

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from        to

Commission File Number 1-12002

MARK CENTERS TRUST  
(Exact name of registrant in its charter)

MARYLAND	23-2715194
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

600 THIRD AVENUE, KINGSTON, PENNSYLVANIA	18704
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code  
(717) 288-4581

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes                       No

As of May 12, 1998, there were 8,554,177 common shares of beneficial interest, par value \$.001 per share, outstanding.

MARK CENTERS TRUST  
FORM 10-Q

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Part I. Financial Information  
Item 1. Financial Statements

MARK CENTERS TRUST  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share amounts)  
March 31, 1998      December 31, 1997  
(unaudited)

ASSETS

Rental property - at cost:		
Land	\$ 31,560	\$ 30,855
Buildings and improvements	271,331	274,165
Property under development	8,650	6,668
	-----	-----
	311,541	311,688
Less: accumulated depreciation	83,104	83,326
	-----	-----
Net rental property	228,437	228,362
Cash and cash equivalents	757	1,287
Cash in escrow	8,612	7,906
Rents receivable	4,105	4,802
Prepaid expenses	1,122	1,241
Due from related parties	206	177
Deferred charges, net	11,625	9,710
Other assets	923	1,015
	-----	-----
	\$255,787	\$254,500
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:		
Mortgage notes payable	\$185,240	\$183,943
Accounts payable and accrued expenses	8,457	7,553
Note payable to Principal Shareholder	3,050	3,050
Other liabilities	1,629	1,910
	-----	-----
Total Liabilities	198,376	196,456
	-----	-----
Minority Interest	9,144	9,244
	-----	-----

Shareholders' Equity:

Common shares, \$.001 par value, authorized 50,000,000 shares, issued and outstanding 8,554,177 shares, respectively	9	9
Additional paid-in capital	51,073	51,073
Deficit	(2,815)	(2,282)
	-----	-----
Total Shareholders' Equity	48,267	48,800
	-----	-----
	\$255,787	\$254,500
	=====	=====

See accompanying notes



MARK CENTERS TRUST  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997  
(in thousands, except per share amounts)

	March 31, 1998	March 31, 1997
	(unaudited)	
Revenue:		
Minimum rents	\$8,464	\$ 8,444
Percentage rents	565	684
Expense reimbursements	1,753	1,777
Other	169	219
	-----	-----
Total revenue	10,951	11,124
	-----	-----
Operating Expenses:		
Property operating	2,292	2,563
Real estate taxes	1,428	1,439
Depreciation and amortization	3,473	3,324
General and administrative	456	537
	-----	-----
Total operating expenses	7,649	7,863
	-----	-----
Operating income	3,302	3,261
Loss on sale of property	--	12
Interest expense	3,923	3,736
	-----	-----
Loss before minority interest	(621)	(487)
Minority interest	88	71
	-----	-----
Net loss	\$ (533)	\$ (416)
	=====	=====
Basic and diluted net loss per common share	\$ (.06)	\$ (.05)
	=====	=====

See accompanying notes

MARK CENTERS TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997  
(in thousands)

	March 31, 1998	March 31, 1997 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (533)	\$ (416)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of leasing costs	3,328	3,175
Amortization of deferred financing costs	145	149
Minority interest	(88)	(71)
Provision for bad debts	310	88
Loss on sale of property	--	12
	-----	-----
	3,162	2,937
<b>Changes in assets and liabilities:</b>		
Rents receivable	387	1,025
Prepaid expenses	119	140
Due from related parties	(29)	43
Other assets	20	(191)
Accounts payable and accrued expenses	(164)	(37)
Other liabilities	(281)	(32)
	-----	-----
Net cash provided by operating activities	3,214	3,885
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditures for real estate and improvements, inclusive of payables related to construction activity	(3,810)	(5,340)
Net proceeds from sale of property	--	1,288
Payment of deferred leasing charges	(451)	(64)
	-----	-----
Net cash used in investing activities	(4,261)	(4,116)
	-----	-----

CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgages	(702)	(10,849)
Proceeds received on mortgage notes	1,999	23,000
Net funding of escrows	(681)	(3,159)
Payment of deferred financing costs	(87)	(884)
Dividends paid	--	(3,078)
Distributions paid to Principal Shareholder	(12)	(602)
	-----	-----
Net cash provided by financing activities	517	4,428
	-----	-----

(DECREASE) INCREASE IN CASH AND		
CASH EQUIVALENTS	(530)	4,197
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,287	3,912
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 757	\$ 8,109
	=====	=====

Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest, net of amounts capitalized of \$168 and \$112, respectively	\$ 3,509	\$ 3,791
	=====	=====

See accompanying notes



MARK CENTERS TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands, except per share amounts)

1. THE COMPANY

Mark Centers Trust (the "Company") currently owns and operates thirty-nine properties consisting of thirty-four neighborhood and community shopping centers, three enclosed malls and two mixed use (retail/office) properties. All of the Company's assets are held by, and all of its operations are conducted through Mark Centers Limited Partnership, (the "Operating Partnership") and its majority owned partnerships. As of March 31, 1998, the Company controlled 84% of the Operating Partnership as the sole general partner. The Company will at all times be the sole general partner of, and owner of a 51% or greater interest in, the Operating Partnership. Marvin L. Slomowitz (the "Principal Shareholder"), who is the principal limited partner of the Operating Partnership, owns in excess of 99% of the minority interest in the Operating Partnership. The Company is operating as a real estate investment trust ("REIT") for federal income tax purposes. On April 15, 1998 the Company entered into a Contribution and Share Purchase Agreement which will provide additional properties and capital to the Company (Note 8).

2. BASIS OF PRESENTATION

The consolidated financial statements include the consolidated accounts of the Company and its majority owned partnerships, including the Operating Partnership, and have been prepared in accordance with generally accepted accounting principles for interim financial information and with instruction to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The information furnished in the accompanying consolidated financial statements reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the aforementioned consolidated financial statements for the interim periods. Operating results for the three month period ended March 31, 1998 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 1998. For further information, refer to the consolidated financial statements and accompanying footnotes included in the Company's Annual Report on Forms 10-K and 10-K/A for the year ended December 31, 1997.

MARK CENTERS TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands, except per share amounts)

3. SHAREHOLDERS' EQUITY AND MINORITY INTEREST

The following table summarizes the change in the shareholders' equity and minority interest since December 31, 1997:

	Shareholders' Equity	Minority Interest
Balance at December 31, 1997	\$48,800	\$ 9,244
Net loss for the period January 1 through March 31, 1998	(533)	(88)
Distributions to Principal Shareholder	--	(12)
	-----	-----
Balance at March 31, 1998	\$48,267	\$ 9,144
	=====	=====

4. RELATED PARTY TRANSACTIONS

As of March 31, 1998 amounts due from related parties consisted of the following:

Accrued ground rent due from Blackman Plaza Partners (a limited partnership in which the Principal Shareholder is a 1% general partner)		\$ 205
Other amounts (net) due from Principal Shareholder		1
		-----
		\$ 206
		=====

On January 7, 1998, the Company exercised its option to purchase Blackman Plaza Partners' interests in the Blackman Plaza with a closing date anticipated to occur during fiscal 1998.

On March 16, 1998, the Company and the Principal Shareholder agreed to terminate the option to purchase certain land owned by the Principal Shareholder in Lewisburg, Pennsylvania.

5. MORTGAGE LOANS

On January 28, 1998, the Company completed a closing on a construction loan with Royal Bank of Pennsylvania in the maximum amount of \$3,500. The loan, which is secured by one of the Company's properties, requires monthly payments of interest only at the lender's prime rate plus 150 basis points and matures in February 1999 with additional extension periods through February 2000.

MARK CENTERS TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands, except per share amounts)

MORTGAGE LOANS, continued

On March 24, 1998, the Company completed an amendment and extension of its existing agreement with Mellon Bank, N.A. which extended the maturity date to July 2, 1998 and established minimum monthly payments of the greater of (a) actual net operating income from the collateral property or (b) \$50 plus interest at the current rate of LIBOR plus 200 basis points.

6. PER SHARE DATA

Basic earnings per share was determined by dividing net loss applicable to common shareholders by the weighted average number of common shares of beneficial interest ("Common Shares") outstanding during each period consistent with the guidelines of the Financial Accounting Standards Board Statement No. 128. The weighted average number of Common Shares for the three months ended March 31, 1998 and 1997 totalled 8,544,177 and 8,548,817, respectively. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted into Common Shares or resulted in the issuance of Common Shares that then shared in the earnings of the Company. For the three months ended March 31, 1998 and 1997, no additional Common Shares were reflected as the impact would be anti-dilutive due to the net loss in each period.

