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*Janet G. [Signature]*  
REGISTER OF DEEDS

ENTERED ☒  
VERIFIED ☒  
SCANNED ☒

### **ASSIGNMENT AND ASSUMPTION OF LEASES**

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment") is made this 15th day of AUGUST, 2016, by and between VF MALL REALTY MANAGEMENT NEBRASKA LLC a NEBRASKA company (hereinafter referred to as "Assignor") and GREEN LAMB PROPERTIES LLC a NEBRASKA LLC, a Nebraska company (hereinafter referred to as "Assignee").

#### **WITNESSETH:**

WHEREAS, Assignor has on above date herewith conveyed to Assignee that certain parcel of land situate in 1001 Nebraska HIGHWAY 2, NEBRASKA CITY, NE, 68410 as more particularly described on Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Property"); and

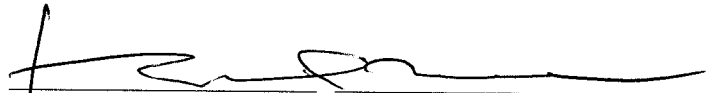
WHEREAS, as a part of the above-described transaction, Assignor further desires to assign, and Assignee desires to assume, the interest of Assignor under certain written leases relating to the Property (hereinafter collectively referred to as the "Leases"), as listed on Exhibit "B", attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Preambles.** The foregoing Preambles are incorporated herein as if fully set forth
2. **Assignment/Assumption.** Assignor hereby assigns and Assignee hereby assumes the Leases and all the obligations of the landlord thereunder and covenants and agrees to be bound by the terms thereof and to fully, completely and faithfully perform all of Assignor's obligations and liabilities thereunder, whether monetary or otherwise, on and after the date hereof. PROVIDED, to the extent Assignor has entered into oral leases relating to the Property, those interests, obligations, or liabilities are not in any way assumed by Assignee pursuant to this Assignment.
3. **Indemnification.** Assignee hereby agrees to indemnify and hold Assignor harmless from and against any and all claims, demands, actions, causes of action, liabilities, obligations, judgments, costs and expenses arising from or as a result of the failure of Assignee to promptly and completely pay and perform all the obligations, covenants, promises, undertakings, terms and conditions of the Leases on or after the date hereof. Assignor hereby agrees to indemnify and hold Assignee harmless from and against any and all claims, demands, actions, causes of action, liabilities, obligations, judgments, costs and expenses arising from the failure of Assignor to promptly and completely pay and / or perform all of Assignor's obligations, covenants, promises, undertakings, terms and conditions of the Leases prior to the date hereof.
4. This Assignment sets forth the final and entire Agreement between the parties hereto with respect to the Leases, and shall be binding upon and shall inure to the benefit of the parties hereto, their officers, agents, successors, and assigns.

IN WITNESS WHEREOF, Assignor and Assignee have executed this instrument  
as of the 15 day of August, 2016

**ASSIGNOR:**




VF MALL REALTY MANAGEMENT NEBRASKA  
LLC

By: Mehran Khorrami its sole manager

**ASSIGNEE:**

\_\_\_\_\_  
GREEN LAMB PROPERTIES LLC

By:  Partner  
its sole manager

By:  Partner

**EXHIBIT A**

## Description of Real Property

A tract of land located in the West ½ of the Northwest ¼ of Section 21, Township 8 North, Range 14, East of the 6th P.M., Otoe County, Nebraska, being more particularly described as follows: Considering the North line of the West ½ of the Northwest ¼ of said Section 21 as bearing N90°00'00"W and with all bearings contained herein relative thereto: Commencing at the Northeast Corner of the said West ½ of the Northwest ¼ of said Section 21, thence westerly along the said North line N90°00'00"W 107.0 feet to the True Point of Beginning, thence leaving said line and continuing southerly S00°14'46"E 208.40 feet to a point; thence easterly N89°56'39"E 106.94 feet to a point on the East line of the West ½ of the Northwest ¼; thence southerly along said east line S00°09'44"E 150.07 feet to a point; thence leaving said line and continuing westerly S89°52'54"W 230.0 feet to a point; thence southerly S00°06'41"E 664.77 feet to a point; thence westerly S89°54'35"W 959.78 feet to a point on the East right-of-way line of U.S. Highway #75; thence northerly N03°59'54"E 73.57 feet to a point; thence northwesterly N05°46'08"W 441.83 feet to a point; thence northerly along said right-of-way line N00°05'56"E 199.9 feet to a point; thence northeasterly N05°49'41"E 163.36 feet to a point on the South right-of-way line of Nebraska State Highway #2; thence southeasterly along said line S82°11'49"E 262.21 feet to a point; thence northeasterly N81°18'11"E 564.12 feet to a point; thence northeasterly along said South line N67°25'59"E 260.12 feet to a point; thence easterly N89°44'54"E 45.06 feet to the True Point of Beginning, EXCEPT that portion conveyed to the State of Nebraska in Book 201 Deeds, Page 411 and Book 202 Deeds, Page 339, and as Instrument No. 201500550; EXCEPT that portion conveyed to the City of Nebraska City in Book 169 Deeds, Page 339; and EXCEPT that portion conveyed to the Otoe County School District No. 31 in Book 172 Deeds, Page 31. This tract is also referred to as part of Lot A, H & E Subdivision, Otoe County, Nebraska, together with that certain drainage easement created by instrument recorded in Misc. Book 59, Page 20. Further together with that certain slope easement created by instrument recorded in Misc. Book 59, Page 24. Further together with access easement created by that certain instrument recorded in Misc. Book 49, Page 73.

## EXHIBIT B

### Leases Related to the Property/Rent Roll

VF Outlet . . . . . \$31,614.57 per month

Kitchen Collection . . . . . \$ 1,555.50 per month

Merrit Cabinets . . . . . \$ 750.00 per month

Heartland Craft . . . . . \$ 750.00 per month

One (1) 40 page Lease Agreement Follows This Page

### Security Deposits

Merrit Cabinets . . . . . \$750.00

STANDARD  
LEASE AGREEMENT

THIS LEASE, made and entered into this 10th day of June, 1993 by and between FACTORY STORES OF AMERICA, INC., a Delaware corporation (hereinafter called "Landlord") and VF FACTORY OUTLET, INC., a Delaware corporation, (hereinafter called "Tenant");

## WITNESSETH:

That for and in consideration of the mutual covenants and agreements herein contained, Landlord leases to Tenant, and Tenant leases from Landlord, the premises ("Premises") described on Schedule 1 annexed hereto and entitled Fundamental Lease Provisions (the "Summary Sheet"), and also as identified on the sketch of VF Outlet Center (the "Shopping Center"), attached hereto and entitled Schedule 2, upon the terms and conditions herein set forth.

1. **Use.** Tenant shall use the Premises solely for the retail sale primarily of apparel and accessories primarily under brand names now or hereafter owned or controlled by VF Corporation or its affiliates. The Premises may also be used for purposes allowed for Carveouts and permitted assignments and subleases, all as described on Schedule 3 attached hereto and incorporated herein by reference.

2. **Common Area.** Tenant and its employees, agents, invitees, and licensees are also granted the right, in common with others and subject to the exclusive control and management thereof at all times by Landlord, to the non-exclusive use of such of the areas as are from time-to-time designated as Common Areas by Landlord, including using such Common Area for special events or other activities designed to draw customer traffic to the Shopping Center, such events or other activities to be subject to the reasonable approval of and regulation by Landlord. Landlord will operate and maintain the Common Areas in the best interests of the Shopping Center, so long as such operation does not significantly interfere with Tenant's use and occupancy of the Premises. The Landlord will operate and maintain the Common Areas as set forth in Paragraph 11 hereof and will not alter or reduce Common Areas as existing on the Commencement Date or as they may be thereafter established so as to substantially reduce the amenities available in the Shopping Center or to create unmaintained areas of the Shopping Center. Provided, however, in no event shall the number of on-site parking spaces at the Shopping Center be reduced below the number required by the governmental authority having jurisdiction over the Shopping Center. Subject to the limitations set forth in this Section 2, Landlord will have the right to:

- a. Establish, modify, and enforce reasonable non-discriminatory rules and regulations with respect to the Common Areas;

- b. Enter into, modify, and terminate easements and other agreements pertaining to the use and maintenance of the Common Areas;
- c. Provided Landlord provides Tenant and its customers with reasonable access to the Premises, close temporarily any or all portions of the Common Areas; and
- d. Provided that Landlord is in compliance with Paragraph 11 hereof, do and perform such other acts in and to the Common Areas as, in the exercise of good business judgment, Landlord shall determine to be advisable.

No changes by the Landlord including, but not limited to rearranging common areas, building additions or erecting kiosks will materially adversely inhibit access to or visibility of the Premises.

3. **Tenant's Acceptance of Property.** Except as provided in other portions of the Lease, neither the Landlord nor its agents have made any representations with respect to the Premises, the building containing the Premises, or the land upon which such building has been erected, except as expressly set forth herein and no rights, easements, or licenses are acquired by the Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease. Except as qualified by the foregoing, and subject to the Landlord's duties to maintain the Shopping Center and the Common Areas as set forth in Paragraph 11 hereof, the taking of possession of the Premises by Tenant, shall be conclusive evidence that the Tenant accepts the same "as is," that all obligations imposed upon Landlord under this Lease have been fully performed, and that the Premises is in good condition at the time possession is taken.

4. **Lease Term and Lease Year.** The term of this Lease (the "Lease Term") shall be the period(s) specified on the Summary Sheet including the "Initial Term" as hereinbelow defined and any applicable option periods. The Initial Term shall be a period of ten (10) years beginning on the Commencement Date defined on the Summary Sheet, subject to extension in accordance with Paragraph 45 hereof.

The term "Lease Year" as used herein shall be a calendar year, with each Lease Year beginning on January 1. The first Lease Year shall begin on the first day of January next following the beginning date. Any portion of the Lease Term which is prior to January 1 of the first full Lease Year or after December 31 of the final full Lease Year shall be referred to herein as a "partial Lease Year."

The Tenant shall have the option to extend the Lease Term as provided in Paragraph 45, subject to the conditions, restrictions, and limitations therein set forth, all of which are incorporated herein by this reference.

**5. Rent and Other Tenant Payments.**

**A. Minimum Rent.** Tenant shall pay to Landlord during the Initial Term herein minimum rent at the annual rate of \$4.00 per square foot of Leasable Space in the Premises, such payment to be made in monthly installments in advance on the first day of each month during the Lease Term commencing with the Commencement Date (the "Minimum Rent"). "Leasable Space" shall mean all space in the Shopping Center actually occupied by, or intended or available for lease to, tenants; i.e., all portions of the Shopping Center exclusive of Common Areas. Minimum Rent during any renewal terms shall be as set forth in Paragraph 45 concerning "Renewal Options." If the first and last months of the Lease Term shall be less than a full calendar month, then all such sums for such partial month(s) shall be prorated based upon the actual number of days in such month(s) included in the Lease Term.

Minimum Rent may sometimes may be referred to herein as "Rent".

