



First American 65686-3

Document Title: Memorandum of Lease

Reference Number: 65686

Grantor(s): additional grantor names on page ___

1. Powell-Anacortes LLC
- 2.

Grantee(s): additional grantee names on page ___

1. Walgreen Co.
- 2.

Abbreviated legal description: full legal on page(s) ___

Sec 19, Twn 35, Rng 2
Ptn 600 Lot 2

Assessor Parcel / Tax ID Number: additional tax parcel number(s) on page ___

R32947 & R32959

I, Karen L. Taylor, am hereby requesting an emergency non-standard recording for an additional fee provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document. Recording fee is \$8.00 for the first page, \$1.00 per page thereafter per document. In addition to the standard fee, an emergency recording fee of \$50.00 is assessed. This statement is to become part of the recorded document.

Signed Karen L. Taylor Dated 2-12-02

RETURN RECORDED DOCUMENT TO:

WALGREEN CO.

200 Wilmot Road, MS #2252
Deerfield, Illinois 60015
Attn: Barbara Byrne

This Instrument Prepared by:
Chad Mihevc
200 Wilmot Road
Deerfield, Illinois 60015

FIRST AMERICAN TITLE CO.

MEMORANDUM OF LEASE

By this Memorandum of Lease made the 7th day of February, 2002, between POWELL-ANACORTES LLC, a Washington limited liability company, hereinafter called "Landlord," and WALGREEN CO., an Illinois corporation, hereinafter called "Tenant";

Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, for the term commencing September 1, 2002 and continuing to and including October 31, 2077, as such dates shall be adjusted pursuant to a lease of even date herewith between the parties hereto (the "Lease") and subject to prior termination as therein provided the premises to include both the real property and building and other improvements, appurtenances, easements and privileges belonging thereto at the southeast corner of Commercial and 17th, in the City of Anacortes, State of Washington, as shown on the plan attached hereto and made a part hereof as Exhibit "A" and as legally described on Exhibit "B" attached hereto and made a part hereof and hereinafter referred to as the "Leased Premises."

The Lease, among other things, contains the following provisions:



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PARKING

Landlord, at Landlord's cost and expense, shall repair and replace (but shall not be obligated to maintain, which shall be Tenant's responsibility) the parking areas of the Leased Premises for one (1) year after Tenant's acceptance of possession. Subject to the immediately preceding sentence, Tenant, at Tenant's cost and expense, shall maintain, repair and replace the parking areas of the Leased Premises. However, Tenant shall have no obligation to perform nor pay any costs in connection with the following: (i) any damages caused by the acts or omissions of Landlord; and (ii) any defects in the construction of the Leased Premises by Landlord. The foregoing items (i) and (ii) (to the extent item (ii) is discovered within three (3) years after delivery of possession as provided in Article 5(i)) shall remain Landlord's responsibility to perform. The parking areas shall be for the exclusive use of Tenant and Tenant's customers, employees, invitees, successors, assigns and sublessees.

EXCLUSIVES

Landlord covenants and agrees that, during the Term and any extensions or renewals thereof, so long as Tenant operates a full service drugstore on the Leased Premises, (Tenant shall be considered "operating in the Leased Premises" if closed by reason of casualty, remodeling, or events of force majeure) no additional property which Landlord, directly or indirectly, may now or hereafter own or control, and which is contiguous to, or which is within five hundred (500) feet of any boundary of, the Leased Premises, will be used for any one or combination of the following: (i) the operation of a drug store or a so-called prescription pharmacy or for any other purpose requiring a qualified pharmacist or other person authorized by law to dispense medicinal drugs, directly or indirectly, for a fee or remuneration of any kind; (ii) the operation of a medical diagnostic lab and/or the provision of treatment services; (iii) the sale of so-called health and/or beauty aids and/or drug sundries; (iv) the operation of a business in which photofinishing services and/or photographic film are offered for sale; (v) the operation of a business in which greeting cards and/or gift wrap are offered for sale; and/or (vi) the operation of a business in which food items for off-premises consumption are offered for sale. In the event that Tenant files suit against any party to enforce the foregoing restrictions, Landlord agrees to cooperate fully with Tenant in the prosecution of any such suit, and reimburse Tenant for all of attorneys' fees and court costs incurred by Tenant in connection with such suit, notwithstanding its resolution. For purposes hereof "contiguous" shall mean property that is either adjoining the Leased Premises or separated from the Leased Premises only by a public or private street, alley or right-of-way.