7. TENANT LEASES

On January 31, 1998, the Company entered into an agreement with Pharmhouse Corp. (the "Tenant") to settle certain litigation. During 1997, the Tenant had obtained an injunction against the installation of Walmart in the Ledgewood Mall based on certain exclusive use provisions within the Tenant's lease. The Company paid \$200 to the Tenant on May 1, 1998 and has further agreed, pursuant to the agreement as modified May 1, 1998, to pay the Tenant \$1,525 on or before May 31, 1998, amend certain terms of the Tenant's lease including rent and the lease expiration date, and withdraw its appeal of this case in return for the Tenant's withdrawal of all legal actions against the installation of Walmart at the mall. The total of \$1,725 is reflected in deferred charges as of March 31, 1998 in the accompanying financial statements.

#### 8. SUBSEQUENT EVENTS

On April 15, 1998 the Company entered into a Contribution and Share Purchase Agreement (the "Agreement") which will provide additional properties and capital to the Company. Subject to the satisfaction of all conditions to the transaction, including approval by the Company's shareholders at a meeting expected to be held during the third quarter of 1998, the Company, through Mark Centers Limited Partnership, a Delaware limited partnership through which the Company conducts substantially all of its activities, and in exchange for approximately 11.3 million Operating Partnership Units, will acquire substantially all of the ownership interests in twelve retail shopping centers, five multi-family apartment complexes, certain third party management contracts and promissory notes owned by real estate investment partnerships and related entities in which RD Capital, Inc., a Delaware corporation ("RD Capital"), or its affiliates serves as the general partner or in another similar management capacity. In addition, the Company will also receive a cash investment of \$100 million from affiliates of RD Capital in exchange for approximately 13.3 million newly issued common shares of beneficial interest valued at a price of \$7.50 per share. The Agreement also provides that Ross Dworman and Kenneth Bernstein of RD Capital will become Chairman of the Board and Chief Executive Officer and President of the Company, respectively. Mr. Marvin Slomowitz, the current Chairman of the Board and Chief Executive Officer, will remain as a board member and as a consultant to the Company. The two new executives will serve on the board together with two independent designees of RD Capital and two independent designees (in addition to Mr. Slomowitz) of the existing board. The Company will change its name to Acadia Realty Trust effective upon the closing of the transaction. The transaction is subject to evidence of the receipt by RD Capital of the necessary funds to make the cash investment and the completion of closing. The transaction is a complex one involving many parties and there can be no assurance that the closing on this transaction will be completed. The Company has incurred costs totalling \$530 related to this transaction as of March 31, 1998 which are reflected in deferred charges in the accompanying financial statements.

On April 1, 1998, the Company completed an amendment with Fleet National Bank which extended to June 15, 1998 the maturity of a standby letter of credit in the amount of \$1.7 million.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is based on the consolidated financial statements of Mark Centers Trust (the "Company") as of March 31, 1998 and 1997 and for the three months then ended. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Certain statements made in this report may constitute "forward-looking statements" within the meaning of federal securities laws. Such statements are inherently subject to risk and uncertainties which may cause the actual results to differ materially from the future results implied by such forward-looking statements. Factors which might cause such differences include general economic conditions, adverse changes in the real estate markets in general and in the geographic regions in which the Company's properties are located, changes in interest rates, potential bankruptcy of tenants and environmental requirements.

### RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 1998 ("1998") to Three Months Ended March 31, 1997 ("1997")

Total revenue decreased \$173,000, or 2%, to \$11.0 million for 1998 compared to \$11.1 million for 1997.

In total, minimum rents were essentially constant at \$8.5 million for 1998 and 1997. Minimum rents increased at certain centers in 1998 following the re-tenanting of various space at increased market rates as well as the effect of Stern's at the Ledgewood Mall reverting to paying minimum rent of \$138,000 in 1998. During 1997, Stern's was paying percentage rent in lieu of minimum rent pursuant to anchor cotenancy requirements with Jamesway which vacated the Ledgewood Mall in 1996. These increases were offset by the \$141,000 effect of the State of Alabama Department of Public Health vacating its leased space at the Normandale Mall following the expiration of its leases in April 1997, the \$32,000 effect of the sale of the Newberry Plaza in March 1997 and the \$48,000 effect of Bruno's vacating its 48,000 square feet at the Martintown Plaza following its Chapter 11 bankruptcy filing on January 2, 1998. On March 31, 1998, the Company signed a lease with Office Depot, Inc. for 30,000 square feet of this space at a higher per square foot rent and is engaged in re-leasing efforts for the balance of the space.

RESULTS OF OPERATIONS, continued

Percentage rents decreased \$119,000, or 17%, to \$565,000 for 1998 compared to \$684,000 for 1997. The decrease was primarily the result of Stern's at the Ledgewood Mall paying minimum rent rather than percentage rent in 1998 as discussed above.

Other income decreased \$50,000 for 1998 primarily as a result of a decrease in interest earning assets.

Total operating expenses of \$7.6 million for 1998 decreased \$214,000, or 3%, from \$7.9 million for 1997.

Property operating expenses decreased \$271,000 for 1998 compared to 1997 primarily due to a \$287,000 decrease in winter related expenses following the comparatively mild weather experienced in the Northeast in 1998.

Depreciation and amortization increased \$149,000 for 1998 primarily due to the Company's property development and expansion activities.

General and administrative expenses decreased \$81,000 for 1998 primarily as a result of lower salaries expense and certain professional fees.

Interest expense of \$3.9 million for 1998 increased \$187,000, or 5%, from \$3.7 million for 1997 primarily as a result of higher average outstanding borrowings related to increased property development and expansion activities.

As a result of the foregoing, the net loss for 1998 increased \$117,000 to a loss of \$533,000 from a loss of \$416,000 for 1997.

Funds from Operations

The Company, along with most industry analysts, consider funds from operations("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT")as an appropriate supplemental measure of operating performance. However, FFO does not represent cash generated from operations as defined by generally accepted accounting principles and is not indicative of cash available to fund cash needs. It should not be considered as an alternative to net income for the purpose of evaluating the Company's performance or to cash flows as a measure of liquidity. Generally, NAREIT defines FFO as net income (loss) before gains (losses) on sales of property, non-recurring charges and extraordinary items, adjusted for certain non-cash charges, primarily depreciation and amortization of capitalized leasing costs.

FUNDS FROM OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1997  
(in thousands, except per share data)

	March 31, 1998	March 31, 1997
Revenue		
Minimum rents (a)	\$ 8,407	\$ 8,349
Percentage rents	565	684
Expense reimbursements	1,753	1,777
Other	169	219
	-----	-----
Total revenue	10,894	11,029
	-----	-----
Expenses		
Property operating (b)	2,262	2,553
Real estate taxes	1,428	1,439
General and administrative	447	531
	-----	-----
Total operating expenses	4,137	4,523
	-----	-----
Operating income	6,757	6,506
Interest expense	3,923	3,736
Amortization of deferred financing costs	145	149
Depreciation of non-real estate assets	47	52
	-----	-----
Funds from operations	\$ 2,642	\$ 2,569
	=====	=====
Funds from operations per share (c)	\$ 0.26	\$ 0.25
	=====	=====

	March 31, 1998	March 31, 1997
Funds from operations above	\$ 2,642	\$ 2,569
Depreciation of real estate and amortization of leasing costs	(3,281)	(3,123)
Straight-line rents and related write-offs, (net)	29	94
Minority interest	88	71
Loss on sale of property	--	(12)
Other non-cash adjustments	(11)	(15)
	-----	-----
Net loss	\$ (533)	\$ (416)
	=====	=====
Net loss per share (d)	\$ (0.06)	\$ (0.05)
	=====	=====

- (a) Excludes income from straight-lining of rents.
- (b) Represents all expenses other than depreciation, amortization, write-off of unbilled rent receivables recognized on a straight-line basis and the non-cash charge for compensation expense related to the Company's restricted share plan.
- (c) Assumes full conversion of 1,623,000 OP Units into common shares of the Company for the three months ended March 31, 1998 and 1997, respectively, for a total of 10,177,177 and 10,171,817 shares, respectively.
- (d) Net loss per share (basic and diluted) is computed based on the weighted average number of shares outstanding for the three months ended March 31, 1998 and 1997 of 8,554,177 and 8,548,817, respectively.



## LIQUIDITY AND CAPITAL RESOURCES

As previously disclosed in a current report on Form 8-K filed on April 20, 1998, and as discussed in Note 8 in the accompanying financial statements, the Company has entered into a Contribution and Share Purchase Agreement with certain real estate investment partnerships and related entities in which R.D. Capital, ("RDC") or certain of its affiliates serves as the general partner or in another similar management capacity, which will provide additional properties and capital to the Company. Consummation of the transaction is subject to the satisfaction of a number of conditions, including, but not limited to approval by the Company's shareholders. If the transaction is completed as anticipated, the Company's liquidity and capital resources would be significantly impacted.

