenant hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire term of this Lease had elapsed, but Tenant shall continue to be liable to Landlord as hereinafter provided.

20.2 If Landlord gives notice of a default of such a nature that it cannot reasonably be cured within such thirty (30) day period, then such default shall not be deemed to continue so long Tenant, after receiving such notice, proceeds to cure the default as soon as reasonably possible and continues to take all steps necessary to complete the same within a period of time which, under all prevailing circumstances, shall be reasonable. No default shall be deemed to continue if and so long as Tenant shall be so proceeding to cure the same in good faith or be delayed in or prevented from curing the same by any cause specified in Section 23.

20.3 Notwithstanding anything to the contrary contained in this Section 20, in the event that any default(s) of Tenant shall be cured in any manner hereinabove provided, such default(s) shall be deemed never to have occurred and Tenant's rights hereunder shall continue unaffected by such default(s).

20.4 Upon any termination of the term of this Lease pursuant to Section 20.1, or at any time thereafter, Landlord may, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, re-enter the Premises, and recover possession thereof and dispossess any or all occupants of the Premises in the manner prescribed by the statute relating to summary proceedings, or similar statutes. Landlord, further, shall have all rights granted to it under the laws of the state in which the Premises are located, provided, however, that in no event shall Landlord be entitled to accelerate any rent due hereunder except in case of an event set forth in Section 20.1.1 of this Lease. If Landlord terminates this Lease due to Tenant's uncured default, but continues to hold Tenant responsible for the obligations of Tenant hereunder, Landlord shall be obligated to use reasonable best efforts to mitigate damages.

21. Bankruptcy and Insolvency:

21.1 If, after the commencement of the term of this Lease:

21.1.1 Tenant shall be adjudicated a bankrupt or adjudged to be insolvent;

21.1.2 a receiver or trustee shall be appointed for the aforesaid Tenant's property and affairs;

21.1.3 Tenant shall make an assignment for the benefit of creditors or shall file a petition in bankruptcy or insolvency or for reorganization or shall make application for the appointment of a receiver; or

21.1.4 any execution or attachment shall be issued against the aforesaid Tenant or any of the aforesaid Tenant's property, whereby the Premises or any building and improvements shall be taken or occupied or attempted to be taken or occupied by someone other than Tenant, except as may herein be permitted; and such adjudication, appointment, assignment, petition, execution or attachment shall not be set aside, vacated, discharged or bonded within one

hundred and twenty (120) days after the issuance of the same, then a default hereunder shall be deemed to have occurred so that the provisions of Section 20 hereof shall have occurred and Landlord shall have the rights and remedies provided for therein. Notwithstanding anything to the contrary hereinabove contained, upon the occurrence of a default pursuant to this Section 21, if the rent due and payable hereunder shall continue to be paid the covenants, conditions and agreements of this Lease on Tenant's part to be kept and performed shall continue to be kept and performed, no event of default shall have been deemed to have occurred and the provisions of Section 20 hereof shall not become effective.

22. Waivers: Failure of Landlord or Tenant to complain of any act or omission on the part of the other party no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver or a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but shall only be deemed a part payment on account.

23. Force Majeure: If Landlord or Tenant shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

24. Notices: Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless same shall be in writing and sent postage prepaid by United States registered or certified mail, return receipt requested, or by nationally recognized overnight delivery service such as Federal Express, directed to the other party at its address set forth below, or such other address as either party may designate by notice given from time to time in accordance with this Section 24. The rent payable by Tenant hereunder shall be paid to Landlord at the same place where a notice to Landlord is herein required to be directed.

Landlord's Address:

Babington Properties, L.P.
150 Government Street, Suite 2000
Mobile, Alabama 36602
Attention: Mr. Joseph P.H. Babington

With a copy to:

John T. Dukes, Esquire
Helmsing, Leach, Herlong, Newman & Rouse, P.C.
150 Government Street, Suite 2000
Mobile, Alabama 36602

Tenant's Address:

c/o Rite Aid Corporation
Post Office Box 3165
Harrisburg, Pennsylvania 17105
ATTENTION: Secretary

With a copy to:

Thomas Witt, Esquire
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street, 22nd floor
Philadelphia, Pennsylvania 19103

25. Governing Law: This Lease and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the state wherein the Premises is located.

26. Partial Invalidity: If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

27. Short Form Lease: Landlord shall at the request of Tenant promptly execute duplicate originals of an instrument in the form attached hereto as Exhibit C, which will constitute a short form of lease, which Tenant may cause to be recorded at its expense among the Land Records of Shelby County, Alabama.

