



maile: Maupin Taylor Ellis + Adams
PO Box 19764
Raleigh NC 27619

333-REV8295

BK1868 P3696
PRESENTED FOR
REGISTRATION
AND RECORDED

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LEASE

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WITNESSETH:

John Hollenar
Register of Deeds
Forsyth Co. N.C. *Kathy Groner*

This Lease made as of the 10th day of August, 1995, by and between T & M Kernersville Development Company, L.L.C., a North Carolina limited liability company ("Landlord"), and The Kroger Co., an Ohio corporation ("Tenant").

For and in consideration of Ten Dollars (\$10.00), the receipt and sufficiency of which are hereby acknowledged, Landlord does hereby demise unto Tenant, subject to the provisions of that certain Lease Agreement ("Lease Agreement") between Landlord and Tenant of even date herewith, which Lease Agreement is incorporated herein by reference and made a part hereof, the storeroom which is or shall be 278' x 205', outside dimensions, plus an irregularly shaped protruding front, collectively containing approximately 57,590 square feet plus an enclosed loading dock measuring 35' x 65' containing 2,275 square feet ("Demised Premises"), being situated in Kernersville Marketplace Shopping Center ("Shopping Center") which is shown on the plot plan ("Plot Plan") attached to the Lease Agreement, with the Demised Premises being outlined in red thereon, together with all rights, privileges and appurtenances thereunto appertaining. The Lease and Lease Agreement are collectively referred to herein as the "Lease".

The Shopping Center is located at the Southwest corner of South Main Street (N.C. Hwy. 150) and Century Boulevard in the Town of Kernersville, County of Forsyth, and State of North Carolina, and more particularly described in Exhibit "A" attached hereto and made a part hereof.

Together with a non-exclusive easement over that improved portion of the Shopping Center not occupied by building area or future building area as shown on the Plot Plan, including, but not limited to, sidewalks, parking spaces, and vehicular access points to the adjacent roadways ("Common Area") for parking, without charge, and unobstructed vehicular and pedestrian passage by Tenant and its employees, agents, contractors, invitees and licensees.

Together with and including all rights, easements and privileges created in favor of the Shopping Center pursuant to that certain Declaration of Reciprocal Easements and Restrictions ("Declaration") dated August 10, 1995, and recorded in Deed Book 1868, Page 368 in the Office of the Register of Deeds, Forsyth County, North Carolina, and a Deed of Easement dated August 17, 1995, and recorded in Deed Book 1868, Page 3663, in the Office of the Register of Deeds, Forsyth County, North Carolina. Landlord, during the term of this Lease, shall not amend, modify or cancel the Declaration or the Deed of Easement without the joinder of Tenant.

The Lease shall be for a term of twenty-five (25) years ("Initial Term") commencing on the 1st day of June, 1996, or the date Tenant opens for business, whichever is first to occur, and expiring on the last day of May 2021, at midnight, or twenty-five (25) years after the Demised Premises opens for business, together with six (6) successive renewals hereof, each for a term of five (5) years, upon the same terms and conditions set forth herein, except as to term and number of renewals. Tenant shall be deemed automatically to have availed itself of an ensuing renewal term, unless it shall furnish Landlord notice of its intention not to renew the Lease at least one hundred twenty (120) days prior to the expiration date of the term then in effect. In the event that Tenant notifies Landlord of its intention not to renew the Lease, all successive renewal terms thereupon shall terminate. Landlord and Tenant agree to enter into and record a Lease Amendment to confirm the commencement and ending dates of the Initial Term.

Landlord hereby imposes the following restrictions over the Shopping Center:

1) No portion of the Shopping Center, except the Demised Premises, shall be used as a drug store or pharmacy department requiring the services of a registered pharmacist, provided that this restriction shall cease to be in force and effect if the Demised Premises are not used as a drug store, or does not contain a pharmacy department, for a period of 365 consecutive days or longer from and after the date Tenant commences business operations in the Demised Premises, except when such failure is caused by labor disputes, force majeure or conditions beyond the control of Tenant or its subtenant or assignee.