Pursuant to the terms of the Agreement, the Company has agreed, among other things, not to declare or pay a dividend until the closing of the RDC transaction. After closing, the newly reconstituted Board of Trustees will reassess the Company's dividend policy in light of the new Company's REIT distribution requirements, cash flow and prospects.

On January 28, 1998, the Company completed a closing on a construction loan with Royal Bank of Pennsylvania in the maximum amount of \$3.5 million. The loan, which is secured by one of the Company's properties, requires monthly payment of interest only at the lender's prime rate plus 150 basis points and matures in February 1999 with additional extension periods through February 2000.

On March 24, 1998, the Company completed an amendment to and extension of its existing agreement with Mellon Bank, N.A. which extended the maturity date to July 2, 1998 and established minimum monthly payments equal to the greater of (a) actual net operating income from the collateral property or (b) \$50,000 plus interest at the current rate of LIBOR plus 200 basis points.

On April 1, 1998, the Company completed an amendment with Fleet National Bank which extended to June 15, 1998 the maturity of a Standby Letter of Credit in the amount of \$1.7 million.

At March 31, 1998, the Company's capitalization consisted of \$185.2 million of debt and \$91.0 million of market equity.

As of March 31, 1998 interest on the Company's mortgage indebtedness ranged from 7.7% to 10.0% with maturities that ranged from July 1998 to November 2021. Of the total outstanding

Liquidity and Capital Resources, continued

debt, \$173.8 million, or 94%, was carried at fixed interest rates and the remaining \$11.4 million, or 6%, carried at variable rates. Of the total outstanding debt, \$99.5 million will become due by 2000, with scheduled maturities of \$2.5 million in 1998, \$2.1 million in 1999 and \$94.9 million in 2000. As the Company does not anticipate having sufficient cash on hand to repay such indebtedness, it will need to refinance this indebtedness or select other alternatives based on market conditions at that time. The Company believes that the current loan-to-value ratios on the collateral properties are at levels which would allow it to fully refinance these loans on commercially competitive terms.

Historically, the principal sources for funding operations, renovations, expansion, development and acquisitions have been funds from operations, construction and permanent secured debt financings, as well as short term construction and line of credit borrowings from various lenders. The Company anticipates that cash flow from operating activities will continue to provide adequate capital for all debt service payments, recurring capital expenditures and REIT distribution requirements. Consistent with past practice, the Company anticipates that it will obtain construction financing related to its capital outlays for certain property development, property expansion and tenant improvements. However, the Company may experience a cash shortfall in 1998, in the absence of consummating the proposed RDC transaction, if there are delays in obtaining construction financing to fund its anticipated capital outlays. Any delays in construction financing will increase the Company's short term reliance on cash from operations to meet these commitments.

The Company currently estimates that capital outlays of approximately \$9.2 million will be required for tenant improvements, related renovations and other property improvements primarily as a result of executed leases under which the Company expects tenants to commence occupancy during the next 12 months. Of this amount, approximately \$3.1 million will be provided through existing construction financing. In addition, the Company has entered into an agreement whereby it has agreed to pay a tenant \$1.5 million by May 31, 1998 to settle certain litigation as discussed in Note 7 to the accompanying financial statements. Although it has not yet received final commitment, the Company has signed a term sheet to obtain \$20.7 million in short-term financing which will be secured by four of the Company's properties, of which approximately \$10.9 million will be used to refinance existing debt and pay for transaction costs,

Liquidity and Capital Resources, continued  
approximately \$7.8 million will be used for working capital and \$2.0 million will be held in escrow relating to certain reserves. The Company intends on repaying this loan with the cash to be invested by affiliates of RD Capital following the closing of the RDC transaction. Final commitment from the lender is contingent upon the satisfaction of various conditions including completion of confirmatory due diligence on the collateral properties. While there can be no assurance that this transaction will be completed, the Company believes it will be concluded in an orderly fashion to meet the Company's capital needs. The Company's inability to complete this financing or obtain alternative sources of capital would have an adverse effect on the Company's ability to fund current tenant installation activity.

#### HISTORICAL CASH FLOW

The following discussion of historical cash flow compares the Company's cash flow for the three months ended March 31, 1998 ("1998") with the Company's cash flow for the three months ended March 31, 1997 ("1997").

Net cash provided by operating activities decreased from \$3.9 million for 1997 to \$3.2 million for 1998. This variance was primarily attributable to a \$896,000 decrease in cash provided from changes in operating assets and liabilities (primarily accounts receivable) for 1998.

Investing activities used \$4.3 million during 1998, a \$145,000 increase in cash used compared to \$4.1 million used during 1997. \$1.5 million in additional cash was used in 1997 for property development, expansion and retenanting activities (including the payment of accounts payable related thereto). The Company received \$1.3 million in sales proceeds in 1997 related to the sale of the Newberry Plaza. Cash used for deferred leasing costs associated with the Company's leasing activities increased by \$387,000 for 1998.

Net cash provided by financing activities was \$517,000 for 1998 representing a \$3.9 million decrease compared to \$4.4 million provided during 1997. A \$8.4 million net decrease in funds provided by mortgage financing activities in 1998 was partially offset by a \$3.7 million reduction in dividends and distributions paid in 1998.

#### INFLATION

The Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation on the Company's net income. Such provisions include clauses enabling the Company to receive percentage rents based on tenants' gross sales, which generally increase as prices rise, and/or, in certain cases, escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses are often related to increases in the consumer price index or similar inflation indexes. In addition, many of the Company's leases are for terms of less than ten years, which permits the Company to seek to increase rents upon re-rental at market rates if rents are below the then existing market rates. Most of the Company's leases require the tenants to pay their share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings  
None

Item 2. Changes in Securities  
None

Item 3. Defaults Upon Senior Securities  
None

Item 4. Submission of Matters to a Vote of Security Holders  
None

Item 5. Other Information  
None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.3(f) Second Amended and Restated Assumption Extension and Loan Agreement between the Company and Fleet National Bank

27 Financial Data Schedule (EDGAR filing only)

(b) Reports on Form 8-K

A Form 8-K filed on April 20, 1998. Under Item 5 - Other Events, the Company reported that it had entered into a Contribution and Share Purchase Agreement with RD Capital, Inc. and certain of its affiliates. In addition, under Item 7 - Financial Statements and Exhibits, the Company included a copy of the Contribution and Share Purchase Agreement and a press release announcing the agreement.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARK CENTERS TRUST

By: /s/ Marvin L. Slomowitz  
Marvin L. Slomowitz  
Chief Executive Officer and  
Trustee (Principal Executive  
Officer)

/s/ Joshua Kane  
Joshua Kane  
Senior Vice President  
Chief Financial Officer and  
Treasurer (Principal Financial  
and Accounting Officer)

Date: May 15, 1998

INDEX OF EXHIBITS

- 10.3(f) Second Amended and Restated Assumption Extension and Loan Agreement between the Company and Fleet National Bank
- 27 Financial Data Schedule (EDGAR filing only)

5  
0000899629  
MARK CENTERS TRUST  
1,000

	DEC-31-1998	JAN-01-1998	MAR-31-1998
			757
		0	
	5,380		
	1,275		
	0		
	0		
		311,541	
	83,104		
	255,787		
	0		
		185,240	
	0		
		0	
			9
		48,258	
255,787			0
	10,951		
			0
	7,649		
	0		
	0		
	3,923		
		0	
	(533)		
	0		
	0		
			0
	(533)		
	(.06)		
	(.06)		



SECOND AMENDED AND RESTATED  
ASSUMPTION, EXTENSION AND LOAN AGREEMENT

This Agreement (as from time to time amended and in effect, the Agreement ) is made as of April 1, 1998 by and among Fleet National Bank, a national banking association, with a place of business at 75 State Street, Boston Massachusetts (the Lender ), Mark Centers Limited Partnership, a Delaware limited partnership, with a place of business at 600 Third Avenue, Kingston, Pennsylvania 18704 (the Borrower ), and Mark Centers Trust, a Maryland real estate investment trust, with a place of business at 600 Third Avenue, Kingston, Pennsylvania 18704 (the REIT ).

1. Definitions. Certain terms are used in this Agreement as specifically defined herein. These definitions are set forth or referred to in Section 12. hereof.

2. Recitals; Reference to Agreements, Instruments, Etc. Marvin L. Slomowitz obtained certain loans from Bank of New England, N.A. ( BNE ) which are now held by the Lender as assignee of Fleet Bank of Massachusetts, N.A. ( Fleet-Mass ), which was the assignee of the Federal Deposit Insurance Corporation (in its corporate and any receivership or other capacity, the FDIC ) as receiver of New Bank of New England, N.A. ( NBNE ), as assignee of the FDIC as receiver of BNE. Such loans are evidenced, secured and otherwise affected by the Existing Loan Documents as amended and in effect on the date hereof and are referred to herein collectively as the Existing Loan .