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RIGHT OF FIRST OPPORTUNITY

(a) In the event that Landlord elects to voluntarily sell its interest in the Leased Premises at any time and from time to time on or after the date hereof and during the Initial Term and Term of this Lease or any extensions thereof, Landlord shall first notify Tenant in writing of its intent to sell, setting forth the specific terms and conditions upon which Landlord will offer its interest in the Leased Premises for sale. From and after such written notice to Tenant, Tenant shall have the first right to meet such terms of sale which option shall be for a period of ten (10) working days. If, during said ten (10) day option period, Tenant fails to notify Landlord of its willingness to meet the terms of the proposed sale, Tenant's first right to purchase shall be ineffective, provided that Landlord may not sell its interest in the Leased Premises for a purchase price less than ninety-five percent (95%) of the purchase price and terms offered Tenant and this Lease shall continue otherwise on all of the terms, covenants and conditions in this Lease. In the event Landlord desires to sell its interest in the Leased Premises for a purchase price less than ninety-five percent (95%) of the purchase price offered to Tenant, Landlord must again offer its interest in the Leased Premises to Tenant as provided above. If Landlord's interest in the Leased Premises shall be conveyed to Tenant under this Right of First Opportunity, any prepaid rent shall be apportioned and applied on account of the purchase price. This Article shall not apply to a sale to a person or entity related to or affiliated with Landlord.

(b) Tenant's election not to exercise its Right of First Opportunity shall not prejudice Tenant's rights hereunder as to any further Bona Fide Offer. The terms and conditions contained in this Article shall be binding upon the heirs, successors and assigns of Landlord.

Provisions for additional rent and the other terms, covenants and conditions of said letting, including the options on the part of Tenant for prior termination, are set forth at length in the Lease, and all of said provisions, terms, covenants and conditions are, by reference hereto, hereby incorporated in and made a part of this Memorandum of Lease.

This instrument shall also bind and benefit, as the case may require, the heirs, legal representatives, assigns and successors of the respective parties, and all covenants, conditions and agreements herein contained shall be construed as covenants running with the land. This instrument shall not become binding upon the parties until it shall have been executed and delivered by both Landlord and Tenant.

This Memorandum of Lease is made and executed by the parties hereto for the purpose of recording the same in the office of the public records of Skagit County, Washington, and is subject in each and every respect, to the rents and other terms, covenants and conditions of the Lease and this Memorandum of Lease is



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executed and delivered with the understanding and agreement that the same shall not in any manner or form whatsoever, alter, modify or vary the rents and other terms, covenants and conditions of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Lease, under seal, as of the day and year first above written.

WALGREEN CO.

^{CM} By William A. Gail
Vice President

POWELL ANACORTES LLC

By Peter W. Powell
Peter W. Powell, Manager

WITNESSES

Chad Wilson
Janet Rubenstein

WITNESSES

David Hahn
Nancy K. Larkish

Memorandum of Lease
SKAGIT COUNTY WALGREEN
Real Estate License Tax
10/02

FEB 12 2002

Accountant mlm
Skagit County Treasurer
By: mlm Deputy



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STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

I certify that I know or have satisfactory evidence that William A. Shiel
is the person who appeared before me, and said person acknowledged that
he signed this instrument, on oath stated that he
was authorized to execute the instrument and acknowledged it as the Vice President of
WALGREEN CO., to be the free and voluntary act of such party for the uses and
purposes mentioned in the instrument.

Dated: 2/7/02

[SEAL OR STAMP]



Barbara A Byrne
[PRINT NAME]

NOTARY PUBLIC, in and for the State of
Illinois, residing at:

200 Walnut Rd., Deerfield, IL

My Appointment Expires _____



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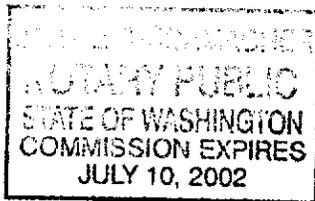
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STATE OF WASHINGTON)
) SS
COUNTY OF SPRING)

I certify that I know or have satisfactory evidence that Peter W. Powell is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that **Peter W. Powell** was authorized to execute the instrument and acknowledged it as the Manager of **POWELL-ANACORTES LLC**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: February 8, 2002

[SEAL OR STAMP]



Janice Tischmacher
Janice Tischmacher [PRINT NAME]
NOTARY PUBLIC, in and for the State of
Washington, residing at:
Trinkland, WA

My Appointment Expires 7.10.02



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EXHIBIT "A"

SITE PLAN

see attached



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EXHIBIT "B"

LEGAL DESCRIPTION

Parcel "A":

Those portions of Government Lot 2, Section 19, Township 35 North, Range 2 East, W.M., described as follows:

- (b) That portion of Government Lot 2, Section 19, Township 35 North, Range 2 East, W.M., described as follows:

Beginning at the intersection of the East line of Commercial Avenue and the South line of 17th Street projected Easterly from the plat of "City of Anacortes", according to the plat recorded in Volume 2 of Plats, Page 4, records of Skagit County, Washington; thence South, 60.00 feet; thence East to the right-of-way of the Great Northern Railway Company; thence Northerly along the West line of said railway right-of-way to the South line of 17th Street, projected Easterly; thence West along the South line of said 17th Street projected to the point of beginning.

- (c) That portion of Government Lot 2, Section 19, Township 35 North, Range 2 East, W.M., described as follows:

Beginning at a point on the East line of Commercial Avenue in the City of Anacortes, which point is 60.00 feet South of the South line of 17th Street produced; thence South on the East line of Commercial Avenue, 60.00 feet; thence at right angles East to the Westerly boundary of the Great Northern Railway right-of-way; thence Northerly along the Westerly boundary of said Great Northern Railway right-of-way to a point where the same intersects a line extending at right angles to Commercial Avenue from the point of beginning; thence West along said line to the point of beginning.

- (d) That portion of Government Lot 2, Section 19, Township 35 North, Range 2 East, W.M., described as follows:

Beginning on the East side of Commercial Avenue at a point 120.00 feet South of the South line of 17th Street projected Easterly from the plat of "City of Anacortes", according to the plat recorded in Volume 2 of Plats, Page 4, records of Skagit County, Washington; thence South along the East side of said Commercial Avenue, 96.00 feet; thence East, 90.00 feet; thence North, 96.00 feet; thence West, 90.00 to the point of beginning.



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SEC Commercial & 17th
Anacortes, Washington
Store #7131

Commercial & 17th.MOL
1/10/02

TOGETHER WITH the following described:

ALSO commencing on the North line of 18th Street, if produced Easterly from 18th Street as shown on the plat of "City of Anacortes", according to the plat recorded in Volume 2 of Plats, Page 4, records of Skagit County, Washington, 90.00 feet East of the East line of Commercial Avenue; thence North, 96.00 feet; thence East to the West line of the Great Northern Railway right-of-way; thence Southerly along said right-of-way to a point directly East of the point of beginning; thence West to the point of beginning.

Parcel "B":

That portion of Government Lot 2, Section 19, Township 35 North, Range 2 East, W.M., described as follows:

Beginning at the point of Intersection of the South line of 17th Street extended East from the plat of the "City of Anacortes", according to the plat recorded in Volume 2 of Plats, Page 4, records of Skagit County, Washington, with the West line of that certain tract conveyed to Seattle & Northern Railway Company, by Deed dated December 17, 1989, and recorded January 10, 1890, in Volume 9 of Deeds, page 314, which point is also described as a point bearing from the Northwest corner of said Government Lot 2, East along the North line of said Government Lot 2, 370.00 feet; South 250.00 feet; thence South 24 degrees 03' East to the South line of 17th Street extended East; thence from said point of beginning, run South 24 degrees 03' East to a point that is 216.00 feet South, measured perpendicularly from the South line of 17th Street extended East; thence East parallel with the said South line of 17th Street extended to the West line of Avenue "Q" extended South from the plat of the "City of Anacortes"; thence North along the West line of Avenue "Q" extended, 216.00 feet to the South line of 17th Street extended; thence Westerly along the South line of said extension of 17th Street to the point of beginning.



UNRECORDED
EXCEPT from all the above Parcels "A", "B" , that portion described as follows:

Beginning at the intersection of the North line of 18th Street, if produced Easterly from 18th Street as shown on the plat of "City of Anacortes", according to the plat recorded in Volume 2 of Plats, Page 4, records of Skagit County, Washington, and the East line of Commercial Avenue; thence North along the East line of Commercial Avenue, 63.00 feet; thence East parallel with the North line of 18th Street produced, a distance of 70.00 feet; thence South parallel with the East line of Commercial Avenue, 63.00 feet to the North line of 18th Street produced; thence West along the North line of 18th Street produced, a distance of 70.00 feet to the point of beginning.

AND EXCEPT from all the above Parcels "A", "B" , that portion conveyed to the City of Anacortes by instrument recorded May 12, 1999, under Skagit County Auditor's File No. 9905120020.

(The above described property delineated of record by Survey filed in Volume 15 of Surveys, at Pages 45 and 46, and recorded December 1, 1993, under Auditor's File No. 9312010077, all records of Skagit County, Washington).



