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Vol. 93 Page 208

Drawn by ~~and~~ ~~to~~

NB PROPERTY NO.: 52

Laura R. Silvers
Morgan, Lewis & Bockius
101 Park Avenue
New York, New York 10178

CITY: Klamath Falls
STATE: Oregon

mle 28003

MEMORANDUM OF GROUND LEASE

MEMORANDUM OF GROUND LEASE, dated as of December 1, 1992, between WAL-MART STORES, INC., a Delaware corporation having an address at 702 S.W. 8th Street, Bentonville, Arkansas, 72716, ("Ground Lessor"), and RETAIL TRUST III, a Delaware business trust, having an address at 1100 N. Market Street, Rodney Square North, Wilmington, Delaware 19890-0001 ("Ground Lessee").

W I T N E S S E T H :

1. Ground Lessor, pursuant to a Ground Lease (the "Ground Lease"), dated of even date herewith, has demised and leased to Ground Lessee and Ground Lessee leases from Ground Lessor, upon and subject to the terms, covenants and conditions set forth therein (i) all right, title and interest of Ground Lessor in and to the parcel of land (the "Land") situated in Klamath Falls, County of Klamath, State of Oregon, more particularly described in Exhibit "A" attached hereto and made a part hereof, and (ii) all right, title and interest of Ground Lessor in and to all easements, rights and appurtenances relating to the Land (other than the buildings and other structures and fixtures now or hereafter located on the land) (collectively, the "Demised Premises"). All capitalized terms not defined herein are as defined in the Ground Lease.

2. The term of the Ground Lease commences on December 22, 1992, and expires on December 21, 2047.

3. Ground Lessee has certain options to purchase the Demised Premises from Ground Lessor, upon the terms and conditions more particularly set forth in Section 13 of the Ground Lease.

4. Ground Lessee has certain options to terminate the Ground Lease prior to the scheduled expiration of the term of the Ground Lease, upon the terms and conditions set forth in Section 14 of the Ground Lease.

5. The Ground Lease will automatically terminate prior to the end of its scheduled term, upon certain circumstances set forth in Section 14 of the Ground Lease.

Return: *Stacie Taylor*
40 Commonwealth Land Title
14643 Dallas Parkway
Suite 770, LB-61
Dallas, Texas 75240

6. Certain property may be substituted for the Demised Premises, upon the terms and conditions more particularly set forth in Section 14 of the Ground Lease.

7. This Memorandum of Ground Lease shall be released upon the expiration or earlier termination of the Ground Lease.

8. This instrument is intended only to be a Memorandum of the Ground Lease and shall not be construed to vary or otherwise affect any of the provisions of the Ground Lease.

9. (a) Notwithstanding anything in the Ground Lease to the contrary, the obligations of Ground Lessee under the Ground Lease are without recourse to Ground Lessee (except to the extent of Ground Lessee's interest in the leasehold estate in the Ground Unit(s) as to which the Event of Default applies created by the Ground Lease and Ground Lessee's interest in the improvements and other property on the Land as to which the Event of Default applies and as provided in the Ground Lease) or to any beneficiary of, partner or retired partner in, or director, officer, employee or shareholder of, Ground Lessee, and no such Person shall have any personal liability for the performance of the obligations of Ground Lessee under the Ground Lease, and Ground Lessor shall look solely to the leasehold estate in the Ground Unit(s) as to which the Event of Default applies created by the Ground Lease and Ground Lessee's interest in the improvements and other property on the Land as to which the Event of Default applies, if any, for the recovery of any judgment against Ground Lessee arising out of or in any way connected with the failure to perform any obligation of Ground Lessee under the Ground Lease; provided, that the limitation on personal liability set forth in this Paragraph 9 shall not apply with respect to Ground Lessee only (a) in the case of the indemnities by Ground Lessee set forth in Sections 8 and 9 of the Ground Lease and (b) in the event of a deficiency following realization by Ground Lessor of Ground Lessee's interest in the improvements and other property on the Land, if any, to the extent of an amount equal to the maximum amount of Basic Rent payable in respect of the Ground Unit(s) as to which the Event of Default applies during any one year of the then current term (including any exercised renewal term), for which, in the case of both clauses (a) and (b), Ground Lessee (but not any beneficiary of, partner or retired partner in, or director, officer, employee or shareholder of, Ground Lessee) shall be personally liable; provided, further, that the limitation on personal liability set forth in this Paragraph 9 shall not in any way: (i) constitute a waiver of, or affect any of the obligations of, Ground Lessee under the Ground Lease; (ii) limit Ground Lessor's right to name Ground Lessee

or any beneficiary of, partner in, or director, officer or shareholder of, Ground Lessee as a party defendant in any action or proceeding relating to the Ground Lease to the extent necessary to recover any judgment to which it is entitled under the Ground Lease; or (iii) impair any and all other rights and remedies against Ground Lessee available to Ground Lessor, including, without limitation, the remedy of specific performance.

(b) Ground Lessee's liability for the performance of its obligations under the Ground Lease will be released in the circumstances and to the extent provided in Sections 15(a) and 15(f) of the Ground Lease.

10. (a) Ground Lessee shall look only to Ground Lessor's estate and interest in the Premises for the satisfaction of Ground Lessee's remedies, for the collection of a judgment (or other judicial process) requiring the payment of money by Ground Lessor in the event of any default by Ground Lessor hereunder, and no other property or assets of Ground Lessor or its partners, officers, directors, shareholders or principals, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Ground Lessee's remedies under or with respect to the Ground Lease, the relationship of Ground Lessor and Ground Lessee hereunder or Ground Lessee's use or occupancy of the Premises; provided, that the limitation on personal liability set forth in this Paragraph 10 shall not in any way: (i) constitute a waiver of, or affect any of the obligations of, Ground Lessor under the Ground Lease; (ii) limit Ground Lessee's right to name Ground Lessor or any beneficiary of, partner in, or director, officer or shareholder of, Ground Lessor as a party defendant in any action or proceeding relating to the Ground Lease to the extent necessary to recover any judgment to which it is entitled under the Ground Lease; or (iii) impair any and all other rights and remedies against Ground Lessor available to Ground Lessee, including, without limitation, the remedy of specific performance.

(b) For purposes of the Ground Lease, the term "Ground Lessor" shall mean only the owner, at the time in question, of the Premises so that in the event of any transfer or transfers of title to the Premises, the transferor shall be and hereby is relieved and freed of all obligations of Ground Lessor under the Ground Lease accruing after such transfer, and it shall be deemed, without further agreement, that such transferee has assumed and agreed to perform and observe all obligations of Ground Lessor herein during the period it is the holder of Ground Lessor's interest under the Ground Lease.

11. It is expressly understood and agreed by the parties hereto that (i) the Ground Lease is executed and delivered by Wilmington Trust Company and William J. Wade (the "Individual Trustee"); together with Wilmington Trust Company, the "Trustees"), not individually or personally but solely as owner trustees on behalf of Ground Lessee, in the exercise of the powers and authority conferred and vested in them as the owner trustees under the Trust Agreement, (ii) each of the representations, undertakings and agreements made in the Ground Lease by Ground Lessee are made and intended not as personal representations, undertakings and agreements by the Trustees but are made and intended for the purpose of binding only the Trust Estate created by the Trust Agreement, (iii) nothing contained in the Ground Lease shall be construed as creating any liability on the Trustees, individually or personally, to perform any covenant either expressed or implied contained in the Ground Lease, all such liability, if any, being expressly waived by Ground Lessor and by any Person claiming by, through or under Ground Lessor and (iv) under no circumstances shall the Trustees be personally liable for the payment of any indebtedness or expenses of the Trustees or Ground Lessor under the Ground Lease or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trustees or Ground Lessee under the Ground Lease.

IN WITNESS WHEREOF, this Memorandum of Ground Lease has been duly executed and delivered pursuant to proper authority duly granted by Ground Lessor and Ground Lessee as of the date first written above.

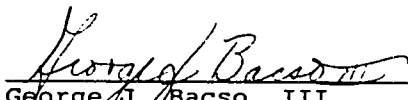
RETAIL TRUST III,
a Delaware business trust

By: 

William J. Wade,
acting not individually but
solely as trustee for the
Trust created under a Trust
Agreement dated as of
December 1, 1992

Attest:

WAL-MART STORES, INC.


George J. Bacso, III,
Assistant Secretary

By: 

Terri L. Bertschy,
Assistant Treasurer

STATE OF NEW YORK)
 : ss.:
 COUNTY OF NEW YORK)

Know all men by these presents that before me, the below-named Notary Public in and for the State and County named above duly commissioned to take acknowledgments, there personally appeared Terri L. Bertschy and George J. Bacso, III, each of whom is personally known to me to be a person named in and who signed the legal instrument to which this acknowledgment is attached and which was produced to me in the State and County aforesaid, and being by me first duly sworn each did acknowledge before me, depose and say to me that he resides in, respectively, 503 Southwest O Street, Bentonville, Arkansas and 4 Astwood Lane, Bella Vista, Arkansas, and is, respectively, assistant treasurer and assistant secretary of WAL-MART STORES, INC., a Delaware corporation, named as one of the parties to the aforementioned legal instrument; that he knows the seal of said corporation; that the seal imprinted on the legal instrument to which this acknowledgement is attached is an imprint of the true seal of said corporation; that after being duly informed of the contents and import of such legal instrument he had signed and caused the seal of such corporation to be imprinted on such legal instrument as the officer of such corporation indicated above; that he had signed and sealed the same in the name of and on behalf of such corporation by the authority, order and resolution of its Board of Directors; that he had signed his name thereto on behalf of said corporation by like order; that the execution of said legal instrument was the free and voluntary act and deed of said corporation for the consideration, purposes, and uses set forth in such legal instrument; that he had delivered such legal instrument to the other parties thereto as such; and that on behalf of said corporation he had received a true copy of such legal instrument without charge.

IN WITNESS WHEREOF, I have signed and imprinted my official notarial seal on this acknowledgment in the State and County named above on the 21st day of December, 1992.

My commission expires:



Janet C. Foster
 Notary Public

Print Name: _____

JANET C. FOSTER
 Notary Public, State of New York
 No. 31-4947344
 Qualified in New York County
 Commission Expires Feb. 21, 1993

STATE OF NEW YORK)
 : ss.:
 COUNTY OF NEW YORK)

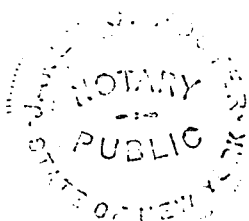
Know all men by these presents that before me, the below-named Notary Public in and for the State and County named above duly commissioned to take acknowledgments, there personally appeared William J. Wade, who is personally known to me to be a person named in and who signed the legal instrument to which this acknowledgment is attached and which was produced to me in the State and County aforesaid, and being by me first duly sworn each did acknowledge before me, depose and say to me that he is a trustee of RETAIL TRUST III, a Delaware business trust, named as one of the parties to the aforementioned legal instrument; that after being duly informed of the contents and import of such legal instrument he had signed such legal instrument as the trustee of such trust indicated above; that he had signed the same in the name of and on behalf of such trust; that the execution of said legal instrument was the free and voluntary act and deed of said trust for the consideration, purposes, and uses set forth in such legal instrument; that he had delivered such legal instrument to the other parties thereto as such; and that on behalf of said trust he had received a true copy of such legal instrument without charge.

IN WITNESS WHEREOF, I have signed and imprinted my official notarial seal on this acknowledgment in the State and County named above on the 21st day of December, 1992.

My commission expires:

Janet C. Foster
 Notary Public

Print Name: JANET C. FOSTER
Notary Public, State of New York
No. 31-4947344
Qualified in New York County
Commission Expires Feb. 21, 1993



OWNER TRUSTEE III INDIVIDUAL
 1754/ML8151R

EXHIBIT "A"

LEGAL DESCRIPTION

A TRACT OF LAND SITUATED IN LOTS 1, 2, AND 3, BLOCK 1, OF "TRACT 1080 - WASHBURN PARK", ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON, AND THE SE1/4 NE1/4 OF SECTION 9, T39S, R9EWM, KLAMATH COUNTY, OREGON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 2; THENCE S00°02'00"E, ALONG THE EAST LINE OF SAID LOT 2, 60.00 FEET; THENCE S89°58'00"W, 209.00 FEET; THENCE S00°02'00"E, 209.00 FEET; THENCE N89°58'00"E, 181.66 FEET TO A POINT ON THE EASTERLY LINE OF SAID LOT 2; THENCE ALONG THE BOUNDARIES OF SAID LOTS 2 AND 1, ALONG THE ARC OF A CURVE TO THE RIGHT (RADIUS POINT BEARS N68°55'22"W, 532.96 FEET AND CENTRAL ANGLE EQUALS 49°28'52") 460.27 FEET, ALONG THE ARC OF A SPIRAL CURVE TO THE RIGHT (THE LONG CHORD OF WHICH BEARS S84°01'29"W, 384.34 FEET) 386.00, N89°26'30"W, 40.35 FEET TO THE SOUTHWEST CORNER OF SAID LOT 2, AND N89°26'30"W, 359.98 FEET TO A POINT FROM WHICH THE SOUTHWEST CORNER OF SAID LOT 1 BEARS N89°26'30"W, 260.00 FEET; THENCE N00°07'15"W, PARALLEL TO THE WEST LINE OF SAID LOT 1, 619.18 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 1; THENCE CONTINUING N00°07'15"W, 32.00 FEET; THENCE S89°25'35"E, 359.98 FEET TO A POINT ON THE WEST LINE OF SAID LOT 3; THENCE N89°58'00"E, 771.06 FEET TO A POINT ON THE EAST LINE OF SAID LOT 3; THENCE S00°02'00"E, 32.00 FEET TO THE POINT OF BEGINNING, CONTAINING 14.519 ACRES, MORE OR LESS, AND WITH BEARINGS BASED ON SAID "TRACT 1080 -- WASHBURN PARK".

TOGETHER WITH the benefits of an easement granted in that certain Agreement of Easement with Covenants and Restrictions Affecting Land between Wal-Mart Stores, Inc. and Washburn Enterprises, Inc. dated May 21, 1991, and recorded June 25, 1991, in M91, Page 12081.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Co the 6th day
of Jan. A.D., 19 93 at 10:13 o'clock A M., and duly recorded in Vol. M93
of Deeds on Page 208.

Evelyn Biehn - County Clerk

FEE \$60.00

By Dorlene G. Hildner