2.1. Existing Loan Documents. The Borrower, the REIT, and the Lender and its predecessors in interest have entered into the following instruments and agreements, each as amended from time to time, and each of which shall be included within the definition of the term Existing Loan Documents :

2.1.1. First Amended and Restated Assumption, Extension and Loan Agreement. The First Amended and Restated Assumption, Extension and Loan Agreement dated as of May 30, 1995, as amended by Amendment Number One to First Amended and Restated Assumption Extension and Loan Agreement dated as of December 6, 1995, by Amendment Number Two to First Amendment and Restated Assumption, Extension and Loan Agreement dated October 21, 1996, by letter agreement dated February 27, 1997 from the Lender to the Borrower, and Amendment Number Three to First Amendment and Restated Extension and Loan Agreement dated May 16, 1997 shall be referred to herein as the Existing Agreement :

2.1.2. Consolidated Note and Standby Letters of Credit. The following Application and Agreement for Standby Letter of Credit, and Standby Letter of Credit shall collectively be referred to herein as SBLC :

(a) Application and Agreement for Standby Letter of Credit No. RS1034937 dated March 27, 1995 from the Borrower to the Lender; and

(b) Standby Letter of Credit No. RS1034937 dated March 30, 1995 from the Lender to John Hancock Mutual Life Insurance Company ( Hancock ) in the amount of \$1,740,000 ( Letter of Credit ).

2.1.3. Existing Letter of Credit Drawing Agreements. The following letter of credit drawing agreements shall be referred to herein as the Existing L/C Drawing Agreement :

(a) Letter of Credit Drawing Agreement (Ledgewood) dated March 29, 1995 between the Borrower and Hancock, as assigned by the Borrower to the Lender pursuant to that certain Assignment of Rights dated as of March 30, 1995.

2.2 Existing Loan Indebtedness. The Borrower and Lender hereby acknowledge and agree that as of the date hereof, the aggregate principal amount of the SBLC issued by the Lender on behalf of the Borrower (the Present Committed Principal ) is \$1,740,000 pursuant to SBLC No. RS1034937.

2.3. Amendment and Restatement. The Borrower has requested that the Lender enter into this Agreement in order to extend the Existing Agreement and the outstanding SBLC. Subject to all of the terms and conditions hereof, the Lender is willing to enter into this Agreement and the other instruments and agreements contemplated hereby.

3. Maximum Loan Amount. In consideration of all of the terms and conditions hereof, and the instruments and agreements contemplated hereby, the Lender agrees to amend and restate the Existing Agreement and extend the SBLC. The maximum amount outstanding under the SBLC, at any time (the Outstanding Principal ), shall not exceed \$1,740,000 (the Maximum Loan Amount ). The Indebtedness due under the SBLC is referred to herein collectively as (the Loan ).

The amount available under the SBLC shall be the Committed Principal . The date of the Amendment Closing is referred to herein as the Amendment Closing Date .

4. Evidence of Indebtedness. The obligation of the Borrower to repay the Loan shall be evidenced by the SBLC and the Agreement. The Loan shall be payable and bear interest based on the Prime Rate plus the Applicable Spread and shall be payable on demand but in any event no later than June 15, 1998 (the Maturity Date ).

The SBLC shall be extended to a date not later than June 15, 1998 subject to the terms of this Agreement.

4.1. Disbursements and Certain Payments. All payments of principal and interest and any other payments due pursuant hereto shall be made in lawful money of the United States of America to the Lender at 75 Federal Street, Boston, Massachusetts 02109, or at such other place or places as the Lender may specify by notice to the Borrower, not later than 1:00 p.m., Boston time, on the day such payment is due or made. On the first day of each month, the Lender shall debit one or more of the regular deposit accounts of the Borrower with the Lender in an aggregate amount equal to the amount of interest, if any, payable on such date as set forth herein. In the event that the aggregate amount of all funds in such accounts of the Borrower is insufficient to pay the amount of such interest, the Borrower will, without notice, forthwith pay to the Lender in immediately available funds the amount of the deficiency.

4.2. Charges Against Account. Without limiting in any way any of the Lender s rights under the SBLC, the Borrower hereby acknowledges that the Lender is authorized, and the Borrower hereby authorizes the Lender, without notice to the Borrower, to charge under the SBLC any accounts of the Borrower with the Lender, including the Cash Collateral Account, (hereinafter defined) to fund, or reimburse, drafts under the SBLC.

4.3 Additional Collateral - Cash Collateral. With the execution of said Amendment Number Three To First Amended and Restated Assumption, Extension, and Loan Agreement, the Borrower deposited with the Lender to be held in escrow pursuant to the terms of said Agreement, a cash deposit in the initial amount of \$1,740,000 (defined in said Agreement as the Wal-Mart Escrow Fund ) to be held in a separate account (defined in said Agreement as the Wal-Mart Escrow Account ). From and after the date of this amendment the Wal-Mart Escrow Fund shall be used

only as cash collateral for the payment or reimbursement of drafts under the SBLC and the Wal-Mart Escrow Fund shall become and be known as the Cash Collateral Fund and Wal-Mart Escrow Account shall become and be known as the Cash Collateral Account . The Cash Collateral Account is currently Premium Master Fund Account No. 94019-40264 located at the Lender s place of business in Boston, Massachusetts.

4.4 Grant of Security Interest. The Borrower hereby confirms its pledge, assignment and grant to Lender in the Existing Agreement, and hereby pledges, assigns and grants to Lender, as security for the prompt observance and performance by Borrower of all other terms, conditions and provisions of the Agreement and the Loan Documents on the Borrower s part to be observed and performed, all of Borrower s right, title, and interest in and to the Cash Collateral Fund and the Cash Collateral Account (collectively, the Collateral ), and Borrower confirms and agrees that Lender shall have, and hereby grants to the Lender, a security interest (as defined in the Uniform Commercial Code) in, and a banker s lien and first lien on and right of set-off against, the Collateral, together with all of Borrower s rights to receive principal thereof, all interest thereon, and all of Borrower s other rights as holder and owner of the Collateral, and any and all of Borrower s rights, title and interests in and to any certificate, instrument, deposit account or other evidence of any of the foregoing, and together with any and all renewals, extensions, roll-overs or replacements thereof, and the proceeds of any of the foregoing. In addition, the Borrower hereby confirms that it shall not further pledge, assign or grant any security interest in the Collateral or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

Upon an Event of Default, in addition to the rights and remedies in this Agreement, at Lender s option, Lender shall be entitled to exercise all rights and remedies available to it under the Uniform Commercial Code of the Commonwealth of Massachusetts.

The Borrower (a) shall execute any instruments or take any steps required by Lender in order that notice of the security interest confirmed or granted and assigned by Borrower to Lender under this Agreement shall be given to all appropriate parties and/or as may be required to enable Lender to enforce its rights under this Agreement, (b) shall execute, at the request of Lender, all UCC-1 Financing Statements and other instruments and

documents required by Lender to perfect the security interest intended to be created under this Agreement.

In addition to any other rights and remedies of a secured party under the Massachusetts Uniform Commercial Code which may be exercised by Lender, the Lender shall have the immediate and unrestricted right to liquidate, set-off and apply the full amount of the Collateral, including accrued interest thereon, to payment or reimbursement of drafts under the SBLC, without first being required to enforce any other rights of Lender against the Borrower.

5. INTENTIONALLY OMITTED.

6. Conditions. The Amendment Closing and the Lender's obligation hereunder shall be subject to the Borrower's compliance with all of their respective agreements herein contained and to the satisfaction, at or before the Amendment Closing of the following further conditions:

6.1. Loan Documents. The following Loan Documents shall have been duly executed and delivered by the parties thereto and shall be in full force and effect:

(a) Such financing statements and/or amendments thereto as the Lender shall from time to time request in order to perfect the security interests granted by the Security Documents.

(b) Such other documents as the Lender shall request to accomplish the transactions contemplated by this Agreement.

6.2. Representations and Warranties. The representations and warranties of the Borrower and the REIT contained in each of the Loan Documents, including without limitation in Section 7. of this Agreement, shall be true and correct as though made on and as of the Amendment Closing Date and shall continue true and correct until the Maturity Date.

6.3. No Default. On the Amendment Closing Date and until the Maturity Date, no Default shall have occurred, or shall exist.

6.4. Legal Opinions. On the Amendment Closing Date as the Lender shall request, the Borrower shall have delivered to the Lender an opinion or opinions in form satisfactory to the Lender of counsel approved by the Lender:

(a) as to the Borrower and the REIT, the validity and enforceability of the Loan Documents and the transactions contemplated thereby, certain diligence issues and such other matters as the Lender shall request.

6.5. No Change. Since the date of any financial statements of the Borrower or the REIT furnished to the Lender in accordance with the Existing Agreement, no Material Adverse Change shall have occurred.

6.6. Legality, Etc. This Agreement and the Transactions contemplated hereby shall not be prohibited by any law or governmental order or regulation applicable to the Borrower, and all necessary consents, approvals and authorizations of any governmental or administrative agency or any other Person to or of any of the transactions contemplated hereby shall have been obtained and shall be in full force and effect.

6.7. General. All instruments and legal, corporate, trust and partnership proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Lender and the Lender shall have received copies of all documents, including records of corporate, trust and partnership proceedings and opinions of counsel, which the Lender may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper corporate, trust, partnership or governmental authorities.

7. Representations and Warranties. Each of the Borrower and the REIT hereby represents and warrants to the Lender as follows:

7.1. Organization, Standing and Qualification.

7.1.1. Borrower. The Borrower is a duly organized and validly existing limited partnership in good standing under the laws of the State of Delaware with powers and authority for the making and performing this Agreement and any other existing Loan Document, for paying and performing the Secured Obligations, and for owning its properties and for the carrying on of the business now conducted or presently proposed to be conducted by the Borrower. Certified copies of all written rules, regulations, procedures and bylaws, and all other documents which relate to the governance or internal regulation of the Borrower, including the Borrower's Partnership Agreement, and all amendments thereto, or which are interpretative of the foregoing, have previously been delivered to the Lender and are true, accurate, complete and

correct as of the date hereof. The Borrower's Partnership Agreement or certificate of limited partnership has been filed or recorded in all places where required by law to be filed or recorded, all required notices of such filing or recording have been published, and all necessary filings with respect to the Borrower have been made under all fictitious name or similar statutes.

7.1.2. REIT. The REIT is the sole general partner of the Borrower. The REIT is a duly organized and validly existing real estate investment trust in good standing under the laws of the State of Maryland, with powers and authority for acting as general partner of the Borrower and the making and performing the Loan Document to which it is a party. Certified copies of the Declaration of Trust and all written rules, regulations, procedures and bylaws, and all other documents which relate to the governance or internal regulation of the REIT, or which are interpretative thereof, and all amendments to any of the foregoing, have previously been delivered to the Lender and are true, accurate, complete and correct as of the date hereof. The REIT's Declaration of Trust has been filed or recorded in places where required by law to be filed or recorded, all required notices of such filing or recording have been published, and all necessary filings with respect to the REIT have been made under all fictitious name or similar statutes. The beneficial interest of the REIT in the Borrower is subject to no Liens or restrictions on transfer (other than restrictions on transfer contained in this Agreement or any other Loan Documents).

7.1.3. Qualification, Etc. Each member of the REIT Group is duly and legally qualified or registered to do business as a foreign corporation, partnership or other organization and is in good standing in each state or jurisdiction where such qualification or registration is required, and is duly authorized, qualified, registered and licensed under all laws, regulations, ordinances or orders of public authorities or otherwise to carry on its business in the places and in the manner presently conducted.

7.2. Execution, Delivery and Effect of Documents. This Agreement and each of the Loan Documents has been duly executed and delivered by or on behalf of the Borrower and the REIT pursuant to authority legally adequate therefor, and this Agreement and each of the Loan Documents is in full force and effect, is a legal, valid and binding obligation of the parties thereto other than the Lender and is enforceable in accordance with its terms subject to applicable bankruptcy, reorganization,

insolvency, moratorium or similar laws and equitable principles affecting the enforcement of creditors' rights generally.

7.3. Changes in Condition. There has been no Material Adverse Change since the date of the Existing Agreement with respect to, (i) the Borrower, (ii) the REIT, or (iii) the REIT and its Subsidiaries (on a consolidated basis).

7.4. Litigation. There is no litigation, at law or in equity, or any proceeding before any federal, state or municipal board or other governmental or administrative agency, or arbitrator or other tribunal pending or to the knowledge of the Borrower threatened against, the Borrower or any member of the REIT Group which, in the aggregate, may involve any material risk of any material judgment or liability unless such judgment would be fully covered by insurance or, if not so covered by insurance, would not otherwise result in any Material Adverse Change or which seeks to enjoin the consummation of, or which questions the validity of, any of the transactions contemplated by this Agreement or any other Loan Document, and no judgment, decree or order of any court, board or other governmental or administrative agency or arbitrator or other tribunal has been issued against or binds the Borrower or any member of the REIT Group which has, or will have, any Material Adverse Effect.

7.5. Tax Returns. Each of the members of the REIT Group has filed all tax returns which are required to be filed and has paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to said returns or to assessments received except such taxes, if any, as are being contested in good faith and as to which adequate reserves, under GAAP, have been provided. No tax Liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of each such Person in respect of any taxes or other governmental charges are adequate.

7.6. No Legal Obstacle to Agreement. Neither the execution and delivery of this Agreement or of any other Loan Document, nor the making by the Borrower of any borrowings hereunder, nor the consummation of any transaction herein or therein referred to or contemplated hereby or thereby nor the fulfillment of the terms hereof or thereof or of any agreement or instrument referred to in this Agreement, has constituted or resulted in or will constitute or result in a breach of the provisions of any instrument or agreement to which any member of the REIT Group is a party or by which any of such Persons is subject or bound, or



the Borrower's Partnership Agreement, any certificate of limited partnership, the REIT's Declaration of Trust, the charter or by-laws of any such Person or the violation of any law, judgment, decree or governmental order, rule or regulation applicable to any such Person, or result in the creation under any agreement or instrument of any Lien upon any of the assets of any of such Persons. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, this Agreement or any of the Loan Documents.

7.7. Defaults. No member of the REIT Group is in breach or default under any provision of any applicable trust instrument, partnership agreement, certificate of limited partnership, charter or by-laws. No member of the REIT Group is in breach of or default under any provision of any agreement, lease or other instrument to which it is a party or by which it is bound or of any law, governmental order, rule or regulation, so as to have a Material Adverse Effect.

7.8. Compliance With Laws. Each member of the REIT Group has complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties (except that compliance with Environmental Laws shall be as set forth in Section 11. hereof) to the extent that the failure to so comply would cause a Material Adverse Change.

7.9. REIT Status. The REIT is a qualified real estate investment trust pursuant to Section 856 of the Internal Revenue Code and the REIT has complied with all applicable provisions of the Internal Revenue Code and the regulations promulgated pursuant thereto necessary to maintain its status as such a qualified real estate investment trust.

7.10. No Broker's Fee. Neither the execution and delivery of any Loan Document nor the execution of this Agreement will subject the Lender to any claim for a brokerage or finder's fee or commission, or to any similar charge.

7.11. Incorporation by Reference. The representations and warranties of the Borrower and the REIT contained in each of

the Loan Documents are true and correct, and such representations and warranties are hereby incorporated in this Agreement as though fully set forth herein.

7.12. Disclosure. Neither this Agreement nor any Loan Document or other agreement, document, certificate or statement furnished to the Lender by or on behalf of the Borrower or the REIT in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

8. Affirmative Covenants. Until the Secured Debt shall have been paid in full or the Letter of Credit has expired unutilized and so long as the Lender shall be bound by this Agreement, and without limiting the generality of any provisions of any other Loan Documents, each of the Borrower and the REIT hereby covenants and agrees with the Lender as follows:

8.1. Conduct of Business, Etc.

8.1.1. Business. Each member of the REIT Group will engage only in the businesses permitted by such Person's charter, by-laws, partnership, trust or other applicable governing instrument as in effect on the date hereof.

8.1.2. Maintenance of Properties, Etc. Each member of the REIT Group (i) will comply with all the terms and provisions contained in its organizational documents, and (ii) will do all things necessary to preserve, renew and keep in full force and effect and in good standing its partnership, corporate, trust or other existence and material qualifications and rights necessary or desirable in the ordinary conduct of its business.

8.1.3. Statutory Compliance. Each member of the REIT Group will comply with (i) all valid and applicable statutes, rules and regulations of the United States, of the States thereof and their counties, municipalities and other subdivisions and of any other jurisdiction applicable to it (except that compliance with Environmental Laws shall be as set forth in Section 11. hereof) and (ii) any judgment, order, court injunction, decree or demand of any court or any governmental authority by which it is bound or affected.

8.4. Bank Account. The Borrower will establish and maintain with the Lender an account or accounts in order to effectuate the payment mechanisms established pursuant to Section 4.2. hereof.

8.5. REIT Status. The REIT shall comply with all applicable provisions of the Internal Revenue Code and the regulations promulgated pursuant thereto necessary to maintain its status as a qualified real estate investment trust pursuant to Section 856 of the Internal Revenue Code.

8.6. Fiscal Year. Each of the Borrower and the REIT will maintain a fiscal year ending on December 31 of each year.

8.7. Estoppel Certificates. If and to the extent from time to time requested by the Lender, the Borrower and the REIT shall furnish to the Lender written statements, signed and, if so requested, acknowledged, setting forth the amount of the Secured Obligations which the Borrower and the REIT acknowledge to be due to the Lender, specifying any claims of offset or defense which the Borrower or the REIT asserts against the Secured Obligations or the REIT's guaranty thereof, and such other matters as the Lender shall request.

8.8. Financial Statements. The Borrower and each other member of the REIT Group will maintain systems of accounting in which complete entries will be made of all dealings and transactions of a financial nature in relation to their business and affairs in accordance with GAAP.

8.8.1. Annual Statements.

(i) There shall be furnished to the Lender as soon as available and in any event within 90 days after the end of each fiscal year of the REIT and its Subsidiaries, the consolidated and consolidating financial statements, including the balance sheet as at the end of such fiscal year and the statements of earnings and shareholder's equity and cash flows, of the REIT and its Subsidiaries. The consolidated financial statements described above shall be accompanied by reports or certificates of Ernst & Young or other independent certified public accountants satisfactory to the Lender, to the effect that such financial statements have been prepared in accordance with GAAP consistently applied and fairly present the financial condition of the Persons covered thereby at the dates thereof and the results of their operations for the periods covered thereby. The financial statements required by this Section 8.9.1.(i) shall also be accompanied by a certificate signed by the chief executive officer of the REIT that such signing officer has caused the provisions of this Agreement to be reviewed and has no knowledge of any Default, or if he has such knowledge, specifying such Default and the nature thereof, and what action the Borrower

has taken, is taking or proposes to take with respect thereto.

#### 8.8.2. Quarterly Statements.

(i) There shall be furnished to the Lender as soon as available and in any event within 45 days after the end of each of the fiscal quarters of the REIT and its Subsidiaries, the consolidated and consolidating financial statements, including the balance sheet as at the end of each such period and statements of earnings and shareholders' equity and cash flows for each such period of the REIT and its Subsidiaries. The financial statements referred to above shall be accompanied by (1) a certificate signed by the chief financial officer of the REIT to the effect that such financial statements have been properly prepared in accordance with GAAP consistently applied and fairly present the financial condition of the Persons covered thereby at the dates thereof and the results of their operations for the periods covered thereby, subject only to normal year-end audit adjustments, and (2) a certificate signed by the chief executive officer of the REIT that such signing officer has caused the provisions of this Agreement to be reviewed and has no knowledge of any Default, or if he has such knowledge, specifying such Default and the nature thereof, and what action the Borrower has taken, is taking or proposes to take with respect thereto.

#### 8.9. Other Information.

8.9.1. Material Litigation, Etc. The Borrower and the REIT will promptly give the Lender written notice of any litigation, arbitration or administrative proceeding to which the REIT, the Borrower or any of their Subsidiaries may hereafter become a party and which may result in any Material Adverse Change.

8.9.2. Defaults. Promptly upon acquiring knowledge thereof, the Borrower and the REIT will notify the Lender in writing of the existence of any Default and of any other development, financial or otherwise, which might have a Material Adverse Effect or the ability of the Borrower to repay the Secured Obligations, specifying the nature thereof and what action the Borrower and the REIT have taken, are taking or propose to take with respect thereto.

8.9.3. Reports to Stockholders, Etc. Promptly after the sending, making available or filing of the same, the REIT shall furnish to the Lender copies of all reports and financial statements which the REIT shall send or make available to its

stockholders, and all registration statements and all reports on Forms 8-K, 10-Q or 10-K or any similar form hereafter in use which the REIT shall file with the Securities and Exchange Commission.

8.9.4. Other Information. From time to time upon request of any authorized representative of the Lender, the Borrower and the REIT will furnish or cause to be furnished to the Lender such other information regarding the business, affairs and condition, financial or otherwise, of any member of the REIT Group or any Investment Affiliate as such representative may reasonably request.

8.9.5. Books and Records. The Lender's authorized representatives shall have the right during normal business hours to inspect any of the properties of any member of the REIT Group to examine the books and financial and other records of any such Person, to make copies, notes and abstracts therefrom, to make an independent examination or audit of its books and records for the purpose of verifying the accuracy of the reports delivered by the Borrower and the REIT pursuant to Section 8.9. hereof, this Section 8.10. or otherwise and ascertaining compliance with this Agreement and the other Loan Documents and to discuss the foregoing of each of the foregoing parties with, and to be advised as to the same by, their respective officers and other representatives at such times and intervals as the Lender may designate.

8.10. Further Assurances. Upon the Lender's request from time to time, the Borrower and the REIT will make, execute, acknowledge and deliver, and file and record, if applicable, all such instruments and take all such action as the Lender or counsel for the Lender may reasonably deem necessary or advisable to carry out the intent and purposes of this Agreement or any other document, instrument or agreement contained or referred to herein.

9. Negative Covenants. Until the Secured Debt shall have been paid in full or the Letter of Credit has expired unutilized and so long as the Lender shall be obligated under the Agreement, and without limiting the generality of any provisions of any other Loan Documents, each of the Borrower and the REIT hereby covenants and agrees with the Lender as follows:

9.1. Mergers and Consolidation. No member of the REIT Group will become a party to any merger or consolidation without the prior written consent of the Lender.

9.2. Amendments to Agreements. None of the parties to any of the documents, instruments and agreements referred to in Section 2.1.3. shall amend, modify or terminate any of such documents, instruments and agreements without in each case the prior written consent of the Lender.

10. INTENTIONALLY OMITTED.

11. Rights and Remedies of the Lender.

11.1. Events of Default. The occurrence of any one or more of the following events (each an Event of Default ) shall constitute a default under and breach of this Agreement:

11.1.1. The Borrower shall fail to make any payment in respect of amounts owed pursuant to or in connection with the SBLC, including fees; or

11.1.2. The Borrower and/or the REIT, as the case may be, shall fail to perform or observe or cause to be performed or observed any of the provisions of Sections 8.5., 8.8.1., 8.8.2., 8.9.3., 9.1. and 9.4. hereof; or

11.1.3. An Event of Default shall occur under the SBLC, or any Loan Document other than this Agreement; or

11.1.4. Any material representation or warranty made herein or in any Loan Document, including without limitation in any report, certificate, financial statement or other instrument furnished in connection with this Agreement, or any Loan Document, shall be untrue when made; or

11.1.5. The Borrower assigns this Agreement made or to be made hereunder or any interest therein, without the prior written consent of the Lender; or

11.1.6. Any failure to pay, observe or perform any obligation, Indebtedness, covenant or agreement, to or with the Lender to be paid, observed or performed on the part of any member of the REIT Group and such failure shall continue, without having been duly cured, waived or consented to, beyond the period of grace, if any, therein specified and, to the extent a period of grace is not therein specified, for a period of thirty (30) days; or

11.1.7. The REIT shall fail to maintain its status at any time as a qualified real estate investment trust pursuant to

11.1.8. The dissolution, termination, partial or complete liquidation, merger or consolidation of the Borrower or the REIT, or any sale, transfer or other disposition of assets of the Borrower other than as expressly permitted by the Loan Documents or otherwise with the prior written consent of the Lender; or

11.1.9. The Borrower or the REIT or any member of the REIT Group shall be involved in financial difficulties as evidenced by: (1) its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or its authorizing, by appropriate action or proceedings of partners, directors or other governing body, the commencement of such a voluntary case; (2) its filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to or acquiescing in the relief therein provided, or by its failing to controvert timely the material allegations of any such petition; (3) the entry of an order for relief in any involuntary case commenced under said Title 11; (4) its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief; (5) the entry of an order by a court of competent jurisdiction (i) finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial part of its property; or (6) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial part of its property; or

11.1.10. Failure to observe or perform any other covenant, condition or agreement, on the part of the Borrower or the REIT to be observed or performed pursuant to the terms of this Agreement, and such failure shall continue for a period of thirty (30) days after notice thereof given by the Lender to the Borrower.

11.2. Remedies. Upon the occurrence of any Event of Default, the Lender may at any time thereafter, at its option and without notice, exercise any or all of the following rights and

remedies:

(a) The Lender may terminate its obligations hereunder and/or declare the SBLC and the entire Secured Debt due and payable, and the SBLC and Secured Debt shall thereupon become and be immediately due and payable, anything in the Loan Documents to the contrary notwithstanding, and without presentation, protest or further demand or notice of any kind, all of which are expressly hereby waived by the Borrower. Notwithstanding and without limitation of the generality of the foregoing, upon the occurrence of an Event of Default under Section 11.1.9. hereof, the Lender's and the entire Secured Debt automatically shall become and be immediately so due and payable.

(b) The Lender may exercise any or all of the rights and remedies set forth in the other Loan Documents.

11.3. Power of Attorney. For the purposes of carrying out the provisions and exercising the rights, powers and privileges granted by or referred to in this Section 11., each of the Borrower and the REIT hereby irrevocably constitutes and appoints the Lender its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments and do and perform any acts which are referred to in this Section 11. in the name and on behalf of the Borrower and/or the REIT. The power vested in such attorney-in-fact is, and shall be deemed to be, coupled with an interest and irrevocable.

11.4. Remedies Cumulative. Upon the occurrence of any Event of Default, the rights, powers and privileges provided in this Section 11. and all other remedies available to the Lender under this Agreement or under any of the Loan Documents or at law or in equity may be exercised by the Lender at any time and from time to time and shall not constitute a waiver of any of the Lender's other rights or remedies thereunder, whether or not the Secured Debt shall be due and payable, and whether or not the Lender shall have instituted any foreclosure proceedings or other action for the enforcement of its rights under the Loan Documents.

11.5. Annulment of Defaults. An Event of Default shall not be deemed to be in existence for any purpose of this Agreement or any Loan Document if the Lender shall have waived such Event of Default in writing or stated that the same has been cured to its reasonable satisfaction, but no such waiver shall extend to or affect any subsequent Event of Default or impair any



of the rights of the Lender upon the occurrence thereof.

11.6. Waivers. Each of the Borrower and the REIT hereby waives to the extent not prohibited by applicable law (a) all presentments, demands for performance, notices of nonperformance (except to the extent required by the provisions hereof or of any other Loan Documents), protests and notices of dishonor, (b) any requirement of diligence or promptness on the Lender's part in the enforcement of its rights under the provisions of this Agreement or any Loan Document, and (c) any and all notices of every kind and description which may be required to be given by any statute or rule of law and any defense of any kind which the Borrower or the REIT may now or hereafter have with respect to its liability under this Agreement or under any Loan Document.

11.7. Course of Dealing, Etc. No course of dealing between the Borrower or the REIT and the Lender shall operate as a waiver of any of the Lender's rights under this Agreement or any Loan Document or with respect to any of the Secured Obligations. No delay or omission on the Lender's part in exercising any right under this Agreement or any Loan Document or with respect to any of the Secured Obligations, shall operate as a waiver of such right or any other right hereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding upon the Lender unless it is in writing and signed by the Lender. The making of a Readvance hereunder during the existence of a Default shall not constitute a waiver thereof.

12. Definitions. For the purposes of this Agreement, the following terms defined elsewhere in this Agreement in the Sections set forth below shall have the respective meanings therein defined:

TERM	DEFINITION
" Agreement"	Preamble
" BNE"	Section 2.
" Borrower"	Preamble
" Committed Principal"	Section 3.
" Event of Default"	Section 15.
" Existing Agreement"	Section 2.1.1.
" Existing L/C Drawing Agreement"	Section 2.1.3.
" Existing Loan"	Section 2.
" Existing Loan Documents"	Section 2.1.
" FDIC"	Section 2.

" Hancock"	Section 2.1.2.(b)
" Lender"	Preamble
" Letter of Credit"	Section 2.1.2(b)
" Loan"	Section 3.
" Maturity Date"	Section 4.2.
" Maximum Loan Amount"	Section 3.
" NBNE"	Section 2.
" Outstanding Principal"	Section 3.
" REIT"	Preamble
" SBLC"	Section 2.1.2.
" Wal-Mart Escrow Account"	Section 4.14.
" Wal-Mart Escrow Fund"	Section 4.14.

In addition, for purposes of this Agreement, the following terms shall have the respective meanings set forth below:

**Affiliate** means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with any member of the REIT Group. A Person shall be deemed to control another Person (i) if the controlling Person owns or has a right to convert interests into or otherwise acquire 10% or more of any class of voting securities of the controlled Person or (ii) possesses directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock or other equity securities, by contract or otherwise.

**Amendment Closing Date** means the date on which this Agreement is executed and delivered and the Amendment Closing occurs, but not later than April 15, 1998.

**Applicable Spread** shall mean with respect to a Prime Rate Readvance, one quarter of one percent (0.25%) per annum.

**Business Day** shall mean a day other than Saturday or Sunday on which banks are open for business in Providence.

**Default** shall mean any Event of Default under this Agreement or any other specified Loan Document and any event or condition which, with the giving of notice or the passage of time or both, would constitute such an Event of Default.

**Distribution** means with respect to any Person a declaration or making of any distribution of income or capital, issuance of any equity securities, retirement, redemption or other acquisition for value of any or all of its outstanding

securities, return of any capital, or contracting to do any of the foregoing.

Event of Default shall mean each of the events and conditions set forth in Section 11.1 hereof; provided that, as used with reference to any other Loan Document, such term shall mean an event or condition which constitutes a default under or breach of such Loan Document beyond the applicable grace period therein specified, if any.

GAAP shall mean generally accepted accounting principles as defined by the Financial Accounting Standards Board as from time to time in effect consistently applied.

Indebtedness of a Person shall include all obligations, contingent or otherwise, which in accordance with GAAP should be classified upon such Person's balance sheet as liabilities, but in any event including liabilities secured by any Lien existing on property owned or acquired by such Person or a Subsidiary thereof, whether or not the liability secured thereby shall have been assumed, all so-called capitalized lease obligations, obligations under Interest Rate Contracts (valued at the termination cost thereof), and all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others.

Internal Revenue Code means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

Lien means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, conditional sale or other title retention agreement, lessor's interest under a so-called capitalized lease or analogous instrument, in, of, or on any Person's assets or properties in favor of any Person.

Loan Documents shall include this Agreement, the SBLC, and each other present or future instrument or agreement evidencing, securing, guarantying or otherwise relating to any or all of the Secured Obligations or which is stated to be a Loan Document as defined in this Agreement, each as from time to time amended or modified, and all statements, reports and certificates delivered to the Lender by or on behalf of the Borrower, any member of the REIT Group or any other Person in connection herewith or therewith, including without limitation each such agreement, instrument, statement, report and certificate referred to in or delivered from time to time pursuant to Section 8.9. or 8.10. hereof.

Material Adverse Change shall mean a change which shall materially impair the business or assets or the condition, financial or otherwise, of , the Borrower, or the REIT on an individual basis, or of the members of the REIT Group on a consolidated basis.

Material Adverse Effect shall mean the effect caused by a Material Adverse Change.

Person means any natural person, corporation, firm, association, joint venture, partnership, trust, organization, enterprise, government or any department, political subdivision or agency thereof.

Prime Rate shall mean the interest rate announced by the Lender from time to time as its Prime Rate .

REIT Group shall mean the REIT and the Borrower and their respective Subsidiaries.

Secured Obligations shall mean (a) the payment and performance of all covenants and agreements contained in this Agreement, the SBLC, and each of the other Loan Documents, and (b) without limiting the generality of the foregoing, the payment of the Secured Debt, even if the aggregate amount of the Secured Debt outstanding at any one time exceeds the face amount of the SBLC.

Secured Debt shall include all Indebtedness, liabilities and amounts from time to time evidenced by the SBLC, and, to the extent permitted by law, all other Indebtedness and liabilities, direct or indirect, of the Borrower to the Lender due or to become due hereunder, or under any other Loan Document (including, without limitation, any future advances, disbursements, payments and reimbursements made, and charges, expenses and costs incurred by the Lender pursuant to the provisions of this Agreement, or any such other Loan Document).

Security shall mean all assets now or from time to time hereafter encumbered or subjected to a lien, security interest or charge (or intended or required so to be) pursuant to any other Security Document to secure any or all of the Secured Obligations.

Security Document shall include each present or future instrument or agreement securing any or all of the Secured Obligations.

Subsidiary of the Borrower or other specified Person shall mean any Person (i) of which the specified parent now or hereafter shall at any time own directly or indirectly through a Subsidiary at least 50% of the outstanding capital stock (or other equity interest) entitled to vote generally, or (ii) in which the Borrower or other such specified parent or any Subsidiary thereof shall at any time be a general partner or joint venturer.

Uniform Commercial Code shall mean the Uniform Commercial Code as enacted in Massachusetts and from time to time amended and in effect.

13. Expenses; Indemnity.

13.1. Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Borrower will bear, and from time to time upon the Lender's request will pay or reimburse the Lender for:

(a) all expenses in connection with the preparation, negotiation, execution and delivery of this Agreement and each other Loan Document and the transactions contemplated hereby and thereby and any amendment or modification hereof and thereof and operations hereunder and thereunder, and the granting, taking or releasing of any Security for any of the Secured Obligations, including without limitation reasonable attorney's fees of the Lender's counsel, charges for examining public records and charges of any construction consultant and all other professionals engaged by the Lender;

(b) all taxes, including recording and filing fees and transfer and similar taxes at any time payable in respect of this Agreement or any Loan Document or the granting, taking, perfecting or releasing of any Security;

(c) all other out-of-pocket expenses incurred by the Lender in respect of the granting, taking, perfecting, protecting or releasing of any Security; and

(d) all expenses incurred by the Lender or any holder of any Secured Obligations in connection with the enforcement of any rights hereunder or under any other Loan Document or with respect to any Security, including costs of collection and reasonable attorneys' fees.

13.2. Indemnity. The Borrower shall indemnify the Lender against and hold the Lender harmless from all claims, damages, loss and liability incurred or sustained by the Lender or asserted against the Lender, directly or indirectly, in connection with any of the following:

(a) any breach of any representation or warranty contained in any of the Loan Documents;

(b) any failure to pay, observe or perform any of the Borrower's obligations under any of the Loan Documents; or

(c) the existence of or the exercise of any of the Lender's rights with respect to any Security;

and any and all actions, suits, proceedings, assessments, judgments, costs and expenses, including reasonable attorney's fees, incident to any of the foregoing.

13.3. Survival. The covenants contained in this Section 13. shall survive the termination of this Agreement for any reason.

1. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be effective when mailed, postage prepaid, by registered or certified mail (return receipt requested), or when delivered to Federal Express or other overnight courier, delivery charges prepaid:

If to the Borrower  
or the REIT: 600 Third Avenue  
Kingston, Pennsylvania 18704  
Attn: Marvin L. Slomowitz  
and  
Joshua Kane

with a simultaneous  
copy to: Wachtel & Masyr  
110 East 59th Street  
New York, NY 10022  
Attn: Marvin J. Levine, Esquire

with a simultaneous copy, in the case of a notice of Default given by the Lender pursuant to Section 11.10. hereof based on a Default arising out of an act or omission of , to the trustees of the REIT set forth and at the addresses set forth on Schedule 2 hereto

If to the Lender: Fleet National Bank  
Mail Stop: MA/B0/F11C  
75 State Street  
Boston, Massachusetts 02109-1810  
Thomas T. Hanold, Vice President,  
Commercial Real Estate

with a simultaneous  
copy to: Peabody & Brown  
101 Federal Street  
Boston, MA 02110-1832  
Attn: Thomas Howard Brown, Esquire

or to such other address as any party may from time to time  
specify by like notice.

15. Survival of Representations, Warranties and Covenants.  
All covenants, agreements, representations and warranties made by  
or on behalf of the Borrower or the REIT herein or in any other  
Loan Document and in certificates delivered pursuant hereto or  
thereto shall be deemed to have been material and relied on by  
the Lender, notwithstanding any investigation made by the Lender  
or on its behalf, and shall survive the execution and delivery to  
the Lender hereof and thereof.

16. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE  
CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE  
CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW  
OF CONFLICTS) OF THE COMMONWEALTH OF MASSACHUSETTS, BUT GIVING  
EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANK.

17. CONSENT TO JURISDICTION. EACH OF THE BORROWER AND THE  
REIT HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION  
OF ANY UNITED STATES FEDERAL OR MASSACHUSETTS STATE COURT SITTING  
IN BOSTON, MA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR  
RELATING TO ANY LOAN DOCUMENT AND EACH OF THE BORROWER AND THE  
REIT HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH  
ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH  
COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR  
HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR  
PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN  
INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE  
LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER OR THE REIT IN  
THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY  
THE BORROWER OR THE REIT AGAINST THE LENDER OR ANY AFFILIATE OF  
THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY  
WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN

18. WAIVER OF JURY TRIAL. THE BORROWER, THE REIT AND THE LENDER, BETWEEN AND AMONG THEMSELVES ONLY (AND NOT AS RESPECTS ANY OTHER PERSON TO ANY JUDICIAL PROCEEDING) HEREBY WAIVE TO THE EXTENT PERMITTED BY LAW TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

19. Restatement. This Agreement shall be effective as of the Amendment Closing and, upon and from and after the Amendment Closing, this Agreement shall amend, restate and supersede the Existing Agreement. Nothing contained herein or in any of the other Loan Documents shall obligate the Lender to enter into any other or further extensions of or amendments to the Loan and the Loan Documents.

20. Further Assurances. The Borrower, the REIT and the Lender, upon request from time to time by any other of them, will make, execute, acknowledge and deliver, and file and record, if applicable, all such instruments and take all such action as the requesting party or its counsel may reasonably deem necessary or advisable to carry out the amendment and restatement of the Existing Agreement and the transactions contemplated hereby.

21. Entire Agreement. This Agreement and the documents referred to herein represent the entire understanding and agreement between the parties with respect to the subject matter hereof and supersede all other negotiations, understandings, and representations made by and between such parties. No course of dealing, course of performance, trade usage or parole evidence of any nature shall be used to supplement or modify any terms of this Agreement.

22. Amendments. The provisions of this Agreement may not be amended, supplemented, waived or changed orally, but only by a writing signed by the party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Agreement.

23. Arm's-Length Transaction. The Borrower and the REIT recognize, stipulate and agree that the Lender's actions and relationships with the parties hereto, including, but not limited to, those relationships created or referenced by or in the Loan



Documents, or in this Agreement, have been and constitute arm's-length commercial transactions, and that such actions and relationships shall at all times in the future continue to constitute arm's-length commercial transactions and that the Lender or the Lender's attorneys shall not any time act, be obligated to act, or otherwise be construed or interpreted as acting as or being the agent, attorney, partner, employee or fiduciary of any such parties.

24. Negotiations. The Borrower and the REIT stipulate and agree that each of the Loan Documents and this Agreement are products of and result from lengthy arm's-length negotiations between the parties and that neither the Lender nor any other party has exerted or attempted to induce, through threats or otherwise, the execution or delivery of this Agreement or any of the Loan Documents. Without in any way limiting the foregoing, the Borrower and the REIT stipulate and agree that at all times during the course of the negotiations surrounding the execution and delivery of the Loan Documents and this Agreement, it has, to the extent deemed necessary or advisable in his or its sole discretion, been advised and assisted by competent counsel of his or its choosing, that counsel has been present and actively participated in the negotiations surrounding the Loan Documents and this Agreement and that each has been fully advised by counsel of his or its choosing of the effect of each term, condition, provision and stipulation contained therein.

25. Time is of the Essence. Time is of the essence of this Agreement and the Loan Documents and all obligations and duties hereunder and thereunder.

26. Agreements Relating to Consideration. The Borrower and the REIT hereby acknowledge and agree that the covenants and agreements of the Lender under this Agreement constitute full and fair consideration for the obligations, covenants and agreements of the Borrower and the REIT under this Agreement and that, by virtue of such consideration, each of the parties hereto has received reasonably equivalent value in exchange for his or its covenants and agreements hereunder.

27. Assignment. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Borrower shall not assign or attempt to assign, directly or indirectly, any of its rights under this Agreement or under any other Loan Document without the prior written consent of the Lender in each instance. The Lender shall have the right from time to time to assign all or any portion of its interest in the Loan and the

Loan Documents and grant participations therein. If the Lender so assigns all of its interest in the Loan and the Loan Documents from and after such assignment the Borrower shall look solely to the assignee for satisfaction of all obligations and duties of the Lender under the Loan Documents and the Lender so assigning the Loan and the Loan Documents shall not have any liability, obligations or duties under the Loan Documents with respect to periods from and after such assignment.

28. Miscellaneous. The invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of any other term or provision hereof, and any such invalid or unenforceable provision shall, to the extent practicable, be deemed modified to the extent necessary to make it valid and enforceable. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof. This Agreement is a Loan Document, may be executed in any number of counterparts which together shall constitute one instrument, and shall bind and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns, including as such successors and assigns, in the case of the Lender, all holders of any Secured Obligation. The Borrower, the REIT and the Lender agree that nothing contained in this Agreement or any other Loan Document is intended or shall be construed to establish the Borrower, the REIT, any other member of the REIT Group and the Lender, or any of them, as joint venturers or partners. The Loan Documents are intended solely for the benefit of the Borrower, , the REIT and the Lender, and no third party shall have the rights or interest in any provision of the Loan Documents, or as a result of any action or inaction of the Lender in connection therewith. The term Borrower , together with any pronoun referring thereto, shall include the singular, plural, masculine, feminine and neuter, as the context may require; and if more than one Person constitutes the Borrower, the obligations of such Persons shall be joint and several.

IN WITNESS WHEREOF, the Lender, the Borrower and the REIT have each duly executed, or caused to be duly executed, this Agreement as a sealed instrument, in the name and behalf of each of them (acting by their respective proper officers or appropriate legal representatives, as the case may be, hereunto duly authorized), as of the day and year first above written.

## FLEET NATIONAL BANK

By: /s/ Thomas T. Hanold  
Name: Thomas T. Hanold  
Title: Vice President

## MARK CENTERS LIMITED PARTNERSHIP

By: Mark Centers Trust,  
its general partner

By: /s/ Joshua Kane  
Name: Joshua Kane  
Title: Senior Vice President and  
Chief Financial Officer

## MARK CENTERS TRUST

By: /s/ Joshua Kane  
Name: Joshua Kane  
Title: Senior Vice President and  
Chief Financial Officer