**B. Management Fee.** Commencing on the Commencement Date, Tenant shall pay to Landlord, its successors and assigns, during the Lease Term, but not after December 31, 2022, as additional rent hereunder, a fee (the "Management Fee") for managing the Shopping Center. For calendar year 1993, the Management Fee shall be \$1,428.57, which shall be prorated for the portion of 1993 following the Commencement Date. For each subsequent calendar year, the Management Fee shall increase by three (3) percent through 2022, and shall continue thereafter at the same annual amount as applicable for 2022. The annual Management Fee shall be payable in twelve (12) equal installments, payable on the first day of each month.

**C. CAM Increases.** Commencing with the second full Lease Year and during each Lease Year thereafter, Tenant shall also pay on a monthly basis, in advance with each monthly payment of Minimum Rent, an amount equal to Tenant's Proportionate Share (as defined in Paragraph 5G below) of the CAM Increases as defined below.

For purposes of calculating CAM Increases hereunder, the term "Common Area Expenses" means the costs and expenses incurred in operating and maintaining the Common Areas including, without limitation, all costs and expenses for maintenance and repair of a non-capital nature to physical assets (determined following generally accepted accounting principles consistently applied); employment of security personnel; upkeep and striping of parking lots, upkeep and replacement of all outside lighting; sweeping and cleaning of all Common Areas; insurance costs incurred in connection with the Common Area; removal of ice, snow and trash; utilities serving the Common Areas; depreciation of equipment and machinery serving the Common Areas (based on generally accepted accounting principles consistently applied); landscaping; payroll and similar taxes incurred in the management and operation of the

Common Areas; and Taxes, Insurance Costs, and Miscellaneous Charges as defined in Paragraph 5D, 5E and 5G respectively below attributable to the Common Areas prorated to the Common Areas according to the gross building square footage of such Common Areas relative to the total gross square footage of the building in the Shopping Center. No management charge, shall be included in Common Area Expenses.

The term "CAM Increases" for the second and each subsequent full Lease Year (the "Current Year" at the time of each annual calculation) shall mean the lesser of:

(a) the positive amount, if any, equal to (i) Common Area Expenses for the Lease Year immediately preceding the Current Year (the "Comparison Year"), minus (ii) such expenses incurred during the first full Lease Year; or

(b) the greater of:

(i) the amount equal to (x) an amount equal to the Common Area Expenses for the first full Lease Year, increased at the rate of three percent (3%) per annum, compounded annually, through the Comparison Year, minus (y) the Common Area Expenses for the first Lease Year; or

(ii) an amount equal to the Common Area Expenses for the first full Lease Year multiplied by a fraction, the numerator of which is the positive amount, if any, equal to (x) the CPI for the Comparison Year, minus (y) the CPI for the first Lease Year, and the denominator of which is the CPI for the first full Lease Year. The CPI for a given year herein shall refer to the Consumer Price Index (all Urban Consumers, U.S. City Average, All Items [Standard Reference based period is 1982-84 = 100] for the month of December next preceding the Lease Year to which it pertains.

The CAM Increase payable for the first full Lease Year shall be a sum equal to the CAM Increase for the second full Lease Year times a fraction, the numerator of which is the number of full calendar months in the first partial Lease Year in the term of this Lease and the denominator of which is 12. The CAM Increase for the first full Lease Year will be calculated at the conclusion of the second full Lease Year and shall be payable 15 days after request therefor by Landlord.

Landlord agrees to provide Tenant with a breakdown of Common Area Expenses and CAM Increases calculated in accordance with Paragraph H below.

Tenant shall also have the right, at Tenant's sole cost and expense after written notice, to audit Landlord's records of Common Area Expenses.

D. **Taxes.** Tenant shall also pay an amount equal to Tenant's Proportionate Share of the Taxes (hereafter defined).



The Taxes for the first Lease Year or for any partial Lease Year prior thereto shall be an estimated amount which is specified as Taxes on the Summary Sheet. The Taxes for each succeeding full or partial Lease Year shall be estimated by Landlord at the beginning of each such year on the basis of actual Taxes for the preceding full or Partial Lease Year, and subsequently adjusted as hereafter provided.

The term "Taxes" shall mean all governmental levies, fees, taxes, assessments or charges of every kind and nature whatsoever which are levied, assessed or imposed against the Shopping Center or any portion thereof, or on Landlord, by reason of its ownership and operation of the Shopping Center and its receipt of Rent therefrom, including, without limitation, ad valorem taxes, any other tax on rents or real estate, water or sewer, and all other governmental exactions from time-to-time directly or indirectly assessed or imposed upon the Shopping Center and/or the portion of the land upon which it is situated, including all costs and fees paid or incurred by Landlord in contesting, or in negotiating with the public authorities as to the amount of such assessments, charges, or taxes, or the basis upon which the same shall be assessed. The term Taxes as herein defined shall be net of any refund, rebate or other special tax benefits the Landlord receives on account of any of the above charges. Taxes shall not be deemed to include income taxes, gross receipts taxes, or similar taxes calculated based on the net income of Landlord. Tenant may appeal any Taxes in accordance with applicable law provided that (i) Tenant shall notify Landlord of the commencement of such appeal and keep Landlord reasonably informed of the progress thereof; (ii) such appeals shall be made at Tenant's sole expense; and (iii) the pendency of such an appeal shall not affect Tenant's obligation to pay Tenant's Proportionate Share of Taxes as and when required under this Paragraph 5 based on the full amounts claimed by the taxing authority. Notwithstanding the foregoing, Tenant shall be responsible for payment of any such Taxes actually imposed on rents payable by Tenant hereunder, rather than for Tenant's Proportionate Share of such Taxes payable on rents received by Landlord from the Shopping Center.

The charges set forth above in this subparagraph shall not include the portion of such costs attributable to the Common Areas. The portion of such charges attributable to the Common Areas shall be a fraction of such charges, the numerator of which shall be the gross building square footage of the Common Area and the denominator of which shall be the total of all gross square footage in the building comprising the Shopping Center. Such excluded Common Area charges shall be included within the definition of Common Area Expenses under Paragraph 5B above.

During the entire Lease Term, Tenant shall also pay when due all taxes imposed upon Tenant's business and upon all personal property of Tenant used in connection therewith.

**E. Insurance.** Tenant shall also pay an amount equal to Tenant's Proportionate Share of Landlord's insurance costs. The insurance costs for the first Lease Year or for any partial Lease Year prior thereto shall be an estimated amount which is specified on the Summary Sheet. The insurance cost for each succeeding full or partial Lease Year shall be estimated by Landlord at the beginning of each such year on the basis of actual insurance costs for the preceding full or partial Lease Year, and subsequently adjusted as hereinafter provided.

The term "insurance costs" shall mean and include Landlord's cost for insurance obtained by Landlord in connection with the Shopping Center, and not covered under common area expenses described above, including, without limitation, any liability or extended insurance coverage; personal injury, death and property damage insurance; fire, theft or other casualty insurance; Workmen's Compensation Insurance; and insurance against liability for defamation and false arrest occurring in or about the Shopping Center.

The charges set forth above in this subparagraph shall not include the portion of such costs attributable to the Common Areas. The portion of such charges attributable to the Common Areas shall be a fraction of such charges, the numerator of which shall be the gross building square footage of the Common Area and the denominator of which shall be the total of all gross square footage in the building comprising the Shopping Center. Such excluded Common Area charges shall be included within the definition of Common Area Expenses under Paragraph 5B above.

Tenant further agrees to pay, on demand from Landlord, any increase in premiums on insurance carried by Landlord to the extent that such increase is a direct result of Tenant's conduct of extraordinary activities at the Shopping Center or a change in Tenant's use of the Premises and/or the Shopping Center.

**F. Trash.** Landlord shall provide trash collection service and the costs of the same shall be part of the common area expenses, provided the cost of such is reasonable, competitive and substantially all tenants of the Shopping Center, are similarly obligated. Notwithstanding the foregoing provision to the contrary, Tenant may contract separately for its own trash collection provided that (i) Tenant shall give Landlord at least ninety (90) days prior notice of commencement or discontinuance of any such separate arrangement including the identity of the proposed contractor; (ii) Landlord shall have the right to approve or disapprove the proposed contractor, approval not to be unreasonably withheld or delayed; and (iii) during the continuance of any such separate contract Tenant shall be solely responsible for the safe, sightly and lawful disposition of its trash and no trash shall be allowed by Tenant to accumulate outside of containers reasonably approved by Landlord for the purpose. With respect to any such period, Landlord shall delete trash collection charges from Common Area Expenses for the purpose of calculation of CAM Increases.

**G. Miscellaneous Charges.** Tenant shall pay for all electricity, gas, lighting, water, sewer, garbage disposal, cost of operation, maintenance and repair of the heating, ventilation and air conditioning ("HVAC") system and all other mechanical systems and other miscellaneous services supplied to the Premises (herein called "Miscellaneous Charges"). If any such Miscellaneous Charges are not separately metered or assessed, or are only partially separately metered or assessed, and are used in common with other tenants in the Shopping Center, and in any case as to repairs under Paragraph 7 Tenant will pay to Landlord its Proportionate Share of such charges. Any expenditures for repair or replacement of a capital nature (determined following generally accepted accounting principles consistently applied) shall not be allowed as a Miscellaneous Charge except by way of depreciation thereof (measured according to such accounting principles).

Landlord may install re-registering meters and collect any and all Miscellaneous Charges from Tenant, making returns to the proper public utility company or governmental unit, provided that Tenant shall not be charged more than the rates it would be charged for the same services, if furnished direct to the Premises by such companies or governmental units.

The charges set forth above in this subparagraph shall not include the portion of such costs attributable to the Common Areas. The portion of such charges attributable to the Common Areas shall be a fraction of such charges, the numerator of which shall be the gross building square footage of the Common Area and the denominator of which shall be the total of all gross square footage in the building comprising the Shopping Center. Such excluded Common Area charges shall be included within the definition of Common Area Expenses under Paragraph 5B above.

**H. Computation of Common Charges and Expenses.** The amount of CAM Increases, Taxes, Insurance, and Miscellaneous Charges (or so many of the foregoing as are applicable) which Tenant shall pay in each full or partial Lease Year shall be determined by multiplying Landlord's actual charges, as provided in subsections C, D, E and G hereof, by a fraction (Tenant's "Proportionate Share") the numerator of which shall be the number of square feet of gross leasable space in the Premises, and the denominator of which shall be the total gross leasable space in the Shopping Center. For the purpose of this subparagraph, "gross leasable space" shall mean space leased or available for lease to tenants and shall not include Common Areas.

If the actual amount of any charge enumerated in this subsection H in any full or partial Lease Year exceeds the estimated payments made by Tenant for such year, Tenant shall, within thirty (30) days after receipt of a statement from Landlord certifying the actual amount of such charge and Tenant's Proportionate Share thereof, pay to Landlord the full amount of such deficiency. Such statement shall set forth in reasonable detail all items of income and expense upon which the

determination of CAM Increases, Taxes, Insurance, and Miscellaneous Expenses are based; and such statements and Landlord's records pertaining thereto, shall be subject to audit by Tenant upon reasonable notice. If the amount of such estimated charges paid by Tenant in any full or partial Lease Year exceeds Tenant's Proportionate Share of the actual amount thereof for such year, Landlord shall credit such excess payments made by Tenant against future installments payable by Tenant hereunder; except that for the final full or partial Lease Year, Landlord will refund Tenant's excess payment within thirty (30) days after the issuance of said year-end statement.