2) No portion of the Shopping Center, except the Demised Premises, shall be used as a food store or food department, or for the sale of groceries, meats, fish, produce, dairy products, bakery products or any of them, for off-premises consumption, provided that nothing herein shall prevent (i) any occupant of the Shopping Center from selling such products as an incidental part of its principal business so long as the total number of square feet of building area devoted to the display for the sale thereof does not exceed 5% of the total number of square feet of building area occupied by same or 500 square feet, including, in either case, 1/2 of the aisle space adjacent to any such display area, whichever is smaller, (ii) the operation of a restaurant which permits customers to "take-out" orders only in such location which Tenant shall have the right to approve, or (iii) the operation of a retail operation which derives at least seventy-five percent (75%) of its gross revenues from the sale of ice cream and similar dairy related products; and further provided that this restriction shall cease to be in force and effect if the Demised Premises are not used as a business for the sale of groceries, meats, fish, produce, dairy products, bakery products or any of them, for off-premises consumption, for a period of 365 consecutive days or longer from and after the date Tenant commences business operations in the Demised Premises, except when such failure is caused by labor disputes, force majeure or conditions beyond the control of Tenant or its subtenant or assignee.

3) No portion of the Shopping Center, including the Demised Premises, shall be used as a (i) bowling alley, health club, fitness center or other similar activity, nightclub, theater, disco, skating rink or any other non-retail business, (except a restaurant), which requires extensive use of the parking area, or (ii) a business which principally features sexually explicit products or drug-related paraphernalia. No portion of the building area of the Shopping Center within one hundred (100) feet of the Demised Premises shall be used as a restaurant.

4) No portion of the Common Area shall be improved with building area, or shall be altered or removed without prior written consent of Tenant. Minor non-structural alterations to the Common Area such as modifications to landscaping and changes in parking lot striping shall be allowed so long as such modifications or changes shall not negatively impact, in Tenant's sole judgment, the parking field, flow of traffic, or reduce the size or number of parking spaces.

5) No portion of the Common Area shall be encumbered by any easement, right of way, license or other servitude for the purpose of parking on or vehicular passage across the Common Area benefiting property outside of the Shopping Center without the prior written consent of Tenant.

6) With the exception of the Demised Premises, no portion of a building area shall exceed twenty-five (25) feet in height or one (1) story.

In the event that commercial property contiguous to the Shopping Center is now, or at any time during the term hereof, developed or owned, directly or indirectly, by Landlord, the restrictions set forth in Paragraphs 1, 2 and 3 above shall extend to such property, and Landlord further agrees that it will not convey such property without imposing thereon a restriction to secure compliance with the terms of this Lease. If any of the restrictions set forth herein are violated, Tenant shall be entitled to terminate the Lease in addition to all remedies available at law or in equity, provided that Tenant first serves notice of the violation to Landlord and any mortgagee of Landlord, the name and address of which Tenant previously has been furnished written notice, and permits same to remedy such violation within sixty (60) days after receipt of notice.

Should Tenant remain in possession of the Demised Premises after the expiration or termination of the Lease, it shall be deemed a tenant from month-to-month upon the same terms and conditions, except as to term, as herein provided.

The Lease Agreement provides, by illustration not limitation, that Tenant shall be entitled to enlarge the Demised Premises in accordance with Paragraph 21 thereof.

Landlord shall record one counterpart of the Lease and furnish same, with the recordation information affixed, to Tenant within thirty (30) days from the date hereof.

The provisions hereof shall run with the land so long as the Lease remains in effect, and shall bind and inure to the benefit of each party hereto and its heirs, executors, administrators, trustees, successors and assigns.

IN WITNESS WHEREOF, this Lease has been duly executed in four (4) counterparts, each of which constitutes a separate and binding agreement.

Witnesses for Landlord:

LANDLORD:

T&M Kernersville Development Company, L.L.C., a North Carolina limited liability company (SEAL)

By: Midland Kernersville Development Company, L.L.C., a North Carolina limited liability company, as managing General Partner (SEAL)

By: [Signature] (SEAL)

Lee S. Wielansky
Administrative Member

By: [Signature] (SEAL)

Stephen M. Notestine
Administrative Member

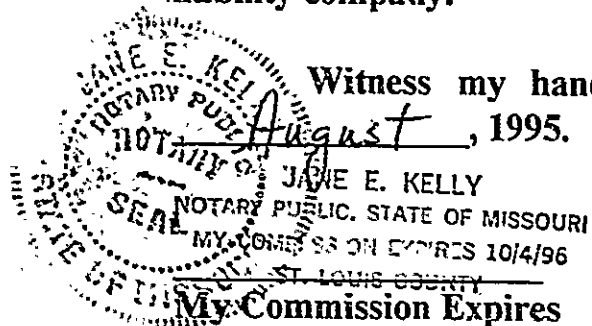
[Signature]
Jeannette J. Shelton
[Signature]
Jeannette J. Shelton

STATE OF MISSOURI

COUNTY OF ST. LOUIS

I, Jane E. Kelly, a Notary Public for said County and State, do hereby certify that Lee S. Wielansky and Stephen M. Notestine, personally appeared before me this day and acknowledged that they are the Administrative Members of Midland Kernersville Development Company, L.L.C., a limited liability company which is the Administrative Member of T&M Kernersville Development Company, L.L.C., a limited liability company, and acknowledged the due execution of the foregoing instrument on behalf of the limited company as Administrative Members of said limited liability company.

Witness my hand and official stamp or seal this 8th day of August, 1995.



[Signature]
Notary Public

TENANT:

THE KROGER CO., an Ohio
Corporation

Attested to:

By

Thomas P. O'Brien, Jr.
Thomas P. O'Brien, Jr.
Assistant Secretary

By

James E. Hodge
James E. Hodge, Vice President

STATE OF OHIO

COUNTY OF HAMILTON

I, Sandra Lee Wacksmann, a Notary Public for said County and State, do hereby certify that Thomas P. O'Brien, Jr., personally appeared before me this day and acknowledged that he is the Assistant Secretary of The Kroger Co., an Ohio corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by James E. Hodge, its Vice President, sealed with its corporate seal and attested by him as its Assistant Secretary, on behalf of said corporation.

Witness my hand and official stamp or seal this 8th day ofAugust, 1995.

My Commission Expires

Sandra Lee Wacksmann
Notary PublicSANDRA LEE WACKSMAN
Notary Public, State of Ohio
My Commission Expires Feb. 7, 1999

STATE OF NORTH CAROLINA--Forsyth County

The foregoing (or annexed) certificate of Jane E. Koe, NP, St. Louis County, MO
(here give name and official title of the officer signing the certificate pasted upon)+ Sandra Lee Wacksmann, NP, Hamilton County, OHis (are) certified to be correct. This the 22 day of Aug, 1995.

John Holleman Register of Deeds

By

Hilda Humeon

Deputy-Assistant

Probate and Filing Fee \$_____ paid.

BK1868 P3701

EXHIBIT A
TO LEASE BETWEEN
T&M KERNERSVILLE DEVELOPMENT COMPANY, L.L.C. (LANDLORD)
AND THE KROGER CO. (TENANT)

BEING all of Lots 1, 2, 4, and 6 as shown on that certain map consisting of three pages, entitled "Final Plat Kernersville Shopping Center Century Place Boulevard," dated August 7, 1995, and recorded in Plat Book 38, Pages 119, 120 and 121, Forsyth County Registry.

TOGETHER WITH and including all of the right, title and interest of Grantor in and to the non-exclusive easements appurtenant to any or all of said Lots 1, 2, 4, and 6 created in (1) that certain Declaration of Reciprocal Easements and Restrictions recorded in Book 1868, Page 368, Forsyth County Registry, (2) that certain Deed of Easement recorded in Book 1868, Page 363, Forsyth County Registry, or (3) that certain map recorded in Plat Book 38, Pages 119, 120, and 121, Forsyth County Registry.

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