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Third, if said building or structure so damaged or destroyed has been repaired or reconstructed or a substitution therefor erected according to the terms of this lease and such aforementioned outstanding mortgage indebtedness has been paid or reduced as required or permitted by said mortgagee or mortgagees, for the payment of any sums required under the terms of this lease to be paid by the Lessee and in the payment of which the Lessee is in default, and

Fourth, for the payment of the balance thereof to the Lessee.

In the event that substantial destruction of any building or other structure upon the leased premises shall occur on or after January 1, 2042, and the Lessee shall elect not to restore or replace the same or to erect a substitute therefor, or shall occur prior to January 1, 2042, and the Lessor at the request of the Lessee shall not require the Lessee to restore or replace the same or to erect a substitute therefor, any insurance monies arising from the substantial destruction of said building or other structure shall be applied first to the payment of any existing mortgage indebtedness against said building or other structure as aforesaid and then to the payment of any sums required under the terms of this lease to be paid by the Lessee and in the payment of which the Lessee is in default. After the payment of said items, the residue of such insurance monies shall be divided between the Lessor and the Lessee according to their respective interests in said insurance monies. For the purpose of dividing the residue of such insurance monies (but for no other purpose) the interest of the Lessor therein shall be one (1%) per cent of such sums for each full year or major fractional part thereof of the term hereof which has then expired, and the balance of such sums shall be the property of the Lessee; that is to say that the interest of the

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R.H.J.