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Recordation Requested by
and
After recordation return to:

Stoel Rives, LLP
Attention: David W. Green
700 NE Multnomah, Suite 950
Portland, OR 97232

MTC-40048

(Space reserved for recorder's use)

SUPPLEMENT TO RECIPROCAL EASEMENT AGREEMENT AND DECLARATION
(Klamath Falls, Oregon)

FRED MEYER, INC., a Delaware corporation ("**Fred Meyer**"), is the developer and tenant (pursuant to a sale and leaseback transaction) of certain property (the "**Main Store Parcel**") in Klamath Falls, Oregon described in the deed to Lepercq Corporate Income Fund II L.P. ("**Lepercq**"), recorded on March 11, 1988, in Volume M88 at page 3421, Official Records of Klamath County, Oregon. **LXP II, L.P.**, a Delaware limited partnership ("**LXP**"), acquired Lepercq's interests in and to the Lease to Fred Meyer (the "**Lease**") and Main Store Parcel, pursuant to a deed recorded on May 22, 1995, in Volume M95 at page 13286, Official Records of Klamath County, Oregon, the legal description of which is attached as Exhibit A. Adjacent to the Main Store Parcel are two outparcels, of which one is owned by Fred Meyer (the "**Fred Meyer Outparcel**"), the legal description of which is attached as Exhibit B, and one was owned by Fred Meyer and subsequently conveyed by it to a corporate subsidiary or affiliate of Taco Bell Corp., named **TBLD CORP.**, a California corporation ("**TBLD**"), pursuant to a deed recorded on March 15, 1993, in Volume M93 at page 5280, Official Records of Klamath County, Oregon (the "**TBLD Outparcel**"), the legal description of which is attached as Exhibit C. At the time of recordation of the deed to TBLD, Taco Bell Corp. and Fred Meyer executed a Reciprocal Easement Agreement and Declaration (the "**REA**"), dated February 24, 1993, recorded on March 15, 1993, in Volume M93 at page 5282, Official Records of Klamath County, Oregon. The undersigned "**Purchaser**" is the purchaser of the TBLD Outparcel under a deed being recorded contemporaneously herewith.

The parties desire to enter into this Supplement to Reciprocal Easement Agreement and Declaration (the "**Agreement**") for purposes of amending and supplementing the REA.

NOW, THEREFORE, for value received, the parties agree as follows: (i) the "Pad" described in the REA that Fred Meyer was selling to Taco Bell Corp. was conveyed, at Taco Bell Corp's direction, to its corporate affiliate, TBLD, and consists of the property described on the attached Exhibit C (which amends and replaces the description shown on Exhibit 2 of the REA); (ii) Fred Meyer acknowledges that its leasehold interest in the Main Store Parcel and its fee ownership of the Fred Meyer Outparcel (and any after-acquired interest in the Main Store Parcel, in the event Fred Meyer acquired it) are bound by the REA; (iii) LXP consents to the execution of the REA and agrees that the Main Store Parcel is and shall be bound thereby and that termination of the Lease will not terminate the REA as to the Main Store Parcel; (iv) Purchaser joins this Agreement for purposes of binding its interest in and to the TBLD Outparcel to the terms of the REA, as supplemented hereby, and agrees that the TBLD Outparcel is and shall be bound thereby, with the full force and effect as if the TBLD Outparcel were described on Exhibit 2 of the REA and LXP and Purchaser had been parties to the REA; and (v) with respect to any provision of the REA which provides that certain matters require the consent or approval of Fred Meyer, such matters shall also require the consent or approval (as applicable) of LXP, subject to the conditions stated below.

With respect to the requirement for consent or approval of LXP and Fred Meyer under the REA (as modified hereby), the following will apply: (a) the 15-day time period for approval (or disapproval) in paragraph 7 is modified to 15 business days after receipt by LXP and/or Fred Meyer (as applicable) of a request for approval; (b) LXP's approval will be required for any improvement on the TBLD Outparcel that exceeds the 20 foot height restriction stated in paragraph 5.1 or for any change of use of the TBLD Outparcel from those permitted by paragraph 5.1 of the REA; (c) so long as the Lease is in effect and Fred Meyer has not closed its operation of the store on the Main Store Parcel, only Fred Meyer's (and not LXP's) approval will be required under paragraph 5.1 for architectural plans and other matters listed in paragraph 5.1 (i) of the REA; (d) if the Lease is terminated or expired or if operation of the store on the Main Store Parcel is closed by Fred Meyer (other than temporary closures for remodeling or reconstruction after casualty or partial takings by condemnation), then subparagraph (c) will not apply and LXP's approval will be required as to matters requiring approval under paragraph 5.1(i); (d) LXP and Fred Meyer approve the addition to the permitted use in paragraph 5.1 of the REA of Purchaser's intended deli operation; and (e) the parties hereto acknowledge that the restriction on use in paragraph 5.1 expires

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on March 15, 2003, and that the restrictions in paragraph 5.2 (which relate to "Mexican food" restaurant operations) will expire on the closing of the purchase of the TBLD parcel by Purchaser.

Except as supplemented hereby, the REA will continue in full force and effect in accordance with its terms.

This Agreement may be executed in any number of separate counterparts, all of which taken together shall constitute one and the same agreement and binding on all the parties.

January, 1997

Dated this 22nd day of ~~December~~, 1996.

FRED MEYER:

FRED MEYER, INC.

By: Scott L. Wipfel

Name: Scott L. Wipfel

Its: Senior Vice President

LXP:

LXP II, L.P.

By: LXP II, Inc., General Partner

By: Antonia G. Trigiani

Name: Antonia G. Trigiani

Its: Vice President

PURCHASER:

John E. Ferris
JOHN E. FERRIS

By: Robert G. Hunter

ROBERT G. HUNTER

Terry L. Farnham
TERRY L. FARNHAM

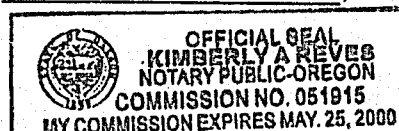
Denise L. Farnham
DENISE L. FARNHAM

STATE OF OREGON)

) ss.

County of Klamath)

The foregoing instrument was acknowledged before me this 30 day of ~~December~~, January 1997, by JOHN E. FERRIS, the ROBERT G. HUNTER of TERRY L. FARNHAM, and DENISE L. FARNHAM, on behalf thereof.



Kimberly A. Reeves
Notary Public for Oregon

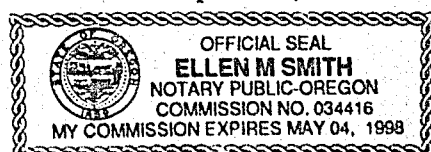
My commission expires: 5/25/2000

STATE OF OREGON)

) ss.

County of Multnomah)

The foregoing instrument was acknowledged before me this 28th day of ~~December~~, January 1996, by Scott L. Wipfel, the SR Vice President of FRED MEYER, INC., a Delaware corporation, on behalf thereof.



Ellen M. Smith
Notary Public for Oregon

My commission expires: 5/4/98

STATE OF NEW YORK)

) ss.

County of New York)

The foregoing instrument was acknowledged before me this 22nd day of ~~December~~, January 1997, by Antonia G. Trigiani, the Vice President of LXP II, Inc. a(n) Delaware corporation, as general partner of and on behalf of LXP II, L.P., a Delaware limited partnership.

Rosaleen Elvin
Notary Public for the State of New York
My commission expires: July 14, 1998

Rosaleen Elvin
Notary Public, State of New York
No. 24-4865237
Qualified in Kings County
Certificate Filed in New York County
Commission Expires July 14, 1998

EXHIBIT A

Main Store Parcel

PARCEL C

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.

EXHIBIT B

Fred Meyer Outparcel

PARCEL A

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; thence North $00^{\circ} 28' 30''$ West 1194.44 feet to the point of intersection of the easterly right-of-way line of Washburn Way and the southerly right-of-way line of Eberlein Avenue and the Point of Beginning; thence running along the southerly right-of-way line of Eberlein Avenue, North $89^{\circ} 16' 27''$ East 588.17 feet; thence, leaving said right-of-way, South $00^{\circ} 28' 07''$ East 252.96 feet; thence South $89^{\circ} 31' 53''$ West 588.13 feet to the easterly right-of-way line of Washburn Way; thence along said right-of-way line, North $00^{\circ} 28' 30''$ West 250.32 feet to the Point of Beginning.

EXHIBIT C

TBLD Outparcel

PARCEL B

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

Commencing at a brass cap marking the Southwest corner of Section 34 and running North 00° 28' 30" West 168.83 feet; thence North 89° 31' 30" East 55.00 feet to a point on the easterly right-of-way line of Washburn Way and the Point of Beginning; thence, leaving said right-of-way, running 38.10 feet along a 35.00 foot radius curve right, the long chord of which bears North 58° 20' 54" East 36.24 feet; thence North 89° 31' 53" East 172.03 feet; thence South 00° 28' 07" East 159.15 feet to the northerly right-of-way line of Shasta Way; thence along said right-of-way South 89° 52' 25" West 192.87 feet; thence North 48° 08' 20" West 13.74 feet to the easterly right-of-way line of Washburn Way; thence along said right-of-way North 00° 28' 30" West 129.98 feet to the Point of Beginning.

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 31st day
of January A.D., 19 97 at 3:42 o'clock P. M., and duly recorded in Vol. M97
of Deeds on Page 3079.

FEE \$30.00

Bernetha G. Letsch, County Clerk

by Kathleen Ross