Landlord shall provide the year-end statement set forth above within sixty (60) days after Landlord receives all bills necessary to complete such actual charge for the applicable full or partial Lease Year.

**I. Interest on Past Due Obligations.** In the event Tenant shall fail to pay when due any Rent or other sum which Tenant is required to pay under this Section 5, which is fifteen (15) days after written notice thereof from Landlord, such past due payment shall accrue interest, from the due date until paid, at the lesser of Chase Manhattan Bank of New York's prime or base commercial lending-rate in effect at the beginning of the first banking day subsequent to the due date plus two percent (2%) per annum or the highest rate permitted by applicable law. All such interest shall be deemed additional Minimum Rent for the purposes of this Lease.

**6. Address of Landlord and Tenant; Notices.** All rent and all other sums to be paid by Tenant under the provisions of Section 5 hereof, and all written communications between the parties shall be delivered to the addresses shown on the Summary Sheet, which addresses may be changed by notice in writing delivered as hereinafter provided.

All notices or other communications required under this Lease shall be in writing, signed by the party giving such notice, and delivered personally or transmitted by (i) certified mail, return receipt requested, postage prepaid, (ii) Federal Express or other similar nationwide overnight courier service providing positive evidence of receipt, fees prepaid or billed to sender, or (iii) by electronic facsimile. Notices shall be deemed given when personally delivered, or actually received as evidenced by receipt provided by the U.S. Postal Service or courier service described above. The sender shall have the burden of proof as to actual receipt of facsimile notification.

**7. Repairs.** Landlord shall be responsible for making repairs upon the slab, foundation, roof and exterior walls of the Premises, the HVAC system, and all other mechanical systems excluding those described in the immediately following sentence, employing materials and labor of a kind and quality equal to the original installations, except where Tenant is required to maintain the same by the terms of this Lease. Tenant shall be

responsible for the maintenance, repair and replacement of all other portions of the Premises, including all other mechanical systems (excluding HVAC, but including electrical and plumbing as well as utility, water sewer and other systems) serving the Premises exclusively, but only to the extent the same are located within the confines of the Premises or located on the roof of the Premises; and Tenant shall make all such repairs and replacements at its own expense, employing materials and labor of a kind and quality equal to the original installations. Where mechanical systems serving the Premises exclusively, excluding HVAC, are installed for Tenant, and such systems come with a manufacturer's warranty, Landlord, to the extent it is able to do so, shall assign any warranty to Tenant, and Tenant shall be responsible for enforcing any warranty so assigned. If Tenant fails to replace or repair equipment or other installations in or about the Premises as above provided, then, after advising Tenant in writing as to the necessity therefor, Landlord may cause the required work to be performed and add the cost thereof to the next due Rent installment(s). In no event will Tenant be required to contribute to any capital expenses or repairs and replacement of structural elements, including those in the Common Areas.

Tenant agrees to operate any separate heating and air-conditioning unit in the Premises during all hours that Tenant's store is open for business and during all hours that the heating and air conditioning units for the Common Areas of the Shopping Center are in operation. Any repairs or replacements required to be made to such equipment shall be done or made only by such persons or corporations as have been approved in advance by Landlord.

8. **Alterations.** Tenant shall make no structural alteration to the Premises without the prior written consent of Landlord, such consent not be unreasonably withheld, conditioned or delayed, except that in connection with a New Carveout as defined in Schedule 3 annexed hereto, Tenant may make structural alterations and may create additional exits or entrances from and to the Premises subject only to the following conditions precedent: (a) Tenant shall have delivered to Landlord (i) a complete set of plans and specifications for the proposed alteration and (ii) the unqualified opinion of a licensed engineer that the proposed alteration when completed in accordance with such plans will comply with all applicable state and local codes, will be commensurate with the standards of the engineering profession and will not impair or overload the structural or mechanical systems of the building (assuming full occupancy of the building), which opinion shall be re-issued to Landlord as an "as-built" opinion upon completion of construction and prior to occupancy by the New Carveout Tenant; and (b) Landlord shall have approved the aesthetic appearance of the proposed alteration as viewed from outside the Premises, which approval shall not be unreasonably withheld or delayed. Any alteration or improvement made within the Premises which results in any damage to the floor, ceiling or outside walls of the

Premises shall be repaired by Tenant, at the request of Landlord, and in any event, at the termination of the Lease. Except as otherwise provided herein, all alterations, improvements and additions to the Premises shall remain thereon at the termination of the Lease, and shall become the property of Landlord, except that Landlord may by notice to Tenant at least sixty (60) days prior to the end of the Lease Term require Tenant to remove same if same shall have been installed without Landlord's approval or if Landlord's approval expressly reserved Landlord's right to require removal thereof at the termination of the Lease, in which latter event Tenant shall comply such that the Premises shall be in the same condition in which it was found prior to the commencement of the work resulting in the alterations, improvements and additions.

9. **Furniture and Fixtures.** Tenant may install furniture and fixtures within the Premises at Tenant's sole expense and the same shall remain Tenant's property, provided Tenant removes such furniture and fixtures prior to the expiration of the Lease. If the removal or installation of such furniture and fixtures results in any damage to the Premises, Tenant shall repair the Premises to the condition in which it was found immediately prior to the installation, normal wear and tear excepted.

10. **Covenants.** Tenant agrees:

a. To comply with all requirements of any State or Federal statute, or local ordinance or regulations, applicable to Tenant or its use of the Premises, including, without limitation, building and zoning codes and any such statutes, or regulations regarding toxic substances or environmental hazards, and to save Landlord harmless from penalties, fines, costs, expenses or damages resulting from failure to do so; except that Tenant shall not be required to make any structural changes in the Premises unless necessitated by Tenant's specific use thereof.

b. To give to Landlord prompt written notice of any accident, fire or damage occurring on, or to, the Premises and the Common Area of the Shopping Center.

c. To load and unload goods only at such times, in such areas, and through such entrances as may be reasonably designated for such purposes by Landlord, and to prohibit all trucks and trailers which have entered upon the Shopping Center property on account of Tenant's conduct of business from remaining overnight in or on any portion of the Shopping Center other than at the rear of the Premises.

d. To make such arrangements as Landlord may reasonably require from time to time for the storage and disposal of all garbage and refuse.

e. Not to burn, place or permit any rubbish, obstructions or merchandise in such areas.

f. To keep the Premises clean, orderly, sanitary and free from objectionable odors, and from insects, vermin and other pests.

g. To park Tenant's vehicles and to require Tenant's directors, officers, employees, agents, contractors, subtenants, licensees and concessionaires to park their vehicles, only in those portions of the parking area of the Shopping Center or at such other places, as are reasonably designated for that purpose by Landlord. Tenant agrees to pay to Landlord a daily rate to be established by Landlord (not to exceed \$10.00 per vehicle per day) for any such vehicle parked in any part of the Shopping Center other than the designated area more than five (5) days after written notice thereof from Landlord.

h. Unless Tenant closes the Premises pursuant to Section 4.15 of the Asset and Real Estate Purchase Agreement between Landlord and Tenant dated April 16, 1993 (the "Purchase Agreement"), to keep its display windows, including window and shadow boxes in the Premises, dressed and illuminated and its exterior and interior signs and lights continuously well lighted every day of the Lease Term during such time as Landlord shall reasonably require.

i. To use and occupy the Premises continuously and uninterruptedly throughout the Lease Term and to be open for business during such reasonable business hours as Landlord may prescribe from time-to-time, but at least from 9:00 a.m. to 9:00 p.m. six (6) days per week (Monday through Saturday) and from 1:00 p.m. to 6:00 p.m. on Sundays, except when prevented from so doing by casualty, strike, Act of God or other causes beyond Tenant's control. Landlord may prescribe longer or different hours during holidays or during special promotional events. Provided, however Tenant may be closed for two (2) twenty-four (24) hour periods per Lease Year for restocking and inventory, and for up to seven (7) days every five (5) years to renovate the Premises. Landlord hereby grants Tenant the right to curtail the hours of operation to the extent, if any, set forth on the Summary Sheet. Upon Landlord's approval, which shall not be unreasonably withheld, Tenant may be open for business for longer or different hours during holiday seasons or for special promotional events, provided that Tenant shall reimburse Landlord for Landlord's reasonable and actual costs incurred to accommodate such longer or different hours.

j. Unless Tenant closes the Premises pursuant to Section 4.15 of the Purchase Agreement, to conduct its business in the Premises in all respects in a diligent and dignified manner, to refrain from using any sales promotion device or practice that would tend to mislead or deceive the public or, directly or indirectly, detract from or impair the reputation or dignity of the Shopping Center, to keep

the Premises in first class condition in accordance with the highest standards of operation of similar businesses and to maintain at all times during the Lease Term a reasonable staffing of well trained personnel and a reasonable stock of merchandise.

k. To comply with any and all reasonable rules and regulations of Landlord in connection with the Premises or the Shopping Center which are now or hereafter in effect. Any rules and regulations promulgated by Landlord, including but not limited to, hours of operation will be reasonable and applied in a non-discriminatory manner to all tenants of the Shopping Center.

l. To install on the Premises such fire extinguishers and other safety equipment as Landlord may require and to comply with the reasonable recommendations of Landlord's insurance carriers and their rate-making bodies consistent with prevailing industry standards, provided that unless failure to comply with such recommendations would result in a reduction in coverage or increase in premium, Tenant may decline to comply if compliance would have a material adverse effect on Tenant's business at the Premises as conducted on the Commencement Date or would require capital expenditures by Tenant.

m. To pay promptly to Landlord all Rents and all other charges due to Landlord pursuant to the terms of this Lease before the same shall become delinquent.

n. To keep the Premises in good condition and repair and to deliver the Premises to Landlord at the end of the Lease Term in as good condition as it was when received by Tenant, excepting only normal wear and tear and repairs required to be made by Landlord, and damages to the Premises governed by Paragraph 14 hereof.

o. To contract for termite and pest extermination services for the Premises, such services to be rendered on a schedule recommended by a reputable exterminating company and to deliver to Landlord a certificate evidencing such services.

p. To refrain from doing each and every one of the following:

i. Using the Premises in any manner which, in Landlord's reasonable opinion, is, or may be, harmful to the Shopping Center or disturbing to other tenants in the Shopping Center;

ii. Installing or permitting the installation of video or other electronic games;



iii. Unless used in a dignified and tasteful manner in the ordinary course of Tenant's business, pasting or otherwise affixing any merchandise or any advertising material closer than twelve inches to the interior side of any display window or door, except that Tenant shall be permitted to place a sign or signs advertising its hours of operation, the credit cards it accepts, and its slogans within said area, and Tenant shall remove all such signs and repair all damage done to the Premises as a result thereof promptly at the end of the Lease Term.

