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Store #4288
Catalog Sales Center
Klamath Falls, Oregon

Vol M00 Page 28138

TERMINATION OF LEASE AGREEMENT

AGREEMENT, dated April 19th, 2000 to be effective as of March 31, 2000, by and between Jefferson Square of Klamath, L.L.C., an Oregon limited liability company, having an address of P. O. Box 900, Chiloquin, Oregon ("Landlord"), and J.C. PENNEY COMPANY, INC., a Delaware corporation, having a business office at 6501 Legacy Drive, Plano, Texas 75024-3698 ("Tenant").

WITNESSETH

WHEREAS, by Indenture of Lease dated May 20, 1997 The Travelers Insurance Company, Landlord's predecessor in interest, as landlord, leased to Tenant certain premises located in the City of Klamath Falls, County of Klamath, and State of Oregon, which demised premises are more fully described therein (the "Demised Premises") for a term which commenced on May 20, 1997 and, unless sooner terminated or extended under the provisions thereof, continued thereafter to and including August 31, 2002, which lease has been amended and supplemented by that certain Term Agreement dated September 30, 1997, and that certain Option to Cancel Notice dated as of July 13, 1999; said lease as amended and supplemented is hereinafter referred to as the "Lease";

WHEREAS, the Lease is on record as evidenced by document recorded in the State of Oregon, County of Klamath, on January 21, 1998 by the County Clerk in Volume M98 of Deeds, Page 1931;

WHEREAS, title to the Demised Premises is now vested in Landlord, and Landlord possesses all of the right, title and interest of the lessor in and to the Lease; and

WHEREAS, Pursuant to the above referenced Option to Cancel Notice dated as of July 13, 1999, Tenant notified Landlord of Tenant's election to exercise the option to terminate the Lease granted to Tenant under the article of the Lease captioned "OPTION TO CANCEL" and informed Landlord that the effective date of such termination would be August 31, 2000. Landlord and Tenant have subsequently agreed to terminate the term of the Lease as of midnight on March 31, 2000.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by Tenant to Landlord, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants herein contained, the parties hereto do hereby covenant and agree as follows:

1. The Lease and any leasehold estate created therein shall be and the same are hereby terminated and cancelled and shall cease and come to an end as of midnight on March 31, 2000 (hereinafter called the "Effective Date"), and the parties hereto shall be, and hereby are, released from and relieved of all obligations and liabilities that might otherwise thereafter arise or accrue under the Lease; provided, however, that except as otherwise herein provided, Tenant shall pay Landlord the rent and other charges accruing under and pursuant to the Lease to the

Effective Date. Tenant and Landlord agree that there shall be no reconciliation for taxes, common area maintenance expenses or other charges (or obligation for refunds by Landlord or for payment of deficiencies by Tenant) for the years preceding the Effective Date except to the extent such full year reconciliations have been provided to Tenant in the ordinary course on or prior to the Effective Date. Utilities for the Demised Premises shall be transferred to Landlord's name as of the Effective Date, and all utilities consumed from and after the Effective Date at the Demised Premises shall be Landlord's responsibility.

2. On the Effective Date, Tenant shall release and surrender to Landlord all of the Demised Premises, together with all of Tenant's right, title and interest therein; TO HAVE AND TO HOLD the same unto Landlord forever, and Landlord hereby agrees to accept the surrender of the Demised Premises in their existing condition on said date.

3. Conditional on the termination of the term of the Lease as herein provided, Landlord hereby waives as to Tenant any and all right which Landlord may have, if any, to require Tenant under the terms of the Lease to make repairs to, restore, or perform any other type of work of any nature whatsoever on or in the Demised Premises, and Landlord does hereby relieve Tenant of any and all liability to Landlord arising by reason of Tenant's

not having performed any of such repairs, restoration, or other work. Notwithstanding anything in the Lease to the contrary, including without limitation the article of the Lease captioned "FIXTURES", Tenant shall be entitled to, and may, remove all leasehold improvements and fixtures installed by or on behalf of Tenant in or about the Demised Premises, including, without limitation, security systems and equipment, satellite dishes, carpeting, shelves, lighting fixtures, signs and sign panels and equipment, and trade fixtures, provided however that any such improvements, fixtures and equipment that is not removed from the Demised Premises by Tenant on or before the date which is 30 days following the Effective Date shall be deemed to be abandoned by Tenant.

4. As soon as practicable after the Effective Date, Tenant shall pay to Landlord a sum equal to the rents payable under the Lease for the months of April, 2000 and May, 2000 being the sum of Three Thousand Five Hundred Fifty-Four and 02/100 Dollars (\$3,554.02). All rights and remedies available to Landlord for the collection of such payment shall remain in full force and effect and shall not be terminated nor diminished by this Agreement so long as Tenant is obligated to Landlord for such payment.

5. Landlord and Tenant each covenant and warrant that they have full right and lawful authority to enter into this Agreement and relieve each other of their obligations and liabilities under

the Lease as hereinabove provided. Landlord further covenants and warrants that no consents of any nature whatsoever, including any consent of any mortgagee of Landlord, are required for Landlord to enter into this Agreement. In the event that any third party, including any mortgagee of Landlord, makes a claim for the payment made by Tenant to Landlord pursuant to Paragraph 4 hereof and/or to any payments which would have accrued under the Lease had the Lease not been terminated by this Agreement, Landlord shall indemnify and hold Tenant harmless from any such claim and Landlord shall, at Landlord's sole cost and expense, make any and all payments to such third parties.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their heirs, devisees, executors, administrators, successors in interest and assigns.

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

LANDLORD:

JEFFERSON SQUARE OF KLAMATH,
L.L.C.

ATTEST:

[Signature]
Secretary

By: [Signature]
Its: Managing member

TENANT:

J. C. PENNEY COMPANY, INC.

ATTEST:

By: [Signature]
Assistant Secretary



By: [Signature]
Vice President

STATE OF OREGON)
) SS.:
 COUNTY OF Klamath

On this the 20th day of April, 2000, before me, a Notary Public duly authorized in and for the said County in the State aforesaid to take acknowledgments, personally appeared Walter Seput, to me known and known to me to be MANAGING MEMBER of JEFFERSON SQUARE OF KLAMATH, L.L.C., an Oregon limited liability company 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 limited liability company by subscribing the name of such limited liability company by himself as such officer as his free and voluntary act, and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

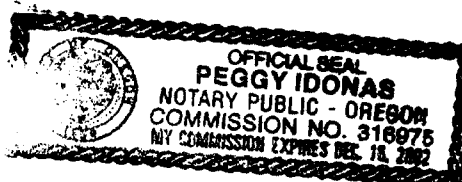
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

12/16/2002

Peggy Idonas
 Notary Public

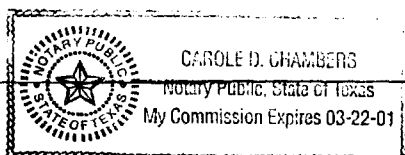
STATE OF TEXAS)
) SS.:
 COUNTY OF COLLIN)



This instrument was acknowledged before me on the 27th day of April, 2000, by MICHAEL LOWENKRON, a Vice President of J. C. Penney Company, Inc., a Delaware corporation, on behalf of said corporation.

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

My Commission Expires:



Carole D. Chambers
 Notary Public, State of Texas