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2. Exercise of Option. The Option may be exercised at any time during the term of the Lease Agreement or any extension or renewal thereof by written notice from Machine Fabricators to Old Grove.

3. Purchase Price. The purchase price for the Property in the event of the exercise of the Option (the "Purchase Price") shall be determined and paid in accordance with the following procedures:

(a) The Purchase Price shall be the fair market value of the Property, determined pursuant to Section 3(b) hereof, as of the date of exercise of the Option; provided, however, that the fair market value of any improvement made to the Property by Machine Fabricators after the date of this Supplemental Agreement shall be disregarded in determining the Purchase Price if the cost of such improvement to Machine Fabricators was more than \$5,000 and if the written consent of Old Grove was obtained prior to the completion of such improvement (which consent shall not be unreasonably withheld); and provided further, that the fair market value of the Property for purposes of determining the Purchase Price shall be reduced by the amount necessary to satisfy, cure, or discharge any liens, encumbrances or other defects in title to the Property that will not be satisfied, cured, or discharged by Old Grove prior to the