iv. Placing any machines, equipment or materials of any kind outside of the confines of the Premises except on or adjacent to the loading docks at the Premises and except for announcement boards, material, signage and equipment to support special events subject to the reasonable approval of Landlord and except for knitting machines and similar displays at the entranceway to the Premises in the Shopping Center;

v. Unless used in a dignified and tasteful manner in this ordinary course of Tenant's business, using in the Premises or other portions of the Shopping Center, any phonographs, radios, public address systems, sound production or reproduction devices, mechanical or moving display devices, motion picture or television devices, excessively bright lights, changing, flashing, flickering, or moving lights or lighting devices or any similar advertising media or devices, the effect of which shall be visible or audible from the exterior of the Premises;

vi. Causing or permitting any noxious, disturbing or offensive odors, fumes or gases, or any smoke, dust, steam or vapors, or any loud or disturbing noise or vibrations to originate in or be emitted from the Premises;

vii. Causing or suffering to be done, any act, matter or thing which in the reasonable judgment of any insurance company is objectionable to insurance companies acting consistently with prevailing industry standards whereby any hazard insurance or any other insurance now in force or hereafter to be placed on the Shopping Center or on any part thereof may become void or be suspended, or whereby the insurance premiums payable by Landlord, or by any tenant of Landlord, may be increased;

viii. Conducting any auction, fire, bankruptcy, going out of business sale on or about the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld for a going out of

business sale immediately prior to the expiration of the Lease Term;

ix. Except for attachments affixed upon execution hereof, attaching any awning, antenna or other projection to the roof or the outside walls of the Premises or the building of which the Premises is a part, provided that Tenant may install an antenna and/or a satellite communication dish on the roof of the Premises at a location and in a manner subject to the reasonable approval of Landlord;

x. Committing or suffering to be committed by any person any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other tenant in the Shopping Center, or which may disturb the quiet enjoyment of any person within five hundred feet of the boundaries of the Shopping Center;

xi. Soliciting business for itself, or permitting its licensees, concessionaires or subtenants to solicit business in the parking or other Common Areas of the Shopping Center and including (without Landlord's written permission) distribution of handbills or other advertising matter in or on automobiles parked in a parking area or other Common Areas of the Shopping Center;

xii. Except for Tenant's rights to close the Premises pursuant to Section 4.15 of the Purchase Agreement, vacating or abandoning the Premises or allowing the same to appear to be vacated or abandoned.

Tenant also agrees that neither Tenant nor any of its subsidiaries or affiliates shall operate directly or indirectly a store within a fifty mile radius of the Shopping Center except for stores or groups of stores having not more than 5,000 gross square feet in the aggregate at any one location.

**11. Landlord's Covenants.** Landlord agrees:

(a) To comply with all requirements of any State or Federal statute, or local ordinance or regulations, applicable to Landlord or its ownership of the Shopping Center, or management of the Common Areas including, without limitation, any Laws as defined in Paragraph 44 hereof.

(b) To give to Tenant prompt written notice of any accident, fire or damage occurring on, or to, the Shopping Center and the Common Areas having in Landlord's reasonable opinion the substantial potential for damage to the Premises, to the extent such incidents are not reasonably observable by Tenant's employees.

(c) To keep the Shopping Center including the Premises and Common Areas sufficiently heated to prevent freezing of water in pipes and fixtures, and heated or cooled to comfortable temperatures during business hours.

(d) To keep the outside portions of the Common Areas properly landscaped, clean and free from ice and snow.

(e) To keep the Common Areas clean, orderly, sanitary and free from objectionable odors, and from insects, vermin and other pests.

(f) To conduct its business in the Shopping Center and Common Areas in all respects in a diligent and dignified manner, to refrain from using any sales promotion device or practice that would tend to mislead or deceive the public or, directly or indirectly, detract from or impair the reputation or dignity of the Shopping Center and keep the Shopping Center and Common Areas in good and reputable condition in accordance with the standards of operation of similar businesses in the same market.

(g) To install such fire extinguishers and other safety equipment in the Common Areas as may be required by law and to comply with the recommendations of its insurance carriers and their rate-making bodies.

(h) To pay all taxes when due.

(i) To pay all utilities as billed.

(j) To maintain the Shopping Center including the Common Areas and all machinery, equipment, mechanical and electrical systems serving the Premises and all structural elements of the Shopping Center in good working order and condition.

(k) To maintain adequate security for the Shopping Center in at least the manner currently maintained.

(l) To maintain the existing character and nature of the Shopping Center as manufacturer's retail outlet centers provided that Tenant's use of the Premises remains compatible with such a character and nature.

(m) To actively and aggressively market vacant space and use its best efforts to maintain maximum occupancy in all leasable space in the Shopping Center.

(n) To maintain and keep in force during the full Lease Term (i) fire and extended coverage insurance issued by a nationally recognized insurance company for the replacement value of the Shopping Center in amounts and upon terms, including deductibles, that are customary at the time for prudent owners of properties similar to the Shopping

Center and to provide to Tenant from time to time a certificate of insurance verifying such coverage; (ii) public liability insurance issued by a nationally recognized insurance company, with minimum limits of not less than one million dollars for one person and five million dollars for more than one person on account of death or personal injury in one occurrence and one million dollars for property damage.

In the event Landlord fails to perform any of its foregoing covenants as to the operation or maintenance of the Shopping Center after 30 days' written notice or, in the case of a failure that cannot reasonably be cured within such period, Landlord fails to commence to cure the same within the 30 day period and thereafter to diligently pursue completion of the cure, then Tenant may cure the failure and set off the reasonable cost thereof against rents next coming due under this Lease. If Landlord disputes Tenant's allegation of Landlord's failure to perform, Landlord may demand arbitration by a single arbitrator in accordance with the rules of the American Arbitration Association at its office in Charlotte, North Carolina. The cost of arbitration shall be borne by the non-prevailing party or, if the parties do not agree as to which is the prevailing party, the cost shall be equitably apportioned by the arbitrator. The cost of arbitration to be charged to a non-prevailing party shall include the arbitrator's fees; each party shall bear the cost of its own legal fees. If it is determined by arbitration that Tenant was not entitled to perform one or more of Landlord's obligations under this Lease, Tenant shall cease such performance and pay damages with interest to Landlord as awarded by the arbitrator. Tenant's exercise of its self-help rights under this paragraph 11 shall not constitute a default under this lease unless the arbitrator determines that the Tenant acted in willful or reckless disregard of the terms of this Lease. Notwithstanding the foregoing provisions of this paragraph to the contrary, Tenant may in the event of an emergency perform an obligation of the Landlord to the extent reasonably necessary to prevent or minimize personal injury or property damage, and Tenant may set off the reasonable cost thereof against rents next coming due under this Lease provided that Tenant shall have given Landlord notice of its actions and the reasons therefor as promptly as practical under the prevailing circumstances. The remedy of self-help provided herein shall be in addition to and not in lien of any other rights legal or equitable, provided by law to Tenant in the event of breach by Landlord of its obligations under this paragraph 11.

12. **Tenant's Signs and Advertising.** Tenant at its expense shall maintain in good condition and replace as necessary all of Tenant's existing signs at the Shopping Center, provided that Tenant may in its discretion change its signage if it changes the name of its store, and remove brand identification signs to respond to local market conditions. Any replacement signs except signs which reflect a name change pursuant to the foregoing sentence, if not identical to those replaced, shall be approved

in writing by Landlord prior to installation, which approval shall not be unreasonably withheld. Landlord and Tenant agree to negotiate in good faith the terms of any standard signage criteria proposed by Landlord.

Tenant agrees to use its best efforts (a) to refer to the name and address of the Shopping Center in designating the location of the Premises in all of its local advertising, printed material, and all other references to location of the Premises; (b) to include the address and identity of its business activity in the Premises in all of its advertising in which the address and identity of any other business activity of like character conducted by Tenant within the area serviced by the Shopping Center shall be mentioned (except as permitted by the last sentence of this paragraph); and (c) to use the Tenant's trade name as used at the Premises in all such advertising. Notwithstanding the requirements of item (b) above in this paragraph, Tenant shall not be required to include the address and identity of its business activity in the Premises in its advertising for stores excepted from the radius restrictions of paragraph 10 above, except that if such advertising includes use of a VF brand name that is sold at the Shopping Center, Tenant must advertise the address and identity of Tenant's business activity in the Premises either by including such information in the advertisements for the other location or by reasonably equivalent separate advertisements.

Landlord grants permission to Tenant to use its standard logo on all signage. Tenant may also use its standard window signs and advertisements and interior signage.

**13. Landlord's Privileges.** In addition to the other rights and privileges of Landlord herein or by law granted, Landlord shall have the following rights and privileges:

a. To inspect the Premises at any reasonable time and, except in case of emergency, upon reasonable notice. At Landlord's option, Landlord may cause repairs to be made to the Premises, or cause to be made repairs, alterations and additions to other portions of the Shopping Center, which right, in the event of an emergency, shall include the right of Landlord to forcibly enter said Premises without rendering Landlord or Landlord's agents or employees liable therefor. Landlord shall use reasonable efforts under the circumstances then prevailing to perform such work after normal retail hours and not to unduly interfere with or interrupt Tenant's business.

b. To install, maintain, use and repair pipes, ducts, conduits, vents and wires leading in, through, over or under the Premises, so long as the square footage of the Premises is not reduced thereby.

c. To display "For Rent" signs within the Premises at prominent locations at any time within the last two (2) months of the Lease Term.

d. To install upon the roof and exterior walls of the Premises such signs, displays, antennae and other objects or structures as Landlord shall deem necessary or appropriate for the promotion, operation, expansion, maintenance or repair of the Shopping Center, provided that any such items installed by Landlord shall be maintained by Landlord as a Common Area Expense. This subparagraph confers no right on Landlord to use any of Tenant's name, brand names, trademarks or logotypes.

e. To make alterations on or additions to the building in which the Premises is located, and to build additional stories thereon or adjacent to the Premises. Landlord also reserves the right to construct and improve other buildings and add to any existing building or improvement in the Shopping Center, and to permit others to do so. Said alterations or additions may temporarily restrict or diminish the free flow of traffic in the Shopping Center or temporarily create noise or other annoyances. However, no alterations or additions shall be made which materially obstruct the visibility of the Premises to customers, significantly impair the ability of Tenant to conduct its business at the Premises, or reduce the on-site parking spaces in the Shopping Center below that required by applicable governmental codes(s).