28. Interpretation: Wherever herein the singular number issued, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The captions or headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be

executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

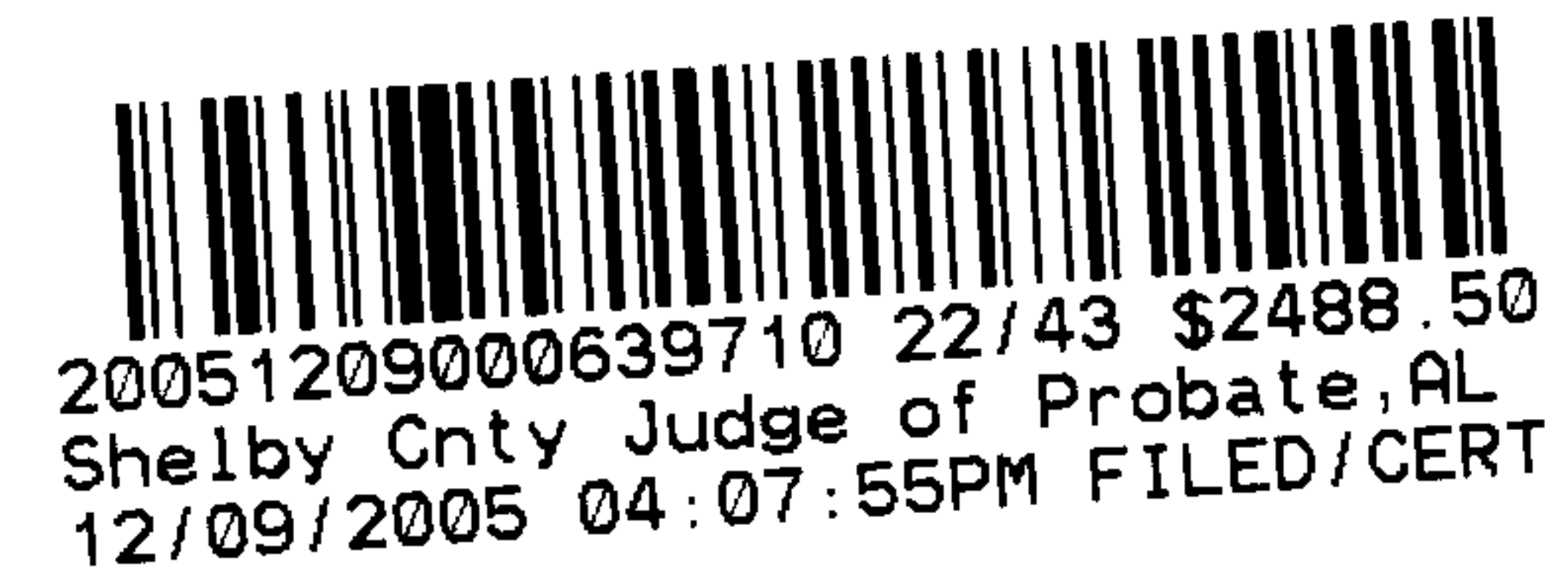
29. Entire Agreement: No oral statement or prior written matter shall have any force or effect, the entire agreement between the parties being governed exclusively by this Lease. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. This agreement shall not be modified or canceled except by writing subscribed by all parties. The Existing Lease is hereby terminated and is replaced by this Lease.

30. Parties: Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, successors administrators and assigns.

31. Broker's Fee: Landlord and Tenant mutually warrant, one to another, that there are no real estate brokers entitled to a commission as a result of producing this Lease and that neither employed or engaged a real estate broker or agent to effectuate this Lease. Landlord and Tenant shall hold each other harmless from any claims made by any real estate broker for a commission as a result of allegedly effectuating this Lease.

32. Right of First Refusal: Tenant shall have the right of first refusal to purchase the Premises as hereinafter in this Article set forth. If at any time during the term Landlord shall receive a *bona fide* offer from a third person for the purchase of the Premises which offer Landlord shall desire to accept, Landlord shall promptly deliver to Tenant a copy of such offer, and Tenant may, within thirty (30) days thereafter, elect to purchase the Premises on the same terms as those set forth in such offer, except that Tenant shall be credited, against the purchase price to be paid by the Tenant, with a sum equal to the amount of any brokerage commission, if any, which Landlord shall save by a sale to Tenant. If Landlord shall receive an offer for the purchase of the Premises which is not consummated by delivering a deed to the offeror, Tenant's right of first refusal shall remain applicable to subsequent offers. If Landlord shall sell the Premises after a failure of Tenant to exercise its right of first refusal, such sale shall be subject to this Lease, and the right of first refusal shall continue and shall be applicable to subsequent sales of the Premises. If the Premises shall be conveyed to Tenant under this right of first refusal, any prepaid rent shall be apportioned and applied on account of the purchase price. If Tenant shall exercise Tenant's right of first refusal, the parties shall proceed to close title with reasonable diligence. Title shall be conveyed by customary Alabama statutory warranty deed, and shall be free and clear of all liens, exceptions, and encumbrances except those that were caused or created by the act or omission of Tenant or Tenant's successors, assignees or subtenants.

33. Submission Not An Option: The submission of this document for examination does not constitute an option or offer to lease the Premises. This document shall have no binding



effect on the parties unless executed by Landlord and Tenant and a fully executed copy is delivered to both Landlord and Tenant.

34. Estoppel Certificate: Upon twenty (20) days' prior written request by Landlord or Tenant, the other party shall deliver to requesting party a statement certifying (i) that this Lease is unmodified and in full force and effect, or if there has been any modification thereof that this Lease is in full force and effect as modified and stating the nature of the modification; (ii) that the requesting party is not in default under this Lease and no event has occurred which, after notice or expiration of time or both, would constitute a default (or if any such default or event exists, the specific nature and extent thereof); (iii) the dates to which the minimum rent, additional rent and other charges have been paid in advance, if any; and (iv) any other information concerning this Lease or the Premises which the requesting party may reasonably request. Any statement delivered pursuant to this Section may be relied upon by the requesting party, any prospective purchaser, holder or prospective holder of any encumbrance. If the non-requesting party shall fail to deliver the statement required by the Section within twenty (20) days after the requesting party has requested such statements, the non-requesting party shall be deemed to have certified that this Lease is in full force and effect and that the requesting party is not in default under this Lease.

35. Holding Over: Should Tenant remain in possession of the Premises after the expiration of the term of this Lease, such holding over shall be deemed to have created and be construed to be a tenancy from month to month, terminable on thirty (30) days written notice from either party to the other.

36. Hazardous Materials: Tenant shall be responsible for the removal, abatement or monitoring (as and to the extent required by law) of any hazardous material brought onto the Premises by Tenant or Tenant's agent. Landlord shall otherwise be responsible for the removal, abatement or monitoring (as and to the extent required by law) of any hazardous material not brought onto the Premises by Tenant or Tenant's agent. Landlord shall reimburse, defend, indemnify and hold harmless Tenant, its successors, assigns and other parties claiming any interest in the Premises by, through or under Tenant, from and against any and all liabilities, claims, damages, penalties, expenditures, losses or charges (including, but not limited to, all costs of investigation, monitoring, legal fees, remedial response, removal, restoration or permit acquisition) that may in the future be undertaken, suffered, paid, awarded, assessed or otherwise incurred as the result of (a) any contamination existing on, above or under the Premises on the date hereof; and (b) any investigation, monitoring, clean up, removal, restoration, remedial response or remedial work undertaken on the Premises by or on behalf of Tenant subsequent to the date hereof with respect to any such contamination or with respect of any contamination caused to the Premises following the date hereof unless caused by Tenant or Tenant's agents, contractors, invitees or customers. This obligation to indemnify Tenant shall survive the expiration or earlier termination of this Lease. During the term of this Lease, Tenant shall

defend, indemnify and hold Landlord harmless from and against liability or claims of liability arising out of contamination of the Premises caused by Tenant or its agents, invitees, contractors or subtenants.

37. Indemnity: Tenant agrees to exonerate, save harmless, defend and indemnify Landlord and any subsequent owner of the Premises from and against any and all losses, damages, claims, suits or actions, judgments, costs and expenses, including reasonable attorney's fees, with respect to any injury to or death of persons or any damage to or destruction of property arising of or in any way connected with the use of the Premises or the Property by Tenant, its agents, servants or employees, except only those caused by the negligence or willful misconduct of Landlord or Landlord's agents, servants or employees, or with the breach by Landlord of any of Landlord's obligations under this Lease.

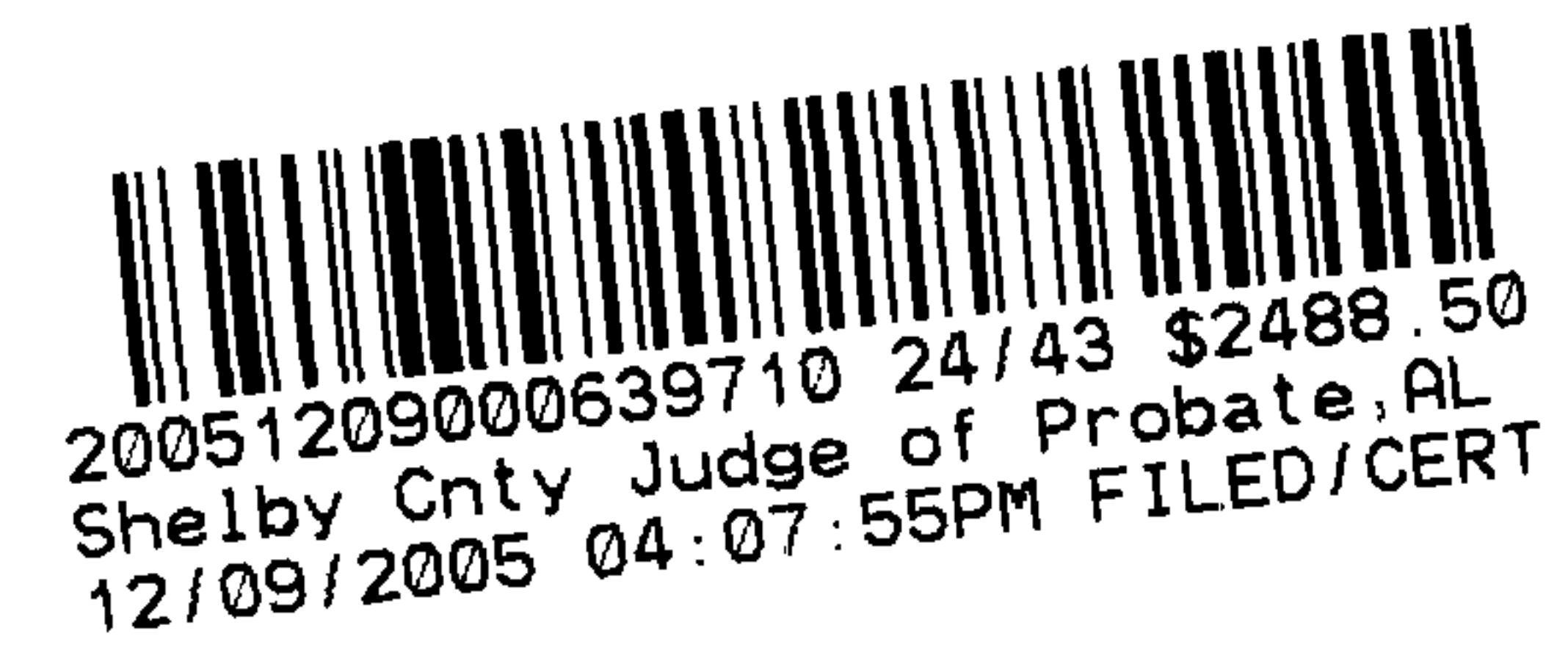
38. Non-Waiver: No delay or omission by Landlord or Tenant in exercising a right or remedy available to it hereunder shall constitute a waiver of or acquiescence to an event of default, and no waiver of an event of default shall extend to any other event of default or impair any right or remedy with respect to such other event of default.

39. Intentionally Omitted.

40. Leasehold Mortgages:

40.1 The Landlord (i) has no objection to the execution, and delivery by the Tenant of a mortgage or deed of trust encumbering Tenant's leasehold estate hereunder (a "Leasehold Mortgage") and the recordation thereof in the official records for the County of Shelby, Alabama, ("Official Records") and all amendments, modifications, extensions, renewals and substitutions thereof; and (ii) acknowledges and has no objection to the rights of the holder of a Leasehold Mortgage (a "Lender") to enforce the terms of the Leasehold Mortgage and the liens and encumbrances granted therein, including, without limitation, the right to foreclose upon the leasehold estate granted to the Lender under the Leasehold Mortgage, and if Lender acquires the Lease by foreclosure, the right of Lender to assign any and all interest under the Lease to a third party, provided written notice is given to Landlord within twenty days thereafter in accordance with Paragraph 24 of this Lease, and further provided that no such assignment shall relieve Tenant or its guarantor of liability under this Lease.


40.2 So long as Tenant's leasehold estate in the Leased Premises is encumbered by a Leasehold Mortgage, the Landlord hereby agrees not to amend, modify, cancel, accept a surrender of, supplement or accept a waiver of Tenant's rights under, this Lease without obtaining the prior written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed. Any such amendment, modification, cancellation, surrender, supplement or waiver of Tenant's rights without the Lender's written consent shall be void and



of no force and effect as to the Lender. Landlord shall not be liable to Lender for entering into any such amendment, modification, cancellation, surrender or supplement without the prior written consent of Lender, and the only consequence of Landlord doing any such thing without Lender's consent shall be that such amendment, modification, cancellation, surrender or supplement shall be void and of no force and effect as to the Lender. If Lender does not timely cure any default by the Tenant under the provisions of this Lease in accordance with Paragraph 40.4 hereof, but in all events subject to Lender's rights under Paragraphs 40.4 and 40.5 hereof, Landlord shall have the right to amend, modify, cancel, accept a surrender of, supplement or accept a waiver of Tenant's rights under this Lease.


40.3 The Landlord shall deliver to the Lender a copy of (i) all notices relating to the Tenant's failure to perform its obligations under this Lease and (ii) a copy of any notice of termination of the Lease (subject to Paragraph 40.4), concurrently with the delivery thereof to the Tenant. Landlord shall not be liable to Lender or Tenant for failure to deliver to Lender a copy of any such notice, and the only consequence of any failure of Landlord to deliver to Lender a copy of any such notice shall be that the grace period in favor of Lender provided in Paragraph 40.4 (and the time periods provided for in Paragraph 40.5, as applicable) below will not begin to run against Lender unless and until Landlord has delivered such notice to Lender.

40.4 In the event of any default by the Tenant under any of the provisions of this Lease, the Lender shall have the right, but not the obligation, to cure such default, and will have the same grace period, if any, as is given the Tenant for remedying such default or causing it to be remedied, after the later of (i) fifteen (15) days following the expiration of the Tenant's grace period or (ii) twenty-five (25) days after the delivery by the Landlord to the Lender of such notice of default, and during any such grace period Landlord shall not terminate or take any action to effect a termination of this Lease or reenter or take possession of the Premises or otherwise disturb the occupancy of any subtenant. If prior to the expiration of the grace period specified in this Section, the Lender shall cure all monetary defaults and give the Landlord written notice that it intends to undertake or cause the cure of such non-monetary defaults or to exercise its rights to acquire the interest of the Tenant in this Lease by foreclosure or otherwise, and shall immediately commence and then proceed with all due diligence to do so, then the Landlord shall not terminate or take any action to effect a termination of this Lease or reenter or take possession of the Premises or otherwise enforce performance of this Lease so long as the Lender is diligently effecting such foreclosure (or a deed in lieu thereof) or curing such default and so long as the Lender shall continue to make all monetary payments due under this Lease as and when due. The foregoing shall not require any delay by Landlord in (i) commencing and pursuing any action for money against Tenant, or (ii) commencing an action for possession of the Premises, so long as execution on any judgment for possession is postponed until the running of the periods set forth herein (and any such judgment is appropriately discontinued if the default in question is cured within the periods herein set forth). If any non-monetary default is such that the Lender must take possession of the Premises in order to cure such default, the running of the


20051209000639710 25/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

applicable grace periods to cure such defaults shall be tolled for a period not to exceed one hundred eighty (180) days in the aggregate to permit the Lender to diligently attempt to obtain such possession and to cure such default, provided that all rent and other sums owing to Landlord under this Lease are paid to Landlord within the times provided in this Lease; provided that such one hundred eighty (180) day period may be extended if Lender cannot obtain possession of the Premises despite its good faith efforts to do so and provided that ongoing legal proceedings to obtain possession are being diligently pursued by Lender and written notice of such ongoing legal proceedings in connection with Lender's diligent attempt to obtain possession of the Premises has been given by Lender to Landlord. Landlord agrees to notify any heirs, successors, assigns or mortgagee of Landlord's interest in the fee estate of all of Lender's rights hereunder.

40.5 If this Lease terminates for any reason prior to the expiration date provided therein, or in the event of the rejection of this Lease by the Tenant or trustee in bankruptcy under the provisions of Bankruptcy Code, 11 USC §365, then within thirty (30) days following such termination or such rejection of this Lease, the Lender shall have the right, but not the obligation, to demand and to receive from the Landlord, a duly executed and notarized and valid and enforceable lease (the "New Lease"), granting the Lender or Lender's designee the right to use the Premises for the balance of the then unexpired term of this Lease (immediately prior to the termination or rejection) containing provisions identical to the provisions of this Lease with only such modifications as Lender shall have approved in writing, except such provisions designating the parties thereto, provided that (i) Lender or the tenant under the New Lease agrees to pay or causes to be paid to Landlord all sums which would have been payable to Landlord under this Lease through the commencement of the New Lease, such that Landlord is paid under this Lease and the New Lease together the same amounts which Landlord would have been entitled to receive but for the termination of this Lease, and (ii) the tenant under the New Lease is obligated to cure all non-monetary defaults (except for non-monetary defaults which cannot reasonably be cured by such tenant, such as any default relating to the financial condition or bankruptcy of Tenant) outstanding under this Lease or which may have occurred in the period between the termination of this Lease and the commencement of the New Lease. Notwithstanding anything set forth herein, neither Lender nor any assignee or designee thereof shall have any liability under the Lease beyond its interest therein. The New Lease shall be accompanied by a duly executed memorandum of such lease in suitable form for recording in the Official Records. Such New Lease shall have the same priority as this Lease with regard to any mortgage or deed of trust now or hereinafter encumbering the fee estate in the Premises, subject to the provisions of this Paragraph 40 of this Lease and its identical counterpart provision in the New Lease. Notwithstanding anything to the contrary set forth herein, if this Lease terminates, Landlord shall not disturb the possession, interest or quiet enjoyment of any subtenant not in default beyond any applicable notice or cure period under its sublease.


20051209000639710 26/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

40.6 Notwithstanding anything set forth in the Lease, if Landlord hereafter mortgages Landlord's fee estate in the Premises, the leasehold estate of Tenant under this Lease and Leasehold Mortgage shall not be subordinate to such mortgage unless the Landlord and the holder of such mortgage shall enter into an agreement of non-disturbance with Tenant in conformance with Exhibit "B" as referenced in Paragraph 18 and attached hereto, which Tenant shall execute and deliver to Landlord within fifteen (15) business days after receipt of Landlord's request. The aforesaid subordination shall be binding upon any future holder of a mortgage on the leasehold estate of Tenant. The word "mortgage" as used herein includes mortgages, deeds of trust or similar instruments. With respect to any existing mortgage on Landlord's fee estate in the Premises, Tenant's leasehold estate shall not be disturbed provided Tenant is not in default of this Lease.

40.7 Landlord's obligation to deliver written notice to Lender in accordance with this Paragraph 40 shall be deemed satisfied if Landlord delivers such notice to the most recent address that Lender has sent to Landlord in writing.

20051209000639710 27/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals
the day and year first above written.

WITNESS:

LANDLORD:

BABINGTON PROPERTIES, L.P.

By: Babington Management, LLC, an
Alabama limited liability company, the
General Partner of Babington Properties,
L.P.

Megan McCray
Name:

By: Joseph P.H. Babington
Name: Joseph P.H. Babington
Title: Manager

20051209000639710 28/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

STATE OF New York)
COUNTY OF Manhattan)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Joseph P.H. Babington, whose name as Manager of Babington Management, LLC, an Alabama limited liability company, acting as General Partner of Babington Properties, L.P., an Alabama limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such Manager, and with full authority, executed the same voluntarily for and as the act of said limited liability company, acting in its capacity as General Partner of said limited partnership.

Given under my hand and official seal this 18 day of November, 2005.

(SEAL)

[Signature]
Notary Public
My commission expires: 10/9/06

WULFF IVETTE
NOTARY PUBLIC, STATE OF NEW YORK
NO.: 01WU4973060
QUALIFIED IN STATE OF NEW YORK
COMMISSION EXPIRES 10/9/06

20051209000639710 29/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

WITNESS:

TENANT:
HARCO, INC.

Carol Broderick

BY: I. Lawrence Gelman (SEAL)
I. Lawrence Gelman
Vice President


COMMONWEALTH OF PENNSYLVANIA)
:
COUNTY OF PHILADELPHIA)

On the 8th day of November, 2005, before me, the undersigned officer, personally appeared **I. LAWRENCE GELMAN**, who acknowledged himself to be the Vice President of **Harco, Inc.**, an Alabama corporation, and that he, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

Carolann T. Facenda
My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CAROLANN T. FACENDA, Notary Public
City of Philadelphia, Phila. County
My Commission Expires March 21, 2009


20051209000639710 30/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

LIST OF EXHIBITS:

- A - PREMISES DESCRIPTION
- B - FORM OF NONDISTURBANCE AGREEMENT
- C - FORM OF MEMORANDUM OF LEASE

20051209000639710 31/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

EXHIBIT "A"

Store No. 7026

Real property in the County of Shelby, State of Alabama, described as follows:

A parcel of land situated in the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 15, Township 19 South, Range 2 West, Shelby County, Alabama, more particularly described as follows:

Commence at the SW corner of the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 15, Township 19 South, Range 2 West, and run South 90 deg. 00 min. 00 sec. East along the South line of said $\frac{1}{4}$ - $\frac{1}{4}$ section 254.03 feet to a point on the Easterly right of way line of Caldwell Mill Road and the point of beginning of the tract of land herein described; thence run North 37 deg. 35 min. 31 sec. West along said right of way line for 50.11 feet; thence run North 12 deg. 09 min. 54 sec. East for 99.77 feet to a point on the Southerly right of way line of Valleydale Road and the point of beginning of a curve to the right having a radius of 781.30 feet; thence run along said curve and said right of way line a chord bearing of North 67 deg. 36 min. 33 sec. East for 213.37 feet; thence run South 13 deg. 58 min. 29 sec. East for 224.91 feet; thence run South 89 deg. 56 min. 42 sec. East for 49.01 feet; thence run South 52 deg. 46 min. 09 sec. West for 230.12 feet to a point on said Easterly right of way line of Caldwell Mill Road; thence run North 37 deg. 35 min. 31 sec. West along said right of way line for 175.77 feet to the point of beginning; being situated in Shelby County, Alabama.

GUARANTY OF LEASE

In consideration of, and as an inducement for the granting, execution and delivery of that certain Lease (the "Lease") of even date herewith between **HARCO, INC.** ("Tenant") and **BABINGTON PROPERTIES, L.P.**, ("Landlord"), and in further consideration of the sum of One (\$1) Dollar and other good and valuable consideration paid by Landlord to the undersigned, the undersigned (the "Guarantor") hereby guarantees to Landlord, its successors and assigns, the full and prompt payment of rent, including, but not limited to, the fixed annual rent, additional rent, and any and all other sums and charges payable by Tenant, its successors and assigns under the Lease, and the full performance and observance of all the covenants, terms, conditions and agreements herein provided to be performed and observed by Tenant, its successors and assigns, and the Guarantor hereby covenants and agrees to and with Landlord, its successors and assigns, that if default shall at any time be made by Tenant, its successors and assigns, in the payment of any such rent, additional rent or other charges, payable with respect to the demised premises or in the performance of any of the terms, covenants, provisions or conditions contained in the lease, the Guarantor forthwith pay such sums to Landlord, its successors and assigns, and any arrears thereof together with the reasonable legal fees, court costs and expenses incurred by Landlord in connection with such defaults or with enforcing this Guaranty and will forthwith faithfully perform and fulfill all of such terms, covenants, conditions and provisions.

1. This Guaranty is an absolute and unconditional Guaranty of payment and of performance. It shall be enforceable against Guarantor, its successor and assigns, without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant, its successors and assigns, and without the necessity of any notice of non-payment, non-performance or non-observance or any notice of acceptance of this Guaranty or any other notice or demand to which the Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; and Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected or impaired by reason of the assertion or failure to assert by Landlord against Tenant, or Tenant's successors and assigns, of any of the rights or remedies reserved to Landlord pursuant to the provisions of said Lease.

2. The Guarantor's obligations under this Guaranty shall remain in full force and effect without regard to, and shall not be impaired or affected by: (a) any amendment, extension or modification of or addition to supplement to any of the terms of the Lease or any assignment thereof (except to the extent of same); or (b) any compromise, release, consent extension, indulgence or other action or inaction in respect to any of the terms of the Lease; or (c) any substitution or release, in whole or in part, of any security for the Lease or this Guaranty which may be held at any time by Landlord or its successors or assigns; or (d) any exercise or non-exercise by Landlord or its successors or assigns of any right, power or remedy under or in respect of the Lease or any security held by Landlord with respect thereto, or any waiver of any

such right, power or remedy; or (e) any bankruptcy, insolvency, reorganization, arrangement, adjustment, re-composition, liquidation or the like of Tenant or any other guarantor; or the discharge or release of Tenant or any other guarantor in any such bankruptcy proceeding; or (f) any limitations of Tenant's liability under the Lease, or any limitation of Tenant's liability which may now or hereafter be imposed by any statute, regulation or rule of law, or any illegality, irregularity, invalidity or unenforceability, in whole or in part, of the Lease or any term thereof (except to the extent of same); or (g) any sale, lease or transfer of any or all of the assets of Tenant to any other person, firm or entity; or (h) any other circumstances; whether or not the Guarantor shall have had notice or knowledge thereof.

3. Guarantor hereby waives notice of acceptance of this Guaranty, presentment and protest of the Lease and notice thereof, notice of default under the Lease, notice of any change in Tenant's financial condition, and all other notices to which the Guarantor may otherwise be entitled.

4. This Guaranty contains the sole and entire understanding and agreement with respect to its entire subject matter, and all prior negotiations, discussions, commitments, representations, agreements and understandings heretofore had with respect thereto are merged herein. This Guaranty cannot be changed or terminated orally.

5. In the event it shall become necessary for Landlord to employ counsel to enforce the Guarantor's obligations under this Guaranty or any part thereof, Guarantor agrees to pay Landlord's attorneys, fees, including attorneys fees on appeal or in bankruptcy proceedings, and all other costs and expenses reasonably connected therewith, provided Landlord is ultimately successful in same.

6. This Guaranty shall be construed under the laws of the State of Alabama.

7. Nothing herein contained is intended or shall be construed to give any right of subrogation under the Lease or any right to participate in any way therein or in Landlord's right, title or interest in the Lease. Notwithstanding any payments made under this Guaranty, all right of subrogation and participation are expressly waived and released.

8. The Guarantor's obligations shall be binding upon its successors and assigns and shall inure to Landlord's benefit and to the benefit of any successor in interest to Landlord.

9. To the extent permitted by law, Guarantor waives trial by jury in any action, proceeding or counterclaim in any way involving or connected with the Lease or this Guaranty.

20051209000639710 34/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

IN WITNESS WHEREOF, the undersigned has affixed his signature hereto this _____
day of _____, 2005.

RITE AID CORPORATION

By: _____

I. Lawrence Gelman

Title: Vice President

20051209000639710 35/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

EXHIBIT B

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT made as of this ____ day of _____, 200_, by and between **HARCO, INC.**, whose business address is P.O. Box 3165, Harrisburg, Pennsylvania 17105, hereinafter referred to as "Tenant", and _____, whose address is _____, hereinafter referred to as "Mortgagee".

Reference is made to that certain lease (hereinafter referred to as the "Lease") dated _____, 200_, from Babington Properties, L.P., as Landlord ("Landlord"), to Tenant, as Tenant of premises at the southeast corner of Valleydale and Caldwell Mill Roads, Birmingham, Alabama, more fully described therein.

Reference is further made to a certain mortgage dated _____, 200_, now held by Mortgagee, as heretofore amended and extended (the "Mortgage"), covering the property demised by the Lease, the Mortgage having been recorded in _____.


Tenant and Mortgagee hereby agree as follows:

1. The Lease and the rights of Tenant thereunder are hereby subordinated and shall be and remain subordinated to the Mortgage and the lien thereof, and to any and all renewals, replacements, modifications, consolidations, spreaders and extensions thereof.

2. Mortgagee hereby consents to the Lease and agrees that:

(a) notwithstanding the Mortgage and the lien thereof, or any renewal, modification, consolidation, spreader or extension thereof, or any other restriction, lien, encumbrance, right, title or interest now or hereafter held by Mortgagee, or any default, expiration, termination, foreclosure, sale, entry or other act or omission under, pursuant to or affecting any of the foregoing, Tenant shall not be disturbed in peaceful enjoyment of the Premises or the Shopping Center or the Lease terminated or canceled at any time, except in the event Landlord shall have the right to terminate the Lease under the terms and provisions expressly set forth therein.

(b) in the event Mortgagee should succeed to Landlord's rights, title and interest as Landlord under the Lease, Mortgagee will perform, fulfill and observe all of Landlord's representations, warranties and agreements set forth in the Lease while it is Landlord thereunder.


20051209000639710 36/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

3. In the event of a foreclosure of the Mortgage, Tenant agrees to attorn to and recognize the purchaser at the foreclosure sale as Landlord under the Lease for the balance of the then remaining term of the Lease subject to all of the terms and provisions of the Lease.

4. The agreements contained herein shall bind and inure to the benefit of the successors and assigns in interest of the parties hereto, and, without limitation of the foregoing generality, the agreements of Mortgagee herein shall specifically be binding upon any purchaser or successor of said property at a sale foreclosing said Mortgage or in lieu of such foreclosure.

5. If the loan made by Mortgagee is secured by a deed of trust or security deed rather than a mortgage, all reference herein to Mortgage shall be construed as referred to such other type of security interest.

20051209000639710 37/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

IN WITNESS WHEREOF, the parties hereof have caused the execution hereof as of the day and year first above written.

Witness: **HARCO, INC.**

By: _____ (SEAL) _____
I. Lawrence Gelman
Vice President

COMMONWEALTH OF PENNSYLVANIA)
:
COUNTY OF _____)

On the ____ day of _____, 200_, before me, the undersigned officer, personally appeared **I. Lawrence Gelman**, who acknowledged himself to be the Vice President of **HARCO, INC.**, a corporation, and that he as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Vice President.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

My Commission Expires:

20051209000639710 38/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

Witness/ Attest:

MORTGAGEE:

By: _____ (SEAL)

STATE OF _____)

COUNTY OF _____)

On the ____ day of _____, 200__, before me, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of _____, a corporation, and that he/she as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as _____.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal.

My Commission Expires:

20051209000639710 39/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

EXHIBIT C

MEMORANDUM OF LEASE

This Instrument was prepared by:

Thomas P. Witt, Esquire
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street - 22nd Floor
Philadelphia, PA 19103

Record and Return to:

David Feldman, Esquire
First American Title Insurance Company
Two Penn Center Plaza, Suite 1910
Philadelphia, PA 19102

Store #7026

SPACE ABOVE THIS LINE FOR
RECORDER'S USE

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, made as of the ____ day of _____, 2005, by and between BABINGTON PROPERTIES, L.P., an Alabama limited partnership with an address of 150 Government Street, Suite 2000, Mobile, AL 36602 (the "Landlord") and Harco, Inc. an Alabama corporation, with offices at P.O. Box 3165, Camp Hill, Pennsylvania 17105 ("Tenant").

