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THIS MEMORANDUM OF LEASE, dated as of February 12, 1965, by and between ERICKSON INVESTMENT COMPANY, a California corporation, having an office address at 977 Arden Way, Sacramento, California,

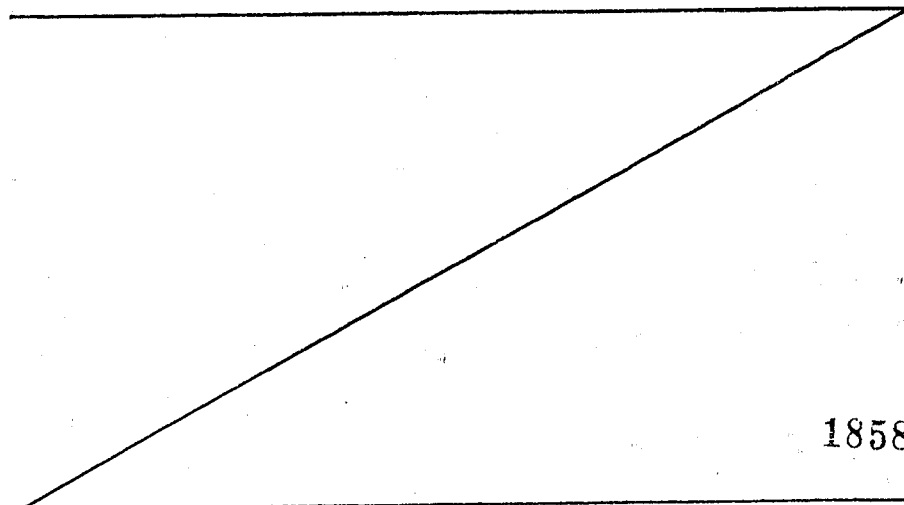
(hereinafter called "Landlord"), and J. C. PENNEY COMPANY, INC., a Delaware corporation with offices at No. 1301 Avenue of the Americas, New York, N. Y. 10019, (hereinafter called "Tenant"),

WITNESSETH:

That by lease (hereinafter called "the Lease") dated as of February 12, 1965, Landlord has demised and leased to Tenant, and Tenant has leased from Landlord, for a term commencing as of the date on which Tenant opens its store on the demised premises (as hereinafter defined) to the public for business and, unless extended or sooner terminated under the provisions thereof, continuing thereafter to and including the date twenty (20) years from the first day of the first month immediately following such commencement date, certain premises (herein called "the demised premises") comprising part of the ----- Shasta Plaza Shopping Center, located upon the tract of land (hereinafter called "the Entire Premises") described in Exhibit A attached hereto and hereby made a part hereof, and consisting of a 79,424 square foot parcel of land with the building to be erected thereon by Landlord,

TOGETHER WITH all appurtenances thereto and the right and privilege on the part of Tenant, its customers, employees and invitees to use, throughout the term of the Lease and all extensions therein provided, in common with Landlord and other tenants and occupants of space within the Entire Premises and their customers, employees and invitees, the parking areas, streets, driveways, aisles, sidewalks, malls and other common facilities to be provided within the Entire Premises.

The Lease grants to Tenant two (2) successive options to extend the term thereof from the date upon which it would otherwise expire for two (2) ----- separate additional periods of five (5) years each.



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The Lease further provides that, subject to the conditions therein set forth, Tenant shall have the right and option during the period therein specified to require Landlord to expand the demised premises by _____

_____ and erecting thereon a -- second ----- story addition to the building located on said 79,424 ---- square foot parcel, in which event the term of the Lease will be automatically extended so as to run for a period of twenty (20) years from the first day of the first month following the date on which said addition is opened for business with the public as an integral part of said building. Tenant shall also have the further right and option to expand the demised premises by adding thereto an approximately 2,570 square foot parcel of land on the northeast side of the aforesaid 79,424 square foot parcel and erecting thereon a one-story addition to the building on said 79,424 square foot parcel.

IN WITNESS WHEREOF, Landlord and Tenant have caused this memorandum of lease to be duly executed and sealed as of the day and year first above written.

Witnesses (as to Landlord)

[Signature]
ATTEST: *[Signature]* (Corporate Seal)

[Signature]
ATTEST: *[Signature]* Secretary

[Signature]
ATTEST: *[Signature]* Assistant Secretary

Witnesses (as to Tenant)

[Signature]
[Signature]

(SEAL)

(SEAL)
ERICKSON INVESTMENT COMPANY

By *[Signature]*
President

J. C. PENNEY COMPANY, INC.

By *[Signature]*
Vice-President

EXHIBIT A

DESCRIPTION OF THE ENTIRE PREMISES

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The tract of land referred to in this memorandum of lease as the Entire Premises is situated in the City of **Klamath**, County of **Klamath**, and State of **Oregon** and is more particularly described as follows:
PARCEL 1

A parcel of land situated in the NW ¼ of Section 3, Township 39, S. Range 9 East W.M., Klamath County, Oregon, more particularly described as follows:

Beginning at the northwest corner of said Section 3, said point being marked by a cased iron pin; thence South 0°00'30" East along the westerly line of said Section 3 a distance of 826.80 feet to its intersection with a line parallel with and 75.0 feet distant at right angles northeasterly from the centerline of Klamath Falls-Lakeview Highway, also known as South Sixth Street, as the same is now located and constructed; thence South 55°52'30" East along said parallel line a distance of 1682.84 feet, more or less, to an iron pin on the northwesterly line of Austin Street; thence North 34°07'30" East along said line a distance of 235.00 feet to an iron pin on the northeasterly line of Pershing Way, said point being the True Point of Beginning of this description; thence North 34°07'30" East along the northwesterly line of Austin Street a distance of 282.50 feet to an iron pipe on the southerly line of tract 32, Enterprise Tracts; thence from said point North 34°07'30" East at right angles to South Sixth Street a distance of 183.08 feet to a point on a line which is parallel to and 180.00 feet distant at right angles from the East line of said tract 32; thence North 0°20'45" East along said parallel line in a distance of 722.70 feet to a point; said point also being South 0°24'00" West a distance of 400.09 feet from the South line of Shasta Way; thence North 89°39'15" West a distance of 629.67 feet, more or less, to a point on the southeasterly line of Avalon Street; thence South 30°37'00" West along the southeasterly line of Avalon Street a distance of 667.53 feet to the most northerly corner of tract described as parcel 3 in Deed Vol. 256, Page 96; thence South 59°23'00" East a distance of 149.94 feet to a point; thence South 30°37'00" West a distance of 59.20 feet, more or less, to a point on the northeasterly line of Pershing Way; thence South 55°52'30" East along said northeasterly line a distance of 485.15 feet, more or less, to the southerly projection of the line between tracts 32 and 36; thence South 55°52'30" East along said line a distance of 245.93 feet, more or less, to the True Point of Beginning of this description.

* * * * *

Attached to and forming part of lease dated as of **February 12, 1965**, by and between **ERICKSON INVESTMENT COMPANY**, as Landlord, and J. C. Penney Company, Inc., as Tenant, covering certain premises situated at **Shasta Plaza Shopping Center, Klamath Falls, Oregon**.

Initialed by
Landlord:

[Signature]

[Signature]

Initialed by
J. C. PENNEY COMPANY, INC.

By *[Signature]*

By *[Signature]*

PARCEL II

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All that portion of Tracts 32 and 36, Enterprise Tracts, situated in the NW $\frac{1}{4}$ of section 3, T39S, R9EWM, Klamath County, Oregon, more particularly described as follows:

Beginning at the southeast corner of said Tract 32; thence N89°30'45"W a distance of 281.8 feet (West 281.7 feet by previous records) to an iron pipe on the Northwestern line of Austin Street as deeded to Klamath County by Deed Volume 229, Page 300, Klamath County Deed Records; thence N34°07'30"E at right angles to South Sixth Street and along the Northwestern line of Austin Street a distance of 183.08 feet to an iron pin on a point on a line that is parallel to and 180 feet distant at right angles from the east line of said Tract 32; thence N0°20'45"E along said parallel line and along the westerly line of Austin Street a distance of 722.70 feet to an iron pin being the True Point of Beginning of this description; said point being S0°20'45"W a distance of 400.02 feet from the iron pin marking the southerly line of Shasta Way; thence N89°39'15"W a distance of 629.67 feet to an iron pin on the southeasterly line of Avalon Street; thence N30°37'E along the southeasterly line of Avalon Street a distance of 284.57 feet to an iron pipe; thence N89°56'E a distance of 110.32 feet to an iron pipe; thence N0°07'30"W a distance of 150.11 feet to an iron pipe on the southerly line of Shasta Way; thence N89°50'30"E along the southerly line of Shasta Way a distance of 377.21 feet to an iron pin on the west line of Austin Street; thence S0°20'45"W along the west line of Austin Street a distance of 400.02 feet to the True Point of Beginning of this description.

The bearing of the above described tract of land is based on South Sixth Street bearing being N55°52'30"W from the intersection of Austin Street. The above described tract of land contains 4.468 acres, more or less.

Attached to and forming part of lease dated as of February 12, 1965, by and between **ERICKSON INVESTMENT COMPANY**, as Landlord, and J. C. Penney Company, Inc., as Tenant, covering certain premises situated at **Shasta Plaza Shopping Center, Klamath Falls, Oregon**.

Initialed by
Landlord:

[Signature]
.....
[Signature]
.....

Initialed by
J. C. PENNEY COMPANY, INC.

By *[Signature]*
.....
By *[Signature]* 12
.....

STATE OF
COUNTY OF

} ss.:

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On this ~~the~~ day of ~~19~~, before me, a Notary Public duly
authorized in and for the said County in the State aforesaid to take acknowledgments,
personally appeared

known to me to be the person(s) who subscribed to the foregoing instrument and acknowl-
edged having executed the same as a free and voluntary act for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

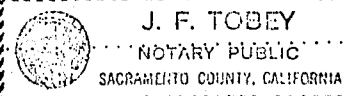
STATE OF *California* } ss.:
COUNTY OF *Sacramento*

On this the *28* day of *April*, 19*65*, before me, a Notary Public duly
authorized in and for the said County in the State aforesaid to take acknowledgments,
personally appeared *FRANKLIN E. ERICKSON*
residing at *2140 FORREST ST. SACRAMENTO, CALIFORNIA*
to me known and known to me to be *The* President of *ERICKSON INVESTMENT*

COMPANY-----, one of the corporations described in the foregoing instrument,
and acknowledged that as such officer, being authorized so to do, he executed the foregoing
instrument on behalf of said corporation by subscribing the name of such corporation by
himself as such officer and caused the corporate seal of said corporation to be affixed thereto,
as his free and voluntary act, and as the free and voluntary act of said corporation, for the
uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:



STATE OF *NEW YORK* } ss.:
COUNTY OF *NEW YORK*

On this the *14th* day of *January*, 19*66*, before me, a Notary Public duly
authorized in and for the said County in the State aforesaid to take acknowledgments, per-
sonally appeared *Everett L. Moore*
residing at *Scarsdale, New York*
to me known and known to me to be a Vice-President of *J. C. PENNEY COMPANY, INC.*, one
of the corporations described in the foregoing instrument, and acknowledged that as such
officer, being authorized so to do, he executed the foregoing instrument on behalf of said
corporation by subscribing the name of said corporation by himself as such officer and caused
the corporate seal of said corporation to be affixed thereto, as his free and voluntary act, and
as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Philip F. Graves
Notary Public

PHILIP F. GRAVES
NOTARY PUBLIC, State of New York
No. 31-1539425
Qualified in New York County
Commission Expires March 30, 19*67*

STATE OF OREGON, COUNTY OF KLAMATH, ss:
Filed for record at _____ J. C. Penney Co.
this 7 day of March 66, 11:10 A.M., and
duly recorded in Vol. M-66 Deeds Page 1857
By _____
LORAIN ROBERTS, County Clerk

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RET: J. C. Penney Co.
1301 Avenue of the Americas,
New York, N. Y. 10019

#1520

Enclosure # _____
To letter dated _____
Re _____

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