

LAND TITLE COMPANY OF CLATSOP COUNTY

16
2/15

MSC-10195

MEMORANDUM OF LEASE

9302220103

This Memorandum of Lease is entered into this 16th day of FEBRUARY, 1993, by and between SKAGIT MALL 90 ASSOCIATES (Landlord), and PAY LESS DRUG STORES NORTHWEST, INC., a Maryland corporation (Tenant).

1. LEASED PREMISES AND SHOPPING CENTER. Landlord has leased to Tenant the Leased Premises in the Shopping Center described on Exhibit A attached hereto and by this reference incorporated herein pursuant to that certain Lease between Landlord and Tenant dated 2/12/93. In addition to the Leased Premises, the Lease grants certain rights appurtenant to the Leased Premises to Tenant including, but not limited to, rights of access, ingress, egress and parking in the common area of the Shopping Center of which the Leased Premises form a part. A Site Plan of the Shopping Center showing the Leased Premises is attached hereto as Exhibit B and by this reference incorporated herein.

2. TERM. The Lease commences on the commencement date set forth in the Lease which is (i) sixty (60) days after Landlord's architect certifies that the improvements required to be done by Landlord are completed, or (ii) upon the opening by Tenant of its business on the Leased Premises, whichever first occurs, provided, however, that Tenant shall have certain rights to defer the commencement date in certain events set forth in the Lease. The Lease terminates twenty (20) years from the commencement date, provided, however, if the termination date would fall during the month of October, November, December or January, the Lease shall terminate on January 31 following such date.

3. OPTIONS TO EXTEND. Landlord grants to Tenant under said Lease the right to extend the Lease for four (4) consecutive extended terms of five (5) years each, each extended term to begin on the expiration of the preceding term.

4. CHANGES TO SITE PLAN AND EASEMENTS, COVENANTS AND RESTRICTIONS (ECR's). The Lease provides that no changes may be made in the Site Plan attached hereto as Exhibit B without the written consent of Tenant nor may Landlord (i) modify or terminate any recorded ECR affecting the Shopping Center, (ii) grant any consents required from and under the terms of any said ECR, or (iii) enter into any new ECR affecting the Shopping Center without first in all instances obtaining the written consent of Tenant.

Page 1 - MEMORANDUM OF LEASE
AFTER RECORDING, RETURN TO:
David J. Krieger
1300 SW 5th Avenue, Suite 2300
Portland, Oregon 97201

SKAGIT COUNTY WASHINGTON
Real Estate Excise Tax
PAID

FEB 22 1993

Amount Paid \$
By: Skagit County Treasurer Deputy

93 FEB 22 P2:48

SKAGIT COUNTY AUDITOR

9302220103

BK 1165 PG 0078

5. DRUG STORE RESTRICTION. The Lease provides that no portion of the Shopping Center other than the Leased Premises, shall be occupied or used for the purposes of a business, trade or profession which requires or has a license or permit to conduct a pharmacy, or which employs or is required to employ a registered or licensed pharmacist, nor for the conduct of any store, business, trade or profession which is called, labeled, named or is commonly known or referred to as a "drug store", "pharmacy" or "apothecary". The foregoing restriction shall terminate if, at any time after the date Tenant first opens for business, a pharmacy is not operated in the Leased Premises for a continuous period of twelve (12) months or more for any reason other than (i) a strike, lockout or other labor difficulty, fire or other casualty, condemnation, war, riot, insurrection, act of God, the requirements of any local, state or federal law, rule or regulation, or any reason beyond the reasonable control of Tenant, or (ii) temporary closure due to the restoration, reconstruction, expansion, alteration or remodeling of the Leased Premises, or any portion of the Shopping Center.

6. OTHER RESTRICTIONS.

(a) No portion of the Shopping Center within two hundred feet (200') of any wall defining the limit of the Leased Premises may be used for a restaurant (fast food or sit-down or office).

(b) Tenant's obligations under the Lease are conditioned upon the continued use of the Shopping Center for commercial purposes usually found in first-class retail shopping centers. The Lease provides that, no part of the Shopping Center, except Parcel 6 whose tenant will be allowed to sell alcoholic beverages as long as such sale is done as an incidental part of the sale of food for on-premises consumption only, shall be used as a bar, tavern, cocktail lounge, and no part of the Shopping Center shall be used as an adult book store, gym, adult video store, cocktail lounge, warehouse, entertainment or recreational facility, training or educational facility (except that training and educational facilities may be located on the south side of the Leased Premises so long as no direct access is allowed for those tenants to the parking which is located north of the Leased Premises), or for industrial purposes, automotive maintenance, repair, renting, leasing or sale of any motor vehicle or trailer. For the purposes of this paragraph, the phrase entertainment or recreational facility includes, but is not limited to, a theater, bowling alley, dance hall, skating rink billiard or pool hall, massage parlor or other similar activity. The phrase training or educational facility includes, but is not limited to, a beauty school, barber college, reading room, place of instruction or any other operation catering primarily to students or trainees, or similar activities.

7. USE OF THE NAME "PAY LESS". The Lease provides that so long as Tenant uses the name "Pay Less" in the conduct of its business in the Leased Premises, no other tenant or occupant of the Shopping Center may use the name "Pay Less" in the Shopping Center.

8. SUBORDINATION. Upon written request of Landlord, Tenant agrees to subordinate its rights under the Lease to any mortgage, trust deed or similar indenture ("lien"), or ground lease covering the Shopping Center, or any part thereof, upon conditions set forth below, and Landlord upon written request of Tenant agrees, as a condition of the Lease, to obtain an agreement upon the conditions set forth below from any mortgage holder, trust deed holder or similar indenture holder ("lienholder") or ground lessor covering the Shopping Center or any part thereof: that such lienholder or ground lessor agree in writing, in recordable form, that so long as Tenant shall not be in default under the Lease, or, if Tenant is in such default, as long as Tenant's time to cure such default shall not have expired, (i) the term of the Lease shall not be terminated or modified in any respect whatsoever, nor the rights of Tenant hereunder or its occupancy of the Leased Premises be affected in any way; (ii) that Tenant shall not be named as a defendant in any legal action or other proceeding whatever which may be instituted by such lienholder and/or ground lessor; (iii) that in the event of default under any lien or ground lease and upon enforcement by the lienholder and/or ground lessor of its remedies, said lienholder and/or ground lessor and/or any subsequent purchaser agrees to perform all of the duties and responsibilities of Landlord under the Lease as a direct Lease so long as Tenant is not in default beyond any applicable cure period under the terms, covenants and conditions of the Lease; and (iv) that such lienholder or ground lessor agrees that (a) all insurance proceeds payable as a result of damage or destruction shall be applied to the repair and restoration of such damage or destruction pursuant to the terms of the Lease and that (b) all proceeds as a result of the exercise of eminent domain shall be applied pursuant to the terms of the Lease.

LANDLORD:

SKAGIT MALL 90 ASSOCIATES

By: Kirk Wilson

Its: PARTNER

By: J. Stevenson

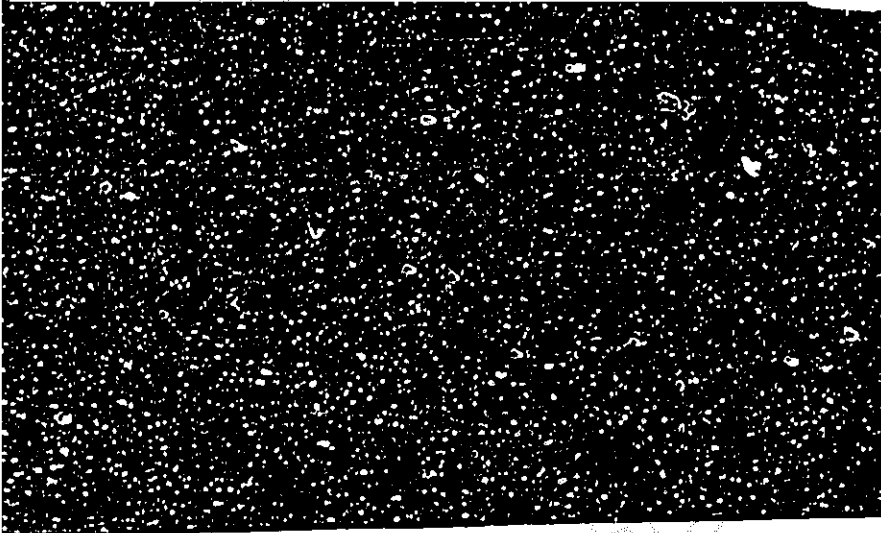
Its: PARTNER

TENANT:

PAY LESS DRUG STORES NORTHWEST, INC.

By: James W. Gaube

Vice President

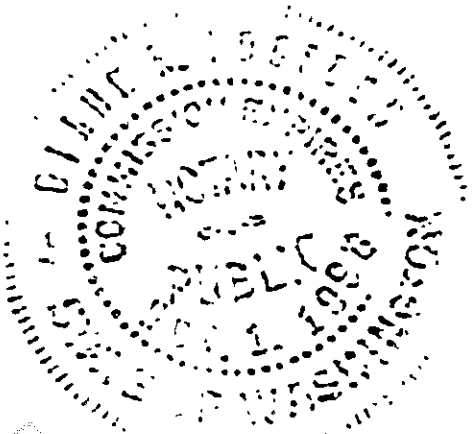


STATE OF WASHINGTON)
County of SKAGIT) ss.

On this 9th day of FEBRUARY, 1993, before me, the undersigned Notary Public in and for said State, personally appeared Kirk Wilson & J. Stevens and wife known to me to be the managing partners of SKAGIT MALL 90 ASSOCIATES, a GENERAL PARTNERSHIP corporation, and acknowledged to me that the said instrument is the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that THEY is ARE authorized to execute the said instrument.

Sean L. Rogden

Notary Public for WASHINGTON
My Commission expires: 11/1/96

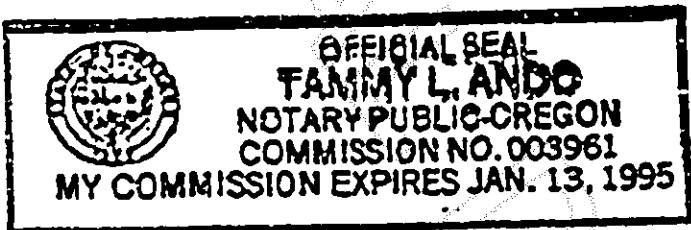


STATE OF OREGON)
County of Clackamas) ss.

On this 15th day of February, 1993, before me, the undersigned Notary Public in and for said State, personally appeared James W. Gaube, known to me to be the Vice President of PAY LESS DRUG STORES NORTHWEST, INC., a Maryland corporation, and acknowledged to me that the said instrument is the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Tammy Lando

Notary Public for Oregon
My Commission expires: 1-13-95



LEGAL DESCRIPTION PARCEL 1

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH $00^{\circ}40'30''$ WEST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED EAST;

THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00 FEET;

THENCE SOUTH $00^{\circ}40'30''$ WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 190.01 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUE SOUTH $00^{\circ}40'30''$ WEST A DISTANCE OF 28.13 FEET;

THENCE NORTH $89^{\circ}31'29''$ EAST A DISTANCE OF 195.98 FEET TO THE WEST MARGIN OF RIVERSIDE DRIVE;

THENCE SOUTH $00^{\circ}40'30''$ WEST ALONG SAID ROAD MARGIN A DISTANCE OF 139.04 FEET;

THENCE SOUTH $88^{\circ}43'58''$ WEST PARALLEL WITH THE SOUTH LINE OF THE NORTH HALF OF SAID SUBDIVISION A DISTANCE OF 224.07 FEET;

THENCE NORTH $00^{\circ}40'30''$ EAST PARALLEL WITH THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 170.50 FEET;

THENCE EAST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 27.98 FEET TO THE POINT OF BEGINNING;

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS, RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY OPERATION OF LAW.

LEGAL DESCRIPTION PARCEL 2

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH 00°40'30" WEST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED EAST;
THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00 FEET;
THENCE SOUTH 00°40'30" WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 190.01 FEET;
THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 27.98 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 00°40'30" WEST PARALLEL WITH THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 630.54 FEET;
THENCE NORTH 89°34'55" WEST A DISTANCE OF 262.25 FEET;
THENCE NORTH 00°47'19" EAST A DISTANCE OF 112.00 FEET TO A BUILDING PARTY WALL;
THENCE CONTINUE NORTH 00°47'19" EAST ALONG SAID BUILDING PARTY WALL A DISTANCE OF 220.68 FEET;
THENCE NORTH 89°34'55" WEST A DISTANCE OF 92.95 FEET;
THENCE NORTH 00°25'05" EAST A DISTANCE OF 295.27 FEET;
THENCE EAST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 356.29 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS, RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY OPERATION OF LAW.

9302220103

EXHIBIT A

BK 1165 PG 0083

LEGAL DESCRIPTION PARCEL 3

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH 00°40'30" WEST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED EAST;

THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 00°40'30" WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 190.01 FEET;
THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 199.30 FEET;

THENCE NORTH 00°25'05" EAST A DISTANCE OF 190.00 FEET TO SAID SOUTH LINE OF COLLEGE WAY;

THENCE EAST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 200.15 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS, RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY OPERATION OF LAW.

9302220103

EXHIBIT A
BK 1165 PG 0084

LEGAL DESCRIPTION PARCEL 4

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH 00°40'30" WEST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED EAST;
THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00 FEET;
THENCE SOUTH 00°40'30" WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 190.01 FEET;
THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 384.27 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUE WEST PARALLEL TO THE NORTH THE OF SAID SUBDIVISION A DISTANCE OF 272.31 FEET;
THENCE SOUTH 00°25'05" WEST A DISTANCE OF 300.75 FEET; THENCE NORTH 89°34'55" WEST A DISTANCE OF 15.26 FEET TO A BUILDING PARTY WALL;
THENCE SOUTH 00°25'05" WEST ALONG SAID BUILDING PARTY WALL A DISTANCE OF 322.67 FEET;
THENCE SOUTH 89°34'55" EAST A DISTANCE OF 378.77 FEET;
THENCE NORTH 00°47'19" EAST A DISTANCE OF 112.00 FEET TO A BUILDING PARTY WALL;
THENCE CONTINUE NORTH 00°47'19" EAST ALONG SAID BUILDING PARTY WALL A DISTANCE OF 220.68 FEET;
THENCE NORTH 89°34'55" WEST A DISTANCE OF 92.95 FEET;
THENCE NORTH 00°25'05" EAST A DISTANCE OF 295.27 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS, RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY OPERATION OF LAW.

9302220103

EXHIBIT A

BK 1165 PG 0085

LEGAL DESCRIPTION PARCEL 5

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH $00^{\circ}40'30''$ WEST ALONG THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED EAST;

THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00 FEET;

THENCE SOUTH $00^{\circ}40'30''$ WEST PARALLEL TO THE EAST LINE OF SAID SUBDIVISION A DISTANCE OF 190.01 FEET;

THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE OF 656.58 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH $00^{\circ}25'05''$ WEST A DISTANCE OF 300.75 FEET;

THENCE NORTH $89^{\circ}34'55''$ WEST A DISTANCE OF 15.26 FEET TO A BUILDING PARTY WALL;

THENCE SOUTH $00^{\circ}25'05''$ WEST ALONG SAID BUILDING PARTY WALL A DISTANCE OF 322.67 FEET;

THENCE NORTH $89^{\circ}34'55''$ WEST A DISTANCE OF 384.89 FEET TO A POINT ON THE PROPOSED EAST RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY NO. 5 AS DETAILED ON EXISTING STATE HIGHWAY PLANS;

THENCE NORTH $07^{\circ}17'45''$ EAST ALONG SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 38.68 FEET;

THENCE NORTH $11^{\circ}28'51''$ EAST ALONG SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 509.90 FEET;

THENCE NORTH $00^{\circ}10'15''$ EAST A DISTANCE OF 84.95 FEET;

THENCE EAST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION, A DISTANCE OF 298.05 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS, RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY OPERATION OF LAW.

9302220103

EXHIBIT A

BK1165PG0086

LEGAL DESCRIPTION PARCEL 6

THAT PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION EIGHTEEN (18), TOWNSHIP THIRTY-FOUR (34) NORTH, RANGE FOUR (4) EAST OF THE WILLAMETTE MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SUBDIVISION;
THENCE SOUTH $00^{\circ}40'30''$ WEST ALONG THE EAST LINE OF SAID SUBDIVISION A
DISTANCE OF 40.00 FEET TO THE SOUTH LINE OF COLLEGE WAY EXTENDED
EAST;

THENCE WEST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 226.00
FEET;

THENCE SOUTH $00^{\circ}40'30''$ WEST PARALLEL TO THE EAST LINE OF SAID
SUBDIVISION A DISTANCE OF 190.01 FEET;

THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE
OF 665.60 FEET TO THE POINT OF BEGINNING;

THENCE WEST PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION A DISTANCE
OF 289.03 FEET TO A POINT ON THE PROPOSED EAST RIGHT-OF-WAY LINE OF
INTERSTATE HIGHWAY NO. 5 AS DETAILED ON EXISTING STATE HIGHWAY
PLANS;

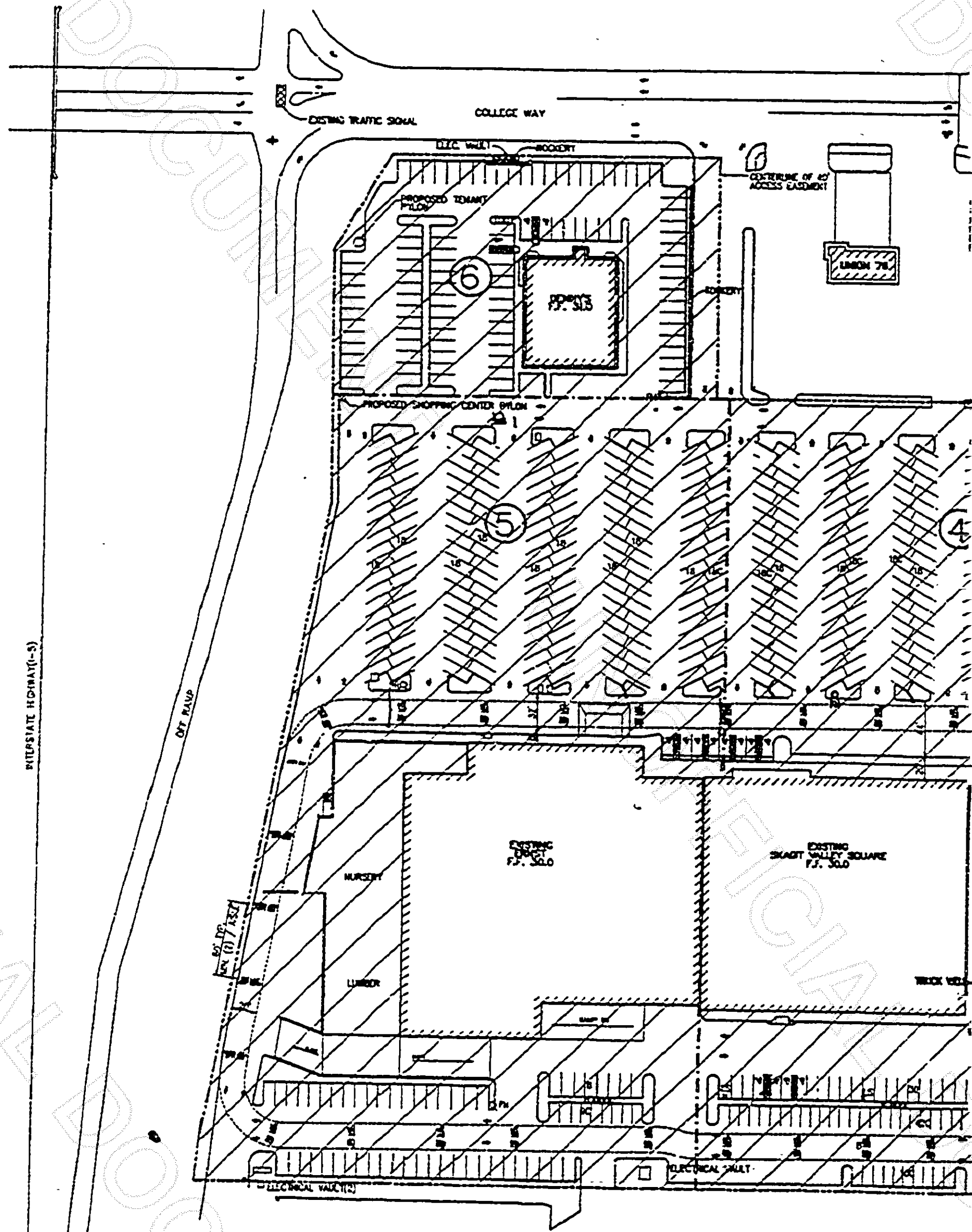
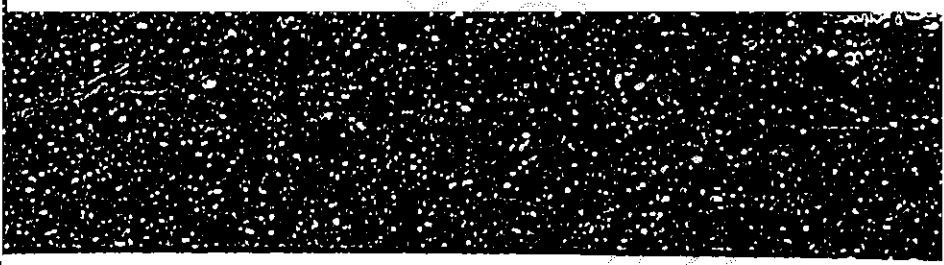
THENCE NORTH $00^{\circ}10'15''$ EAST A DISTANCE OF 115.05 FEET;

THENCE NORTH $30^{\circ}39'01''$ EAST A DISTANCE OF 87.12 FEET TO SAID SOUTH
LINE OF COLLEGE WAY;

THENCE EAST ALONG SAID SOUTH LINE OF COLLEGE WAY A DISTANCE OF 245.66
FEET;

THENCE SOUTH $00^{\circ}25'05''$ WEST A DISTANCE OF 190.00 FEET TO THE POINT OF
BEGINNING;

SUBJECT TO AND TOGETHER WITH ALL EASEMENTS, RESTRICTIONS,
RESERVATIONS AND COVENANTS OF RECORD OR WHICH ATTACH THERETO BY
OPERATION OF LAW.



LEGEND	EXISTING	NEW
PROP. LINES (THIS PROJECT)	—————	—————
CENTER LINES	- - - - -	- - - - -
BUILDING	///////	□

EXHIBIT 'A' SITE PLAN
 TOTAL BUILDING AREA
 TOTAL PARKING REQUIRED
 TOTAL PARKING PROVIDED
 TOTAL SITE AREA

9302220103

EXHIBIT B

BK 1165PG0088

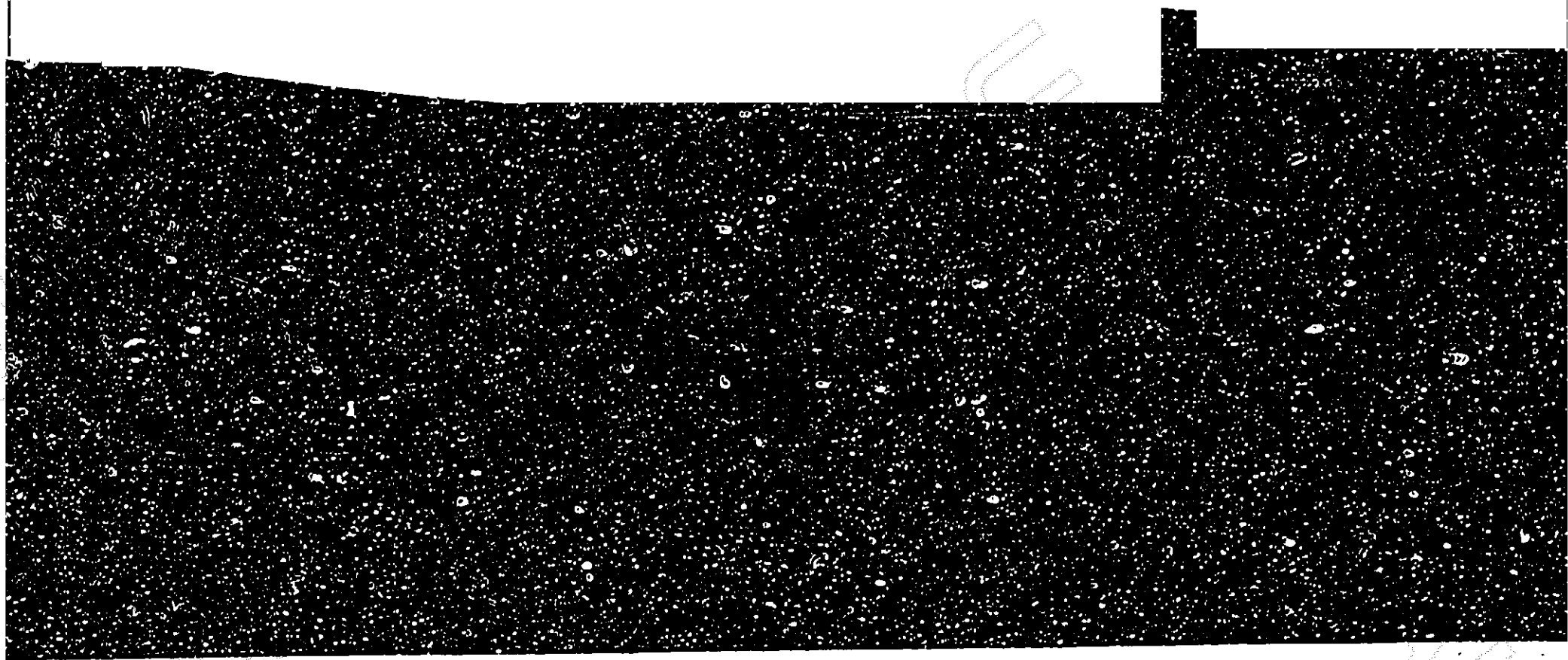
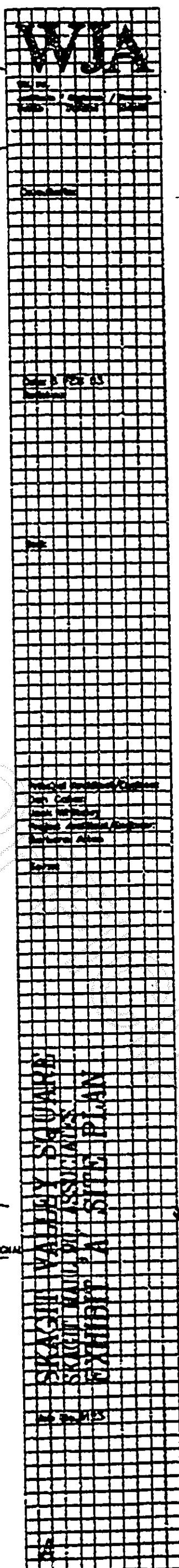
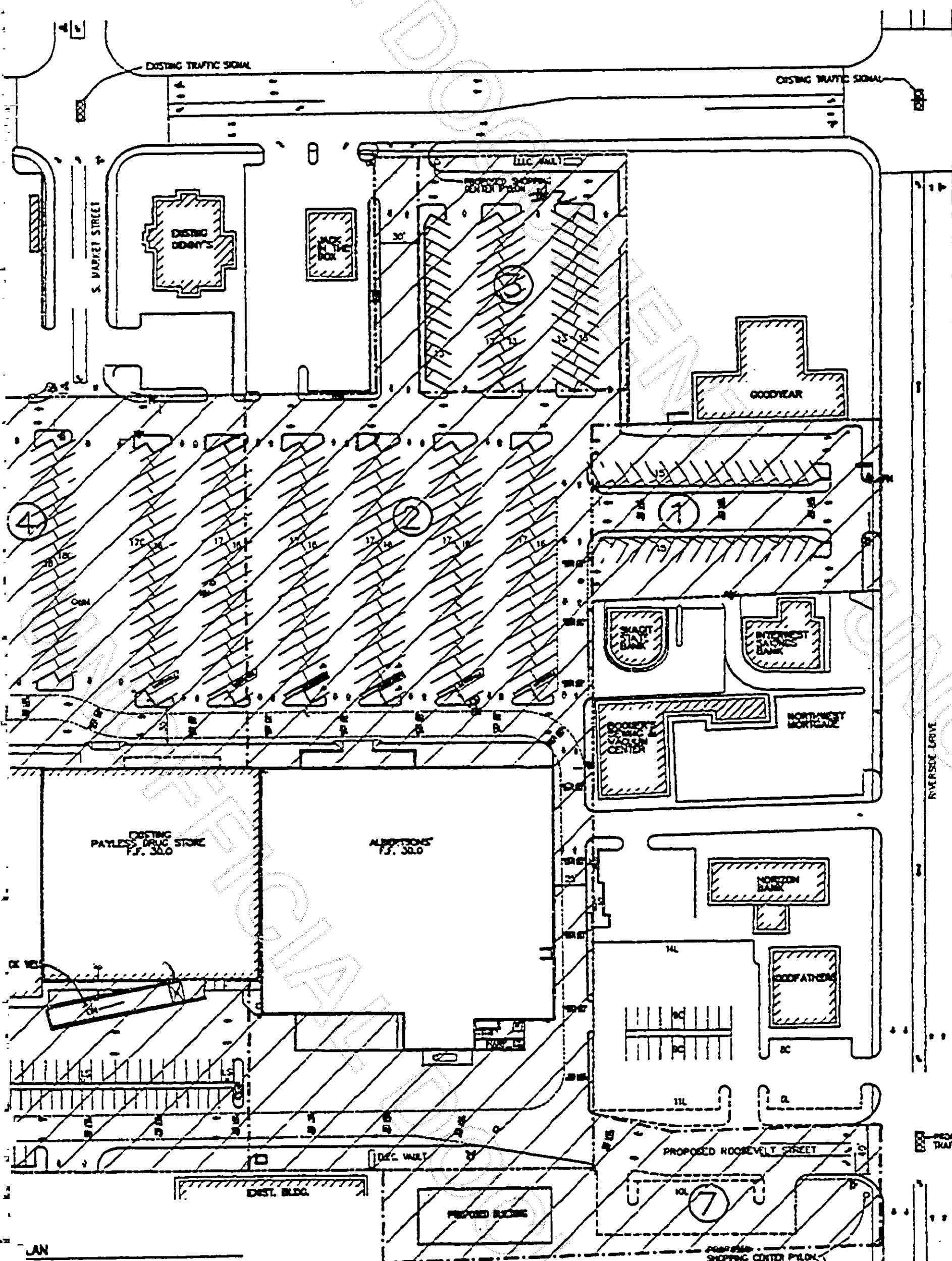


EXHIBIT A



LAN
 168,478 SF
 880
 238 (2.2%)
 732,629 SF

SITE PLAN



9302220103

BK1165PG0089

EXHIBIT B