1. Lease. Landlord hereby demises and lets to Tenant that certain real property located in Birmingham, Shelby County, Alabama, and as more particularly described on Exhibit "A" attached hereto (the "Premises"), as more particularly set out in and pursuant to the terms and conditions of a Ground Lease dated and effective as of November 1, 2005 (the "Lease"), the terms and conditions of which are incorporated herein as though set forth in full.

2. Original Term. Tenant may have and hold the Premises, together with the tenements, hereditaments, appurtenances and easements thereunto belonging, at the rental and upon the terms and conditions therein stated, for an initial term (the "Term") commencing on November 1, 2005 and expiring on November 30, 2025.

3. Renewal Term(s). The Term shall be automatically extended for eight (8) separate and additional periods of five (5) years each after the expiration of the Term (each such additional five-year period is hereinafter referred to as a "Renewal Term") unless Tenant notifies Landlord in writing at least one hundred eighty (180) days prior to expiration of the Term that Tenant is terminating the Lease as of the expiration of the Term. Each Renewal Term shall be subject to all the terms and conditions of the Lease as if the Term originally included the Renewal Term (except that Tenant shall not have the right to any additional Renewal Terms).

4. Tenant's Right of First Refusal. During the Term or any Renewal Term, Tenant has a right of first refusal to purchase the Premises from Landlord subject to the terms and conditions more particularly set forth in the Lease.

5. Purpose and Intention. This Memorandum of Lease is executed for the purpose of recordation in the proper local recording office in order to give notice of all of the terms, provisions and conditions of the Lease and is not intended, and shall not be construed, to define, limit or modify the Lease. The leasehold estate created and conveyed hereby with respect to the Premises is intended to be one and the same estate as was created with respect to the Premises by the Lease and is further intended to be governed in all respects solely by the Lease and all of the provisions thereof.

[Remainder of Page Left Blank; Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the day and year first above written.

ATTEST/WITNESS:

LANDLORD:

BABINGTON PROPERTIES, L.P.

By: Babington Management, LLC, an
Alabama limited liability company, the
General Partner of Babington Properties,
L.P.

Name:

By: _____
Name: Joseph P.H. Babington
Title: Manager

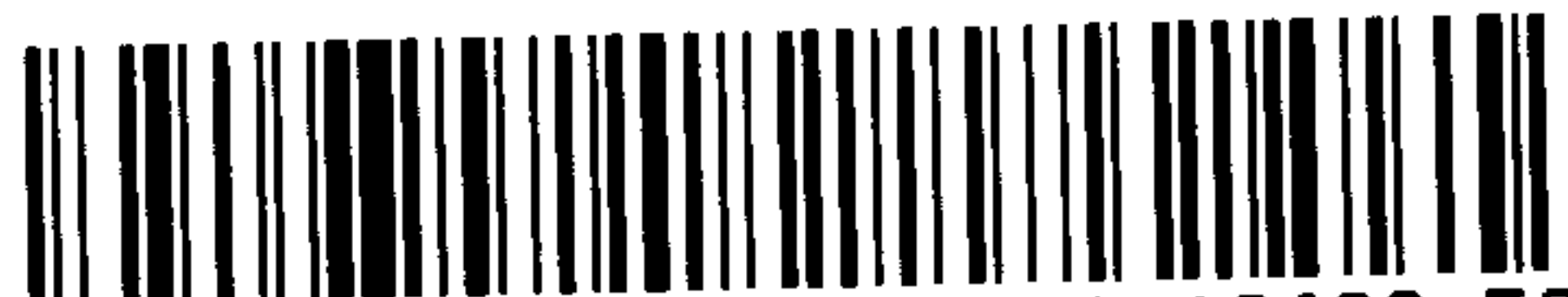
TENANT:

HARCO, INC.

Name:
Title:

By: _____
Name: I. Lawrence Gelman
Title: Vice President

STATE OF _____)
COUNTY OF _____)


20051209000639710 42/43 \$2488.50
Shelby Cnty Judge of Probate, AL
12/09/2005 04:07:55PM FILED/CERT

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Joseph P.H. Babington, whose name as Manager of Babington Management, LLC, an Alabama limited liability company, acting as General Partner of Babington Properties, L.P., an Alabama limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such Manager, and with full authority, executed the same voluntarily for and as the act of said limited liability company, acting in its capacity as General Partner of said limited partnership.

Given under my hand and official seal this _____ day of November, 2005.

(SEAL)

Notary Public
My commission expires: _____

Commonwealth of Pennsylvania)
County of _____) ss.

On November ___, 2005, before me, the undersigned Officer, a Notary Public, personally appeared **I. LAWRENCE GELMAN**, who acknowledged himself to be the Vice President of **HARCO, INC.**, an Alabama corporation, and further acknowledged that he, as such officer and being authorized to do so, executed the foregoing instrument as the act and deed of the corporation for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public



20051209000639710 43/43 \$2488.50
Shelby Cnty Judge of Probate,AL
12/09/2005 04:07:55PM FILED/CERT

EXHIBIT "A"
Legal Description

Shelby County, AL 12/09/2005
State of Alabama

Deed Tax:\$2351.50