14. **Damages to Premises.** If the Premises is damaged or destroyed by fire, storm, Act of God, war, riot, unavoidable accident, public enemy or other casualty to an extent greater than twenty-five percent (25%) of the replacement cost thereof ("Major Damage"), Landlord reserves the right of either terminating this Lease as of the date such damage occurred or restoring the Premises to the condition it was in prior to such damage or destruction. If Landlord should elect to reconstruct the Premises, Tenant shall be advised in writing by Landlord within a period of forty-five (45) days after said damage or destruction that Landlord will, as soon as practicable, repair and restore the Premises as near as practical to its previous condition. In addition, if Major Damage occurs during the last two (2) years of the Lease Term (including any option period which Tenant has previously exercised), or if the reasonably estimated time to substantially complete repair and restoration is greater than six (6) months from the date of casualty, the Tenant may also terminate this Lease as of the date such damage occurred, but only on written notice to Landlord with the same forty-five (45) day period. During the time required for repairing and restoring the Premises, to the extent that the same are rendered untenable, and for an additional thirty (30) days thereafter, the Rent and other charges specified in Section 5 hereof shall abate on a per diem basis in proportion to that portion of the Premises rendered untenable. If the Premises,

or any part thereof, should be damaged by any such casualty to an extent that is less than twenty-five percent (25%) of the replacement cost thereof Landlord shall, to the extent of insurance proceeds payable therefor, and to the extent any lender of Landlord shall permit such insurance proceeds to be so used, repair such damage as soon as practicable, and restore the Premises as near as possible to its previous condition. If Landlord shall restore the Premises, then Rent and other charges shall abate proportionately to the portion of the Premises rendered untenable, for the period it shall be untenable, plus an additional thirty (30) days after such restoration is completed by Landlord.

Notwithstanding the above, if the Premises are damaged or destroyed in whole, or in part, by a casualty not covered (except for applicable deductible) by Landlord's insurance; or if such damage to the Premises is suffered during the last two years of the then current term of this Lease (including any option which Tenant has previously exercised) and the damage is sufficiently extensive to result in the entire suspension of Tenant's business, however temporary; or if the proceeds of any insurance are not made available by Landlord's Lender, then Landlord, at its option, may elect not to repair the Premises, and upon so notifying Tenant in writing, this Lease shall terminate as of the date on which the damage occurred. During any period of restoration of the Premises or any other part of the Shopping Center following a casualty, Tenant shall continue to operate its business in the Premises to the extent practical considering the physical state of the Shopping Center, except that (a) Tenant shall close its business during such period if so requested by Landlord, and (b) Tenant may close its business during such period for so long as retail stores occupying less than eighty percent (80%) of the gross leasable area of the Shopping Center excluding the Premises ("Other Tenant Space") are open for business and for thirty (30) days after the 80% occupancy level has been restored. During any period during which Tenant's business is required or permitted to close under this paragraph 14 and Tenant's business is in fact closed, Rent and other charges under Paragraph 5 shall be abated in full.

Landlord will use its best efforts to include provisions in any mortgage loan documents respecting the Shopping Center requiring Landlord's Lender to allow restoration of the Premises on reasonable terms and conditions as long as there is no default under the mortgage or under this Lease.

Should Landlord terminate this Lease pursuant to this Paragraph 14, and thereafter within one (1) year of the date of casualty Landlord commences reconstruction on the Premises, Tenant shall have the right but not the obligation to lease the reconstructed Premises on the same terms and conditions of this Lease as if this Lease had not terminated.

If the Shopping Center is damaged or destroyed to the extent of rendering unusable fifty percent (50%) or more of the Other

Tenant Space" (damage to the Premises being treated in accordance with the prior subparagraphs of this Paragraph 14), and if Landlord does not restore such damage to the extent that at least fifty percent (50%) of Other Tenant Space as measured immediately prior to the casualty is ready for leasing to tenants within 180 days after the date of casualty, Tenant may elect to terminate this Lease upon at least 180 days' notice given between 180 and 240 days after the date of the casualty, but in no event may such notice be given after at least fifty percent (50%) of the Other Tenant Space measured as described above has been restored and is ready for leasing to tenants. If Landlord timely restores the Shopping Center to the 50% standard set forth in the immediately preceding sentence, Tenant shall not have a right to terminate this Lease but Landlord shall continue to use reasonable efforts to restore the remainder of the Shopping Center (if any remains unrestored) to substantially its condition before the casualty. If the Shopping Center is damaged or destroyed to the extent of rendering unusable less than fifty percent (50%) of the gross leasable area of the Shopping Center, Landlord shall use reasonable efforts to restore the damaged portions of the Shopping Center to substantially its condition before the casualty.

15. **Eminent Domain.** If twenty percent (20%) or more of the floor area of the Premises is taken for any public or quasipublic use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, then either party hereto shall have the right to terminate this Lease, effective on the date physical possession is taken by the condemning authority.

If less than twenty percent (20%) of the floor area of the Premises is taken for any public or quasi-public use in said manner, this Lease shall not terminate, unless the portion of the Premises not so taken is unsuitable for its normal use, in Tenant's reasonable judgment, in which event Tenant may terminate this Lease by written notice to Landlord. In the event any portion of the Premises is taken and the Lease does not terminate, the Rent and other charges specified in Section 5 hereof shall be reduced during the unexpired Lease Term in proportion to the area of the Premises so taken. Any such reduction shall be effective on the date physical possession is taken by the condemning authority.

If any portion of the common area of the Shopping Center is taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall continue in full force and effect, without reduction in Rents or other changes in the terms of this Lease, unless the area so taken shall exceed twenty-five percent (25%) of the total number of square feet in the common area of the Shopping Center or the remaining on-site parking spaces are less than the number required by the appropriate code(s), in which events either party may terminate this Lease.



Any election to terminate this Lease following condemnation shall be evidenced by written notice of termination delivered to the other party not later than thirty (30) days after the date on which physical possession is taken by the condemning authority, and shall be deemed effective as of the date of said taking. If, however, the Lease is not terminated following a partial condemnation, Landlord shall promptly make all necessary repairs or alterations to the Shopping Center which are required by the taking.

All compensation awarded for any taking (or the proceeds of private sale in lieu thereof) whether for the whole or a part of the Premises, shall be the property of the Landlord, whether such award is compensation for damages to Landlord's or Tenant's interest in the Premises, and Tenant hereby assigns all of its interest in any such award to Landlord subject to the provisions of Paragraph 4.15 of the Purchase Agreement as to the sharing of proceeds of sales of expansion land; provided, Landlord shall have no interest in any award made to Tenant for loss of business or for the taking of Tenant's fixtures and other property within the Premises if a separate award for such items is made to Tenant and does not diminish Landlord's award.

In the event the Premises is taken by eminent domain, Tenant is hereby granted permission to make its own claim against the condemning authority for loss of business and fixtures and the value of the leasehold estate.

**16. Default.**

a. The occurrence of any of the following events shall constitute a default (herein sometimes called a "Default") by Tenant under this Lease:

(i) Failure of Tenant to pay when due any Rent or any other sum to be paid to Landlord by Tenant hereunder within ten (10) days after written notice from Landlord, which notice Landlord may give at any time after any such time is past due for five (5) days or more.

(ii) Filing by or against Tenant of a petition in bankruptcy or insolvency, or for reorganization, or for any arrangement or for appointment of a receiver or trustee of all or any portion of Tenant's property which shall not be dismissed within forty-five (45) days after the commencement, thereof.

(iii) Unless the dissolution or liquidation of Tenant is part of a corporate reorganization not adversely affecting Tenant's ability to continue its business in the Premises without substantial change or interruption, dissolution or liquidation of Tenant, voluntary or involuntary, or the taking of possession

of any substantial portion of Tenant's property located on the Premises by execution, levy, or attachment.

(iv) Except for closing permitted pursuant to Section 4.15 of the Purchase Agreement abandonment of the Premises by Tenant, which shall be deemed to have occurred should Tenant vacate the Premises for as much as five (5) consecutive days.

(v) Failure of Tenant to comply with any term or condition of the Lease other than as provided in subparts (ii) through (iv) of this subsection 15(a), for a period of fifteen (15) days after Landlord has notified Tenant of such Default. Provided, however, in the event of any Default not susceptible of being cured within such fifteen (15) day period, the time permitted Tenant to cure the Default shall be extended for as long as shall be reasonably necessary to cure such default if Tenant commences to cure such Default within said fifteen (15) day period and thereafter diligently proceeds to complete the cure of such Default.

b. Upon the occurrence of a Default and the failure to cure same within any applicable cure period, Landlord shall have all rights and remedies allowed at law or in equity; and, in addition Landlord may give notice to Tenant at any time after Default stating that Tenant's right to possession of the Premises shall expire on the date specified in such notice, and upon the date specified in such notice all right of Tenant to possession of the Premises shall terminate.

c. Upon the expiration of Tenant's possessory right pursuant to subsection (b) of this Section, Tenant shall peacefully surrender possession of the Premises to the Landlord; and the Landlord may thereafter re-enter the Premises without further notice and repossess the same by force, summary proceedings, ejectment, or otherwise, and may dispossess and remove Tenant and all other persons and property from the Premises.

d. At any time after the termination of Tenant's possessory right to the Premises, Landlord may relet the Premises, or any part thereof, for such term and on such conditions, as Landlord, in its reasonable discretion, may determine. In the event Landlord relets the Premises at a rent higher than that due from Tenant under the provisions hereof, Tenant shall not be entitled to share in any excess. Landlord, at its option, may make such alterations, repairs and changes in the Premises as Landlord in its reasonable judgment considers advisable or necessary for the purpose of reletting the Premises.

e. The termination of Tenant's right to possession of the Premises shall not relieve Tenant of its liabilities hereunder. In the event of such termination, whether or not the Premises shall have been relet, Tenant shall pay to Landlord the Rent and

other sums required to be paid by Tenant up to the time of such termination, and thereafter until the end of the Lease Term, Tenant shall be liable to the Landlord, and shall pay to Landlord, as liquidated damages for Tenant's Default an amount equal to the Rent and other charges which would be payable under this Lease by Tenant if Tenant were still in possession, less the net proceeds of any reletting effected pursuant to the provisions of subsection (d) of this Section, after deducting all of Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, reasonable attorney's fees and expenses, alteration and repair costs, and other expenses of preparation for such reletting. Tenant shall pay such deficiency amount to Landlord monthly on the days on which the Minimum Rent is payable under the terms of this Lease, and Landlord shall be entitled to recover from Tenant each monthly deficiency as such deficiency shall arise.

Any suit brought to collect the amount of the deficiency for any month shall not prejudice the right of Landlord to collect the deficiency for any subsequent month by a similar action.

Nothing herein contained shall limit or prejudice the right of Landlord to pursue and obtain any other legal or equitable remedy which Landlord may otherwise have for such default, including injunctive relief. Provided, however, and notwithstanding the foregoing, in no event shall Tenant be liable for speculative or consequential damages for a Default, the costs, expenses, fees and charges specifically enumerated in the foregoing portions of this Section 15 for which Landlord is entitled to recovery being deemed direct damages and not speculative or consequential damages.

**17. Landlord's Performance for Account of Tenant.** If Tenant shall remain in Default after the expiration of any cure period applicable thereto, as herein provided, then Landlord may cure said Default on behalf of Tenant. Any amount paid or expense or liability incurred by Landlord in the performance of any such matter for the account of Tenant shall be deemed to be additional Rent, and such amount, together with interest thereon at the lesser of the rate of Chase Manhattan Bank of New York's prime or base commercial lending rate at the beginning of the first banking day after such expense is incurred or the maximum amount allowed by law, from the date upon which any such expense shall have been incurred, may, at Landlord's option, be added to any Rent due hereunder. Nothing contained herein shall be construed to prevent Landlord from immediately collecting from Tenant by suit or otherwise, any such sums with interest, if Tenant shall pay the same within fifteen (15) days after notice thereof from Landlord.

**18. Insurance-Indemnity.** During the Lease Term, Tenant shall indemnify and save Landlord harmless from any and all claims, penalties, or demands, including court costs and attorney's fees, whatsoever arising from Tenant's use or

occupancy of the Premises; provided, however, such indemnity shall not extend to cases in which the injury or damage was caused by any structural faults not created by Tenant or its employees, customers, guests, officers or invitees or it is judicially determined that Tenant was not at fault or if caused solely by the negligence of Landlord or Landlord's failure to make repairs pursuant to any provision of this Lease.

Tenant shall keep in force, during the full Lease Term (a) public liability insurance issued by a nationally recognized insurance company reasonably acceptable to Landlord, which consent shall not be unreasonably withheld or delayed, with such limits as may be reasonably requested by Landlord from time to time, but with minimum limits of not less than ONE MILLION (\$1,000,000.00) DOLLARS for one person and FIVE MILLION (\$5,000,000.00) DOLLARS for more than one person on account of death or personal injury in any one occurrence and ONE MILLION (\$1,000,000.00) DOLLARS for property damage; and (b) fire and extended coverage insurance issued by a nationally recognized insurance company reasonably acceptable to Landlord, which consent shall not be unreasonably withheld or delayed, for the replacement value of Tenant's property (including furniture, fixtures, leasehold improvements, equipment, permanent displays and merchandise) located in the Premises, in amounts and upon terms (including deductibles) that are customary at the time for prudent tenants of properties similar to the Shopping Center. Said policy or policies required under (a) above shall name Landlord and any Lender of Landlord of which Tenant has knowledge as additional insureds; and all policies required under (a) and (b) above shall provide that they shall not be cancelled for any reason until Landlord, and any Lender of Landlord of which the insurer has knowledge, is given fifteen (15) days' notice in writing by the insurer. Satisfactory written evidence of such coverage shall be deposited with Landlord upon occupancy of Premises by Tenant.

During any period in which Tenant is engaging in any construction in the Premises, Tenant shall maintain workmen's compensation insurance and builder's all-risk insurance in appropriate amounts and coverages so as to provide Landlord and its Lender with adequate protection against any claims or damage arising from such construction.

Landlord and Tenant hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them, by way of subrogation or otherwise, for any loss or damage to property caused by fire or any other perils insured in policies of insurance covering such property, to the extent of the proceeds of such insurance, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

Tenant may satisfy the foregoing requirements through a blanket policy, a copy or certificate of which shall be supplied to Landlord. All of Tenant's policies of insurance shall contain

waiver of subrogation endorsements in favor of Landlord and copies of same shall be delivered to Landlord upon request.

**19. Personal Property.** Tenant agrees that all personal property in the Premises shall be kept therein at Tenant's sole risk, and Landlord shall not be liable for any damage to, or loss of such personal property arising from any acts of negligence of any persons, or from fire, or from the leaking of the roof, or from the bursting, leaking, or overflowing of water, sewer, or steam pipes, or from malfunctions of the heating, plumbing, or electrical systems, or from any other cause whatsoever, except to the extent (a) such damage is not covered by insurance (or deductibles thereunder) carried or required by this Lease to be carried by Tenant, and (b) such damage results from the negligence of Landlord, its servants, agents or employees.

**20. Application of Payments Received from Tenants.** So long as no Default by Tenant has occurred hereunder, and is continuing, Landlord shall apply all payments made by Tenant hereunder as directed by Tenant. However, during all periods in which Tenant is in Default under this Lease, Landlord, acting in its sole discretion, shall have the right to apply any payments made by Tenant to the satisfaction of any debt or obligation of Tenant to Landlord regardless of the instructions of Tenant as to application of any sum. The acceptance by Landlord of a check or checks drawn by others than Tenant shall in no way affect Tenant's liability hereunder nor shall it be deemed an approval of any assignment of this Lease by Tenant.

**21. Assignment or Subletting by Tenant.** Except as hereafter provided in Schedule 3 attached hereto, Tenant shall not assign, mortgage, or encumber this Lease nor sublet or permit the Premises or any part thereof to be used by others, without the prior written consent of Landlord.

The consent of Landlord to one assignment or subletting shall not be construed to relieve Tenant from obtaining the written consent of Landlord to any further assignment or subletting.

**22. Mechanic's Lien.** Tenant shall have no right to subject the interest of Landlord in the Premises to any mechanics' materialman's, or other liens of any nature whatsoever; and, upon the filing of any such lien, the failure of Tenant to have the same cancelled within thirty (30) days of demand therefor by Landlord, shall constitute a Default hereunder, and shall entitle Landlord, at its option, to take any action provided for elsewhere in this Lease.

**23. Estoppel Certificates.** At anytime and from time to time upon request in writing from Landlord, or a lender of Landlord, Tenant agrees to execute, acknowledge and deliver to Landlord a statement in writing certifying as to any factual matters which are true with respect to the Lease or the Premises.

24. **Brokerage.** Landlord and Tenant both warrant that they have had no dealings with any broker or agent in connection with this Lease other than Landlord's broker, if any. Each party covenants to pay the broker which it has engaged in accordance with its agreement with such broker and to hold harmless and indemnify the other party from and against any and all cost, expense or liability for any compensation, claimed by any other broker or agent with respect to this Lease or the negotiation thereof.

25. **Force majeure.** Notwithstanding anything in this Lease to the contrary, neither Landlord nor Tenant shall be deemed in default hereunder if any failure of its performance shall be due to any cause whatever beyond the reasonable control of the party failing to perform, and the time for performance by such party shall be extended by the period of delay resulting from any of said causes. It is specifically agreed, however, that a failure of either party to timely pay any Rent or other sums which either party is obligated to pay under this Lease shall, in no event, be excused by the provisions of this Section 25.

26. **Release from Liability.** Tenant agrees not to hold Landlord responsible for any damage sustained by Tenant or any other person due to the state of repair of the building or any part thereof or appurtenance thereto, the happening of any accidental (unless resulting from affirmative acts of negligence on Landlord's part) damage caused by water, snow, windstorm, tornado, gas, steam, electric wiring, plumbing, or heating apparatus, any acts or omissions of co-tenants or other occupants of the building or losses by theft except to the extent (a) such damage is not covered by insurance (or deductibles thereunder) carried or required by this Lease to be carried by Tenant, and (b) such damage results from the negligence of Landlord, its servants, agents or employees.

Notwithstanding any other provision in this Lease, Tenant hereby releases Landlord from any claim with respect to water or other damage sustained by Tenant from the sprinkler system, except that Tenant does not hereby waive any claim for such damage resulting from (a) faulty installation or maintenance of said sprinkler system, or (b) the negligence of Landlord or any of Landlord's servants, agents or employees.

27. **Security.** Landlord may, from time to time and to the extent it deems appropriate, determine whether to arrange for security services in the Common Areas or manned traffic control for special events at the Shopping Center. Notwithstanding any other provision of this Lease, Landlord shall not be liable for any loss or damages suffered by Tenant or anyone else for failure to supply such services or manned traffic control it is agreed that Landlord's supplying such security services shall not relieve Tenant of its duty to maintain security within the Premises.

28. **Financial Information of Tenant.** Tenant shall within fifteen days of written request by Landlord, deliver to Landlord the most current annual report of VF Corporation.

29. **Holding Over.** Unless otherwise agreed in writing by Landlord and Tenant, if Tenant continues to occupy the Premises after the last day of the Lease Term, and Landlord elects to accept Rent thereafter, a monthly tenancy, terminable at will by either party on not less than thirty days' prior written notice, shall be created; which tenancy shall be on the same terms and conditions as those herein specified, except that Minimum Rent rate shall be two hundred ten percent (200%) of the amount thereof in effect for the last month of the Lease Term.

30. **Waiver.** It is understood and agreed that waiver by Landlord or Tenant of any default or breach of any covenant condition or agreement herein shall not be construed to be a waiver of that covenant, condition or agreement, or of any subsequent breach thereof. The acceptance of Rent by the Landlord with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No delay or omission of Landlord or Tenant to exercise any right or power arising from any default on part of the other party shall impair any such right or power, or be construed to be a waiver of any such default or acquiescence thereto.

31. **Covenants of Title.** Landlord covenants, warrants, and represents that it is seized of the Premises in fee simple except as may be otherwise stated on the Summary Sheet and has full right and authority to lease the same upon the terms and conditions herein set forth; and that Tenant shall peacefully and quietly hold and enjoy the Premises safe from any claims arising by, through, or under Landlord, for the full term hereof, so long as Tenant is not in Default hereunder.

32. **Exculpation of Landlord and Transfer of Landlord's Interest.** Landlord, upon any transfer or conveyance of its interest in the Premises, shall be entirely freed and relieved of all covenants and obligations of Landlord hereunder, provided that the transferee of Landlord's interest in the Premises has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

Tenant agrees that any monetary judgment or monetary arbitration award it may obtain against Landlord as a result of the breach of this Lease by Landlord shall be first enforced against the Landlord's interest in the Shopping Center and not against any other assets of Landlord. In the event such a monetary judgment or award is not satisfied after exhaustion of remedies against the Shopping Center, and only in such event, Tenant may enforce the deficiency against any other assets of Landlord; provided, however, that the foregoing right of recourse against other assets of Landlord shall not be deemed to create an actual or constructive lien upon any property of Landlord except

under applicable state law upon execution and levy under any judgment rendered against Landlord.

Landlord's assignment, sale, mortgage, or transfer of the Premises or the Lease, shall in no manner affect Tenant's obligations hereunder. Tenant shall thereafter attorn to such assignee or mortgagee of Landlord, provided Tenant has first received written notice of such assignment or mortgage of Landlord's interest; and provided such assignee or mortgagee shall not disturb Tenant in its occupancy of the Premises, and shall recognize Tenant's rights under this Lease (provided Tenant is not in default hereunder).

**33. Attorney Fees and Costs.** In the event of litigation between Landlord and Tenant relative to rights, obligations and duties of either party under this Lease, attorney fees and costs shall be paid by the non-prevailing party.

**34. Landlord Not Partner.** It is expressly understood and agreed that the Landlord is not a partner, joint venturer or associate of Tenant in the conduct of Tenant's business and that the relationship between the parties hereby is, and shall at all times remain, solely that of Landlord and Tenant.

**35. Additional Instruments.** The parties agree to execute and deliver any instruments in writing, including a Memorandum of Lease suitable for recording, necessary to carry out the terms - and conditions of this Lease.

**36. Pronouns.** All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the parties hereto may require.

**37. Counterparts.** This Lease may be executed in counterparts all of which taken together shall be deemed one original.

**38. Amendment and Modification.** This Lease embodies the full agreement of the parties and supersedes any and all prior understandings or commitments concerning the subject matter of this Lease. Any modification or amendment must be in writing and signed by both parties.

**39. Binding Effect.** This Lease shall be binding upon and inure to the benefit of the parties hereto, their assigns, administrators, successors, estates, heirs and legatees respectively, except as herein provided to the contrary.

**40. Controlling Law.** This Lease and the rights of the Landlord and Tenant hereunder shall be construed and enforced in accordance with the law of the State in which the Premises are located.



41. **Partial Invalidity.** In the event that any part or provision of this Lease shall be determined to be invalid or unenforceable, the remaining parts and provision of said Lease which can be separated from the invalid, unenforceable provision shall continue in full force and effect.

42. **Subordination.** This Lease is subject and subordinate to any mortgage or deed of trust now or hereafter placed on the Premises by Landlord; provided, however that at the option of the holder of said mortgage or deed of trust, the Lease can be made superior thereto; and provided further, that the holder of such debt instrument shall agree that Tenant's rights under this Lease, and Tenants rights in the Premises derived from this Lease, shall not be divested or in any way affected by a foreclosure or other default proceedings under said mortgage or deed of trust, so long as Tenant shall not be in Default hereunder. Tenant further agrees that it will attorn to the mortgagee or trustee of such deed of trust, and their successors or assigns and to the purchaser or assignee under any foreclosure thereof. Tenant will, upon request by Landlord, execute and deliver to Landlord, or to any other person designated by Landlord, any instrument or instruments required to give effect to the provisions of this Section.

43. **Good Standing and Due Authorization.** Each of Landlord and Tenant represents and warrants to the other as follows:

(a) It has full power and authority to execute and deliver this Lease and all documents pertaining thereto and to perform all obligations on its part to be performed thereunder.

(b) It is a duly formed and validly existing sole proprietorship, limited partnership, general partnership, or corporation, as the case may be, in good standing in its state of organization (all as set forth on the Summary Sheet).

(c) It is authorized to transact its business in the state in which the Premises are located.

(d) The execution and delivery of the Lease and the performance of all transactions contemplated thereby have been duly authorized by all necessary action required under the circumstances, and will not result in a violation of any of the agreements under which it is organized and operating, or to which it is a party or otherwise bound.

(e) The party or parties executing the Lease on its behalf are duly authorized to do so.

(f) It is aware of no fact or condition which would prevent this Lease, when executed by Landlord and Tenant, from becoming the valid and binding obligation of Landlord and Tenant, enforceable in accordance with its terms.

Upon the execution of this Lease, and thereafter when requested by the other party, but not more frequently than once per calendar year, each party shall provide the other with such documentation as the other party shall reasonably require to evidence due compliance with this Section 43, and to confirm that the representations and warranties contained in this Section 43 are, and continue to be, true and correct in all respects.

#### **44. Environmental Compliance.**

(a) **Tenant's Responsibility.** Except for Landlord's maintenance obligations, Tenant covenants and agrees that the Premises will, at all times during its use or occupancy thereof, be kept and maintained so as to comply with all statutes, laws, rules, ordinances, orders, permits, and regulations of all state, federal, local, and other governmental and regulatory authorities, agencies, and bodies applicable to the Premises, pertaining to environmental matters, or regulating, prohibiting or otherwise having to do with asbestos and all other toxic, radioactive, or hazardous wastes or materials including, but not limited to the Federal Clean Air Act, the Federal Water Pollution Control Act, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as from time to time amended (all hereafter collectively called "Laws").

(b) **Tenants' Liabilities.** Tenant shall hold Landlord free and harmless, and indemnifies from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which Landlord shall incur or which Landlord would otherwise incur, by reason of Tenant's failure to comply with this Section 44; including, but not limited to: (i) the cost of bringing the Premises into compliance with all Laws; (ii) the reasonable cost of all appropriate tests and examinations of the Premises to confirm that the Premises have been brought into compliance with all Laws; and (iii) the reasonable fees and expenses of Landlord's attorneys, engineers, and consultants incurred by Landlord in enforcing and confirming compliance with this Section 44. Landlord warrants that upon delivery of possession of the Premises to Tenant, the Premises shall be completely free of any hazardous materials and in full compliance with all environmental regulations.

(c) **Covered Property.** For the purposes of this Section 44, the Premises shall include the real estate covered by this Lease and all personal property used in connection with the Premises (including that owned by Tenant).

(d) **Inspections by Landlord.** Landlord and its engineers, technicians, and consultants (collectively the "Auditors") may, from time to time as Landlord deems appropriate, after written notice, conduct reasonable periodic tests and examinations ("Audits") of the Premises to confirm and monitor Tenant's compliance with this Section 44. Such Audits shall be conducted in such manner as to minimize the interference with Tenant's permitted activities on the Premises; however, in all cases, the

Audits shall be of such nature and scope as shall be reasonably required by then existing technology to confirm Tenant's compliance with this Section 44. Tenant shall reasonably cooperate with Landlord and its Auditors in the conduct of such Audits. The cost of such Audits shall be paid by Landlord.

(e) Tenant's Liability After Termination of Lease. The covenants contained in this Section 44 shall survive the expiration or termination of this Lease, and shall continue for a period of two (2) years after the expiration or termination of this Lease and no longer. Within ninety (90) days after the expiration or termination of this Lease, Tenant at its expense, will obtain a "Phase I" environmental audit and such further tests as may be recommended in the Phase I audit report, from a nationally recognized environmental engineering firm to Landlord, the report or reports of which shall be addressed to Landlord and Tenant. Landlord shall not be required to hold the Premises vacant pending completion of the audit, but may retake possession thereof immediately upon termination or expiration of the Lease and use the Premises as Landlord may in its sole discretion determine, provided only that reasonable access for the engineering firm shall be provided.

#### 45. Renewal Option.

(a) Conditions. Tenant is hereby granted the right and option to extend the term of this Lease for up to three (3) successive periods of ten years each, followed by any number of additional successive periods of five (5) years each subject to the special conditions set forth below, such renewal terms to commence upon the expiration of the then current term of this Lease, provided that each such option must be exercised, if at all, by written notice to Landlord given at least 180 days prior to the expiration of the then current term. The successive five-year option terms shall be exercisable subject to the following special conditions: (i) they may be exercised only by Tenant, VF Corporation or a wholly-owned subsidiary of VF Corporation or its successor by merger; (ii) the occupant of the Premises (whether as assignee, subtenant or otherwise) at the commencement of each such option term shall be Tenant, VF Corporation or a wholly-owned subsidiary of VF Corporation or its successor by merger, subject to permitted Carveouts; and (iii) Landlord shall have approved the financial status and continuing traffic generation ability of VF Corporation and its outlet retail operations, which approval shall not be unreasonably withheld.

(b) Renewal Terms. In the event any of the foregoing options are effectively exercised, all of the terms and conditions contained in this Lease shall continue to apply during the renewal term except that:

- (i) for and during the first renewal term, the minimum annual rent on a usable square foot

basis shall be adjusted to \$4.50 per square foot; and

- (ii) During any subsequent renewal term, the minimum annual rent on a usable square foot basis shall be adjusted to an amount equal to the sum of (a) \$4.50 plus (b) 3% of Excess Sales for each Lease Year. Excess Sales is defined as the amount, if any, by which the Gross Sales of Tenant for the Lease Year for which rent is being calculated exceeds Tenant's Gross Sales for the last full Lease Year of the first renewal term. "Gross Sales" shall mean the entire amount of the sales price, whether for cash or otherwise, of all sales of merchandise (including gift and merchandise certificates), services and other receipts whatsoever of all business conducted, (including without limitation, interest, time price differential, finance charges, service charges, credit and lay-away sales), in or from the Premises, including mail or telephone orders received or filled at the Premises, deposits not refunded to purchasers, orders taken, although said orders may be filled elsewhere, sales to employees, sales through vending machines or other devices, and sales by any concessionaire or licensee or otherwise in said premises. Each sale upon installment or credit shall be treated as a sale for the full price in the month during which such sale was made, irrespective of the time when Tenant receives payment from its customer. No deduction shall be allowed for uncollected or uncollectible credit accounts. Gross Sales shall not include, however, any sums collected and paid out for any sales or direct excise tax imposed by any duly constituted governmental authority, nor shall it include the exchange of merchandise between the stores of Tenant, if any, where such exchanges are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale which has theretofore been made in or from the Premises and/or for the purpose of depriving Landlord of the benefit of a sale which otherwise would be made in or from the Premises, nor the amount of returns to shippers or manufacturers, nor the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by purchaser and accepted by Tenant, nor sales

of Tenant's fixtures. Percentage rent shall be payable annually within ninety (90) days after the close of each year, accompanied by a statement of Gross Sales for such period signed by an officer of Tenant. Landlord reserves the right to audit the books and records of Tenant annually to verify Gross Sales for any Lease Year and the cost of such audit shall be paid by Tenant if it shows an underpayment of percentage rent of 3% or more.

46. **Expansion of Shopping Center.** It is understood that if, during the first three years of the Initial Term, the Shopping Center in which the Premises are located has been expanded by 30,000 square feet of gross building area (or, if the Shopping Center as a whole contains more than 100,000 square feet of gross building area, then by 20,000 square feet of gross building area), the Initial Term will be extended to a date which is ten (10) years after the date of such expansion (the "Expansion Date"). The Expansion Date shall be the date when (a) such expansion space has been completed, (b) a certificate of occupancy has been issued therefor, and (c) 50% of the Leasable Space thereof is under binding lease agreements with tenants. Upon the effective date of such an extension, the parties will execute a memorandum memorializing the revised termination date of the Lease. Landlord shall pay Tenant a sum equal to \$672,000.00 upon the commencement of construction of the expansion space; provided, however, Landlord shall not be obligated to make the foregoing payment if such commencement of construction takes place after the expiration of the first three years of the Initial Term and Landlord has paid all amounts payable by Landlord to Seller under Section 4.14 of the Purchase Agreement prior to such commencement of construction.

47. **[X] Addendum.** If the foregoing block is checked, this Lease is also subject to the Addendum attached, which include: (if none, so state.)

See attached addendum for additional lease provisions.

IN WITNESS WHEREOF, the parties have set their hands and seals on the day and year first above mentioned.

**LANDLORD:**

**FACTORY STORES OF AMERICA, INC.,**  
a Delaware corporation

By: 

Title: President

**TENANT:**

**VF FACTORY OUTLET, INC., a**  
Delaware corporation

By:   
Roger F. Eichlin

Title: Vice President

201601897

**SCHEDULE 1****SUMMARY SHEET  
FUNDAMENTAL LEASE PROVISIONS**

This Summary Sheet is attached to and is incorporated by reference into that certain Lease Agreement, dated \_\_\_\_\_, 1993, by and between Factory Stores of America, Inc. and VF Factory Outlet, Inc. Defined terms used in this Summary Sheet and not otherwise defined herein shall have meanings as set forth in the Lease.

Date of Lease: \_\_\_\_\_

Commencement Date: \_\_\_\_\_, 1993

Landlord: Factory Stores of America, Inc., a Delaware corporation

Address of  
Landlord: Post Office Box 1395  
2400 Industrial Park Drive  
Smithfield, North Carolina 27577

Tenant: VF Factory Outlet, Inc., a Delaware corporation

Address of  
Tenant: 1047 N. Park Road  
Wyomissing, Pennsylvania 19610

Contact: Mike Martin

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Shopping Center: FACTORY STORES OF AMERICA  
NEBRASKA CITY, NEBRASKA

Guarantor: \_\_\_\_\_

Premises: That space containing approximately  
54,100 square feet, as depicted on Schedule 2  
hereto, Suite Numbers 100, 104 and 105.

Gross Leasable Area of Premises: 54,100 square feet (see Section 5H)

Common Area (subject to change  
upon change in configuration  
of Shopping Center): 7,573 square feet

Gross Leasable Area of Shopping Center  
(including Premises, and subject to  
change upon change in configuration  
of Shopping Center):

63,927 square feet

Tenant Proportionate Share as  
defined in Paragraph 5H (based  
on initial configuration of Shopping  
Center and subject to change):

84.6%

Permitted additional Existing Carveouts  
under Schedule 3 hereof [maximum 2  
locations] - Name of Carveout Tenant  
prospect and approximate area - (if  
none so state):

Suite 104-4,594 sq. ft.-Vacant  
Suite 105-4,590 sq. ft.-Danskin

Estimated first year insurance cost  
(see Paragraph 5E):

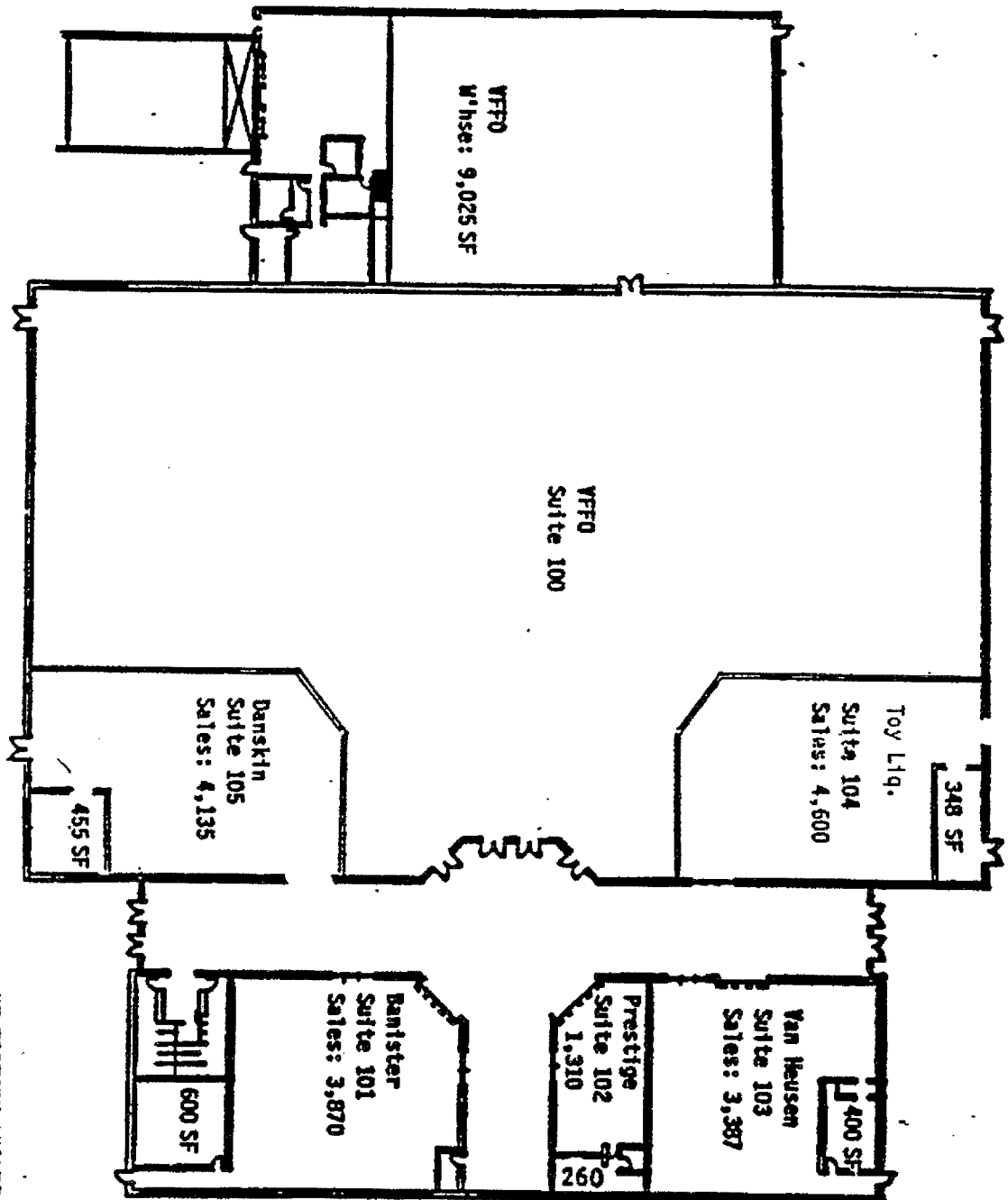
\$ 1,398.44

Tenant proportionate share of taxes  
for the first lease year (estimated)  
(see Section 5D)

84.6%

LEASE TERM: 10 years, with 3 option terms of 10 years and multiple  
5 year terms thereafter (Section 45) subject to  
extension pursuant to Section 46.





VF FACTORY OUTLET MALL (PHASE I)  
NEBRASKA CITY, NEBRASKA

4/07/92

201601897

Schedule 3  
Permitted Subleasings

(a) Carveouts

(i) Definitions. A "Carveout" shall be defined as a sublease by Tenant of less than all of Tenant's space at a VF Factory Outlet Center whereby Tenant retains at least 25,000 square feet of usable retail space.

An "Existing Carveout" shall be defined as a sublease by Tenant to a Carveout Tenant as to space within the Premises, either (a) the construction on which Carveout space is complete prior to the commencement date of this Lease or (b) construction of which has commenced for a Carveout specifically identified on the Summary Sheet.

A "Carveout Tenant" shall be defined as a subtenant under a Carveout.

A "New Carveout" shall be defined as a sublease by Tenant to a Carveout Tenant as to space within the Premises, the construction of which Carveout Space had not commenced prior to the commencement date of this Lease.

"Carveout Space" shall be defined as the subdivided space within the Premises designated for sublease to Carveout Tenants, plus the Carveout Tenant's proportionate share of any corridors or entryways which are used in common for the benefit of the Tenant and the Carveout Tenant, calculated according to the relative square footage of Tenant's remaining Premises and the Carveout Tenant's usable area.

(ii) Existing Carveouts. Tenant is permitted to enter into, modify and renew sublease agreements as to all Existing Carveouts, under such terms and conditions as Tenant may determine. Tenant's obligation to Landlord under the Lease with respect to the space within the Existing Carveouts shall remain in full force and effect and Tenant shall be entitled to collect and retain 100% of all rents payable by the tenants under such Carveout.

(iii) New Carveouts. (A) Tenant is permitted to subdivide and sublease additional portions of its space to create New Carveouts. Tenant shall notify Landlord of its intent to enter into any New Carveouts describing the approximate dimensions and location of such New Carveout and the identity, if known, of any tenants who have agreed to become Carveout Tenants as to the New Carveout Space and the proposed terms of any such New Carveout subleases. Landlord shall have 30 days within which to elect whether or not it will take over a New Carveout described by Tenant in the notice. If Landlord elects to take over a New Carveout, (1) Landlord shall be responsible for preparing the space for the new occupant; (2) Landlord shall retain 100% of the rents paid by the New Carveout Tenant; and (3) effective as of the date construction work commences on the Carveout, Tenant

shall be permanently released from the obligations of the Lease as to the New Carveout Space, calculated on square footage basis. If Landlord elects to take over a New Carveout, unless (1) Landlord produces a letter of intent from New Carveout Tenants covering all of the New Carveout Space within six (6) months after the Tenant's notice referred to above, which letter provides for occupancy within one year of such notice and (2) such tenants, in fact, occupy the Carveout Space within 12 months after such notice, the Landlord's right to take over the New Carveout will expire and Tenant shall be free to enter into a sublease under Paragraph (iii)B below.

(B) If Landlord does not elect to take over a New Carveout under paragraph (iii)A, above, Tenant may proceed to enter into the Carveout under terms negotiated by it and shall pay all costs of preparing the Carveout Space. Tenant shall remain liable for the Carveout Space under the Lease.

(iv) Expiration of Carveouts. Upon the expiration of any term of an Existing Carveout or a New Carveout sublease as to which Tenant has paid the costs of construction pursuant to paragraph (iii)B, Tenant will have the right to renew and continue renewing the term of any such New Carveout Tenant sublease under such terms as it may determine in its absolute discretion. Furthermore, subject to the marketing agreement set forth in paragraph (vi) below, upon failure of any Existing Carveout Tenant or any New Carveout Tenant to renew its sublease, Tenant may enter into new subleases with additional Carveout Tenants.

(v) Approval Rights. Notwithstanding the foregoing, Landlord shall have the right to approve the identity of any New Carveout Tenant or of any Carveout Tenant leasing vacant space in an Existing Carveout which approval shall not be unreasonably withheld or delayed. Tenant shall have the right to approve the identity of any tenant as to a New Carveout taken over by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord and Tenant may take into consideration the compatibility of such proposed tenant's business with the tenant mix in the Shopping Center or the business of Tenant and the competitive impact of such tenants on the Shopping Center or Tenant in granting or withholding its approval.

(vi) Marketing Rights. Landlord shall have the exclusive right at no cost to Tenant to act as Tenant's agent for seeking Carveout subtenants upon the creation of a New Carveout (unless Tenant shall already have designated such tenant in its initial notice to Landlord under subparagraph (iii)A, above) or at the expiration of any Carveout Tenant's sublease with Tenant under such terms as may be designated by Tenant by notice to Landlord. No sublease by Tenant shall be effective unless and until Tenant and the Carveout Tenant execute a sublease incorporating the terms and conditions thereof. Tenant shall have the right, in its sole discretion reasonably exercised, to approve or disapprove in advance, of any such tenant and the terms of any sublease by it to a New Carveout Tenant or a tenant leasing vacant space in an Existing Carveout. Landlord's marketing rights hereunder shall expire unless (i) Landlord produces a letter of intent from a New Carveout Tenant within six months of notice from

Tenant of the availability of the Carveout Space, which letter of intent must provide for occupancy within 12 months of such notice; and (ii) the New Carveout Tenant, in fact, enters into such Lease within 12 months of such notice.

(b) Sublease of Entire Premises.

Tenant may assign or sublet this Lease as to the entire Premises at any VF Factory Outlet Center under the following terms and conditions:

(i) Landlord shall have given its prior written consent, which consent as to the identity of a prospect shall be obtained from Landlord prior to marketing of the Premises by Tenant, and which consent shall not be unreasonably withheld provided such proposed subtenant shall be a single "anchor tenant" compatible with other tenants in the VF Factory Outlet Center, which tenant has, in Landlord's reasonable opinion, demonstrated its ability to draw substantial traffic and revenue as an anchor in similar Shopping Centers;

(ii) All other terms and conditions of the Sublease shall be determined by Tenant in its absolute discretion, subject to the terms, covenants and conditions of the Lease, provided that no further subletting shall be permitted without compliance again with the terms of this Schedule; and

(iii) Tenant shall remain primarily liable for all obligations of Tenant hereunder.

Landlