

Recording requested by and
when recorded return to:

Csaplar & Bok
655 Montgomery Street, Suite 1000
San Francisco, California 94111
Attention: Chester C. Seabury, Esq.

K-40569
ASSIGNMENT OF LEASE

From

LEPERCQ CORPORATE INCOME FUND II L.P.

To

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY

Dated as of May 17, 1988

88 JUN 22 PM 12 06

ASSIGNMENT OF LEASE, dated as of May 17, 1988 (together with all supplements and amendments hereto, called this Assignment), from LEPERCQ CORPORATE INCOME FUND II L.P., a Delaware limited partnership, as assignor (Assignor), having an address at c/o Lepercq Capital Partners, 345 Park Avenue, New York, New York 10154, to PRINCIPAL MUTUAL LIFE INSURANCE COMPANY, as assignee (Assignee), having an address at 711 High Street, Des Moines, Iowa 50309. Assignee is the beneficiary under the Deed of Trust, dated as of the date hereof (together with all supplements and amendments thereto, called the Deed of Trust), from Assignor, as grantor, to a trustee, as trustee, and Assignee, as beneficiary.

Assignor has acquired a fee simple interest in a parcel of land more particularly described in Schedule A hereto and a fee simple interest in the improvements located on such parcel (such parcel of land together with such improvements being herein called the Property). Assignor, in order to finance a portion of the cost of such acquisition, is borrowing the amount of \$5,700,000 from Assignee, such borrowing being evidenced by Assignor's Secured Note Due June 1, 1998 (together with any notes issued in exchange or replacement thereof, called the Note). Assignor's obligations under the Note and the Deed of Trust (the Secured Obligations) are secured by the Deed of Trust which creates a lien on Assignor's interests in the Property, the Lease (as hereinafter defined), and various other property. In affirmation of certain of the security provided by the Deed of Trust and as further security for the Note and the other Secured Obligations, Assignor is entering into the undertakings set forth herein. Assignor has leased the Property to Fred Meyer, Inc., a Delaware corporation (Lessee), under a Lease, dated as of March 10, 1988 (the Lease, together with all supplements and amendments thereto, and any memorandum or short form thereof entered into for the purpose of recording, registration, or filing, is called the Lease), between Assignor, as lessor, and the Lessee, as lessee. Lessee has subleased portions of the Property pursuant to the Lease Agreement, dated May 11, 1987, between Lessee and Third Dimension Cuts, Inc., the Lease Agreement, dated April 28, 1987, between Lessee and Hans Norland & Sons Insurance, the Lease Agreement, dated June 26, 1981, between Lessee and Willamette Savings and Loan Association and the Lease Agreement, dated January 6, 1988, between Lessee and Basin Transit Service (such Lease Agreements, together with any subleases which Lessee shall enter into hereafter, are collectively referred to herein as the Subleases).

To induce Assignee to make the loan evidenced by the Note, Assignor is entering into the undertakings set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, Assignor agrees as follows:

1. Assignor, in furtherance of the covenants of the Deed of Trust and as security for the payment of the principal of and interest and all other sums payable on the Note, and of all other sums payable under or secured by the Deed of Trust, and the performance and observance of the provisions thereof, has assigned, transferred, conveyed and set over, and by these presents does assign, transfer, convey and set over to Assignee all of Assignor's estate, right, title and interest in, to and under the Lease, together with all estate, right, title, interest, benefits, powers, privileges, options and other benefits of Assignor as lessor under the Lease,

including, but not by way of limitation, the immediate and continuing right (i) to make claim for, receive and collect and receipt for all rents, income, revenues, issues, profits, insurance proceeds, condemnation awards and compensation, moneys and security payable to or receivable by the Assignor under the Lease or pursuant to any of the provisions thereof, whether as rents or otherwise (except sums payable directly to any person other than the lessor under the Lease), (ii) to make all waivers and agreements, (iii) to give all notices (subject to the relevant time period), consents, releases and other instruments, (iv) to give all notices of default and to take any legal action upon the happening of a default under the Lease including the commencement, conduct and consummation of proceedings at law or in equity as shall be permitted under any provision of the Lease or by law or in equity and (v) to do any and all other things whatsoever which Assignor or any lessor or beneficiary is or may be entitled to do under the Lease.

2. While the assignment made herein is present, direct and continuing, it has been made for the purpose of providing security to Assignee for the performance of Assignor's Secured Obligations, and the execution and delivery hereof shall not in any way impair or diminish the obligations of Assignor under the provisions of the Lease nor shall any of the obligations contained in the Lease or the Subleases be imposed upon Assignee. Upon the payment of the principal of and any premium and all accrued interest on the Note and of all other sums payable on the Note and under the Deed of Trust and this Assignment and the performance and observance of the provisions of each thereof, such assignment and all rights herein assigned to Assignee shall cease and terminate and all the estate, right, title and interest of Assignee in and to the above-described assigned property shall revert to Assignor, and Assignee will, at the request of Assignor, deliver to Assignor an instrument in recordable form cancelling this Agreement and reassigning to Assignor the above-described assigned property in full.

3. Assignor hereby designates Assignee to receive all payments of Fixed Rent (as defined in the Lease) and other sums payable to the lessor under the Lease. Assignor hereby designates Assignee to receive copies of all notices, undertakings, demands, statements, documents and other communications which the Lessee is required or permitted to give, make, deliver to or serve under the Lease. Assignor hereby directs the Lessee to deliver to Assignee, at its address set forth above or at such other address as Assignee shall designate, duplicate original copies of all such notices, undertakings, demands, statements, documents and other communications and no delivery thereof by the Lessee shall be of any force or effect unless made to Assignor and also made to Assignee as provided herein.

4. Assignor represents and warrants to Assignee that Assignor has not executed any other assignment of the subject matter of this Assignment other than the Deed of Trust and the Assignment of Landlord's Interest in Lease, dated as of March 10, 1988, between Assignor, as assignor, and Citibank, N.A. (Citibank), as assignee (the Citibank Assignment), and that the Lease is in full force and effect, that no default by Assignor has occurred thereunder and that Assignor has no knowledge of the occurrence of any default thereunder. The Citibank Assignment has been subordinated to the assignment made herein pursuant to a Subordination Agreement, dated as of the date hereof (the Citibank Subordination), between Citibank, Assignor and Assignee.

5. Assignor agrees that the assignment made herein and the designation and direction to the Lessee hereinabove set forth are irrevocable (except as expressly provided in paragraph 2), and that it will not take any action as lessor under the Lease or otherwise which is inconsistent with such assignment, or make any other assignment, designation or direction inconsistent therewith, and that any assignment, designation or direction inconsistent therewith shall be void. Assignor will, from time to time upon the request of Assignee, execute all instruments of further assurance and all such supplemental instruments with respect to this Agreement as Assignee may specify.

6. Notwithstanding any provision herein to the contrary, prior to (i) a default (A) in the payment of any indebtedness secured hereby, (B) in the performance of any obligation, covenant or agreement of Assignor contained herein or in the Note or the Deed of Trust, (C) as described in Section 6.1(f) of the Deed of Trust, (D) with respect to any of Assignor's material obligations under the Lease or (E) with respect to the Citibank Assignment or any instrument or documents relating to the loan for which the Citibank Assignment is security or (ii) an event of default under, and as defined in the Lease (each default described in clauses (i) and (ii) of this sentence herein called a License Revocation Default), Assignee hereby grants to Assignor a license to collect as the same become due and payable, but in any event for not more than one calendar month in advance, all rents, profits and other income arising under the Lease, and to enforce all provisions contained in the Lease. Assignor shall render or cause to be rendered such accounts of collections as Assignee may require. The license herein granted to Assignor shall terminate immediately upon a License Revocation Default. Upon written notice of such License Revocation Default at any time hereafter given by Assignee to Lessee, all rentals and other sums thereafter payable and all agreements and covenants thereafter to be performed by Lessee shall be paid and performed directly to Assignee in the same manner as if the above license had not been granted, without prosecution of any legal or equitable remedies under the Deed of Trust. Prior to receipt of such notice of a License Revocation Default, Lessee is authorized and directed to pay to Citibank, under and pursuant to the Citibank Assignment, any rent herein assigned currently for not more than one calendar month in advance and any payment so made, prior to receipt by Lessee of such notice, shall constitute a full acquittance therefor. Assignee shall send Assignor a copy of its notice to Lessee of a License Revocation Default, but failure of Assignee to send, or of Assignor to receive, such copy shall not terminate, diminish, or otherwise modify Assignor's obligations or Assignee's rights hereunder in any way whatsoever.

7. Anything contained in the Note, the Deed of Trust or this Assignment to the contrary notwithstanding, in the absence of fraud, no recourse shall be had for the payment of the principal of or interest or Prepayment Premium, if any, or Reinvestment Yield Premium, if any, on the Note or for any claim based on the Note or otherwise in respect of the Note or any claim or obligation of any nature based on or in respect of or arising under or by reason of the Note, the Deed of Trust, this Assignment or any other document relating hereto or thereto, against (i) Owner, any partner of Owner,

any partner of any partner of Owner, or any officer, director, agent or employee of any of the foregoing; (ii) any legal representative, heir, estate, successor or assignee of any thereof; (iii) any corporation (or any of its officers, directors or shareholders), partnership (or any partner of it), individual or entity to which the Trust Estate or any part of any of it shall have been transferred; (iv) any other person on the ground that in entering into the transactions evidenced by the Note, the Deed of Trust and this Assignment, Owner was acting as an agent for the account and benefit of such person and that such person was the principal of Owner; or (v) any assets of any such person or persons referred to in clauses (i) through (iv) above, other than the Trust Estate; in any such case, under any rule of law, statute or constitution, or by the enforcement of any assessment or penalty or otherwise. It is understood that the Note and all obligations, whether monetary or otherwise, under or with respect to the Note, the Deed of Trust, this Assignment or any document relating thereto may not be enforced against any person or entity or any such asset (other than the Trust Estate) described in clauses (i) through (v) above; provided, that the foregoing provisions of this paragraph shall not (x) prevent recourse to the Trust Estate, or the sums due or to become due under any instrument which is part of the Trust Estate, including the right to proceed against the lessee under the Lease and this Assignment, (y) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Note or secured by the Deed of Trust or this Assignment, but the same shall continue until paid or discharged, or (z) limit the liability of any person or persons referred to in clauses (i) through (iv) above in the event of fraud, and provided, further, that the foregoing provisions of this paragraph shall not limit the right of any person to name Owner or any transferee of any interest in the Trust Estate as a party defendant in any action or suit for a judicial foreclosure of or in the exercise of any other remedy under the Note, the Deed of Trust or this Assignment so long as no judgment in the nature of a deficiency judgment or seeking personal liability (other than for fraud) shall be asked for or (if obtained) enforced against any of the persons referred to in clauses (i) through (iv) above or such transferee.

8. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Agreement may be executed in two or more counterparts and shall be deemed to have become effective when and only when one or more of such counterparts shall have been signed by or on behalf of each of the parties hereto, although it shall not be necessary that any single counterpart be signed by or on behalf of each of the parties hereto, and all such counterparts shall be deemed to constitute but one and the same instrument. This Agreement shall be governed by the law of the State of Oregon.

9. The following is the Schedule A referred to in this Agreement.

SCHEDULE
EXHIBIT "A"

LEGAL DESCRIPTION.

A parcel of land located in the southwest one-quarter of Section 34, Township 38 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

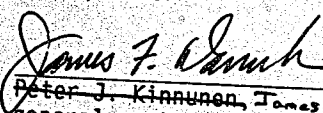
Commencing at a brass cap marking the southwest corner of Section 34 and running North $00^{\circ} 28' 30''$ West 168.83 feet; thence North $89^{\circ} 31' 30''$ East 55.00 feet to a point on the easterly right-of-way line of Washburn Way and the Point of Beginning; running thence along said right-of-way line, North $00^{\circ} 28' 30''$ West 944.12 feet; thence leaving said right-of-way, North $89^{\circ} 31' 53''$ East 588.13 feet; thence South $00^{\circ} 28' 07''$ East 1101.80 feet to the northerly right-of-way line of Shasta Way; thence along said right-of-way South $89^{\circ} 52' 25''$ West 77.96 feet; thence North $87^{\circ} 15' 50''$ West 300.37 feet; thence South $89^{\circ} 52' 25''$ West 7.13 feet; thence leaving said right-of-way, North $00^{\circ} 28' 07''$ West 159.15 feet; thence South $89^{\circ} 31' 53''$ West 172.03 feet; thence 38.10 feet along a 35.00 foot radius curve left, the long chord of which bears South $58^{\circ} 20' 54''$ West 36.24 feet to the Point of Beginning.

IN WITNESS WHEREOF, Assignor, has caused this Agreement to be signed
as of the date first above written.

LEPERCO CORPORATE INCOME FUND II L.P.,
a Delaware limited partnership

By: Secured Property Associates II L.P.,
a Delaware limited partnership, a
general partner

By: Lepercq Lease Associates II L.P.,
a Delaware limited partnership,
a general partner

By: 
~~Peter J. Kinnunen~~, James F. Dannhausen,
general partner

State of New York)
 County of New York) ss.

On this 26 day of June, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Peter J. Kinnunen, James F. Dannhauser personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument, as the General Partner of and on behalf of LEPERCO LEASE ASSOCIATES II L.P., a Delaware limited partnership, as General Partner of and on behalf of SECURED PROPERTY ASSOCIATES II L.P., a Delaware limited partnership, as General Partner of and on behalf of LEPERCO CORPORATE INCOME FUND II L.P., a Delaware limited partnership, the partnership that executed the within instrument, and acknowledged to me that such partnerships executed the same.

(Seal)

Elliott L. Murwitz
 Notary Public for the State of N.Y.
 Residing at:

937 Carol Avenue, Woodmere, N.Y.

My commission expires:

ELLIOT L. MURWITZ
 NOTARY PUBLIC, State of New York
 No. 41-4801880
 Qualified in Queens County
 Commission Expires July 6, 1989

upon notice that the license granted by paragraph 6 of the Assignment has been revoked,

9652

on each date on which such sums are due and payable

CONSENT AND AGREEMENT

(Lessee")

Fred Meyer, Inc., a Delaware corporation, hereby (i) consents to the foregoing Assignment of Lease (the Assignment), (ii) acknowledges that the lessor's rights and interest under the Lease (including without limitation, the lessor's right to indemnification by the lessee pursuant to paragraph 9.4 of the Lease) have been assigned by Lepercq Corporate Income Fund II L.P. (Assignor) to Principal Mutual Life Insurance Company (Assignee) as security for the Note and the other Secured Obligations (as defined in the Assignment) and (iii) agrees to take all actions required to carry out the terms and provisions of the Assignment, including without limitation:

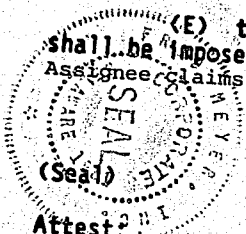
(A) to pay and deliver to Assignee all Fixed Rent, and other sums due under the Lease and assigned to Assignee pursuant to the Assignment, in each case, pursuant to and in accordance with the provisions of the Lease (including without limitation, Section 2 thereof to the extent not inconsistent with this Consent) and the Assignment, and will not, for any reason whatsoever, seek to recover from Assignee any moneys paid to Assignee by virtue of this Assignment;

(B) to pay all sums payable to Assignee ~~by bank wire transfer of immediately available Federal funds by 11:00 a.m. Central Standard Daylight (CST) time on each date on which such sums are due and payable pursuant to the Lease to Norwest Bank Des Moines, N.A., 7th and Walnut Streets, Des Moines, Iowa 50304, ABA No. 073000228, for the account of Principal Mutual Life Insurance Company, Account Number 014752, re: Loan Number 398409 (re Lepercq Corporate Income Fund II L.P. - Klamath Falls) or at such other address as may be specified by Assignee by written notice to the Lessee from time to time;~~ INSERT

(C) to deliver to Assignee duplicate original copies of all notices and other instruments which it is required to, or may, deliver to Assignor pursuant to the Lease; no such payment (pursuant to clauses (A) and (B)) or delivery (pursuant to this clause (C)) made by the Lessee being of any force or effect (x) unless paid to Assignee or delivered to Assignee and Assignor as provided above and (y) until actually received by Assignee with respect to such payments and Assignor and Assignee with respect to all other deliveries;

(D) to remain obligated under the Lease in accordance with its terms and to not take any action to terminate (except as expressly permitted thereby), rescind or avoid the Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or other proceeding of Assignor or any readjustment, liquidation, dissolution or other proceeding of Assignor or any assignee of Assignor and notwithstanding any action with respect to the Lease which may be taken by an assignee, trustee or receiver of Assignor or of any such assignee or by any court in any such proceeding; and

(E) that none of the obligations of Assignor, as lessor under the Lease, shall be imposed upon Assignee by reason of the Assignment, except that to the extent Assignee claims the right (as assignee) to require its consent or approval of matters FRED MEYER, INC., a Delaware corporation



Attest

By:

Kenneth Throster
Printed Name: Kenneth Throster
Title: VP + CFO + Secretary

By:

Michael H. Don
Printed Name: Michael H. Don
Title: V.P. / Treasurer

Assignee

requiring the lessor's approval under the Lease or exercises other rights of the lessor, Assignor will be subject to the provisions of the Lease pertaining thereto.

~~INSERT TO LINE 4:~~

~~, which indemnification provision shall extend to the below
named Assignee to the extent of the attornment provisions of the
lease and paragraph 3 of the Subordination, Nondisturbance and
Attornment Agreement executed by Lessee contemporaneously
herewith).~~

INSERT TO PARAGRAPH (A):

provided, that Lessee is provided by Assignor with a copy of the
executed Assignment or other written notice that Assignor has
assigned the Lease to Assignee and Assignor directs Lessee to
comply with any such request and agrees that Assignor shall not
have any claim against Lessee as a result of such compliance or
for other sums paid or performances rendered to Assignee by
Lessee pursuant thereto.

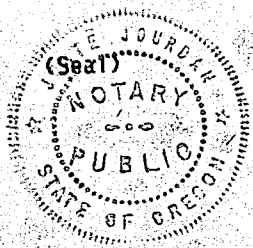
STATE OF OREGON

COUNTY OF

Multnomah

) ss.

On this 6 day of June, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael H. Don and Kenneth Thrasher, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as the VP-Treasurer and the VP-Secretary, respectively, of Fred Meyer, Inc., a Delaware corporation, the corporation therein named, and acknowledged to me that such corporation executed the same.



Porte Jordan
Notary Public for the State of Oregon
Residing at:

Portland, Oregon

My commission expires:

5-19-91

STATE OF OREGON,
County of Klamath ss.

Filed for record at request of:

Klamath County Title

on this 22 day of June A.D., 19 88
at 12:06 o'clock P M. and duly recorded
in Vol. M 88 of Mtgs Page 9644

By Evelyn Mehn County ClerkBy [Signature]Fee, 58.00

Deputy.

55.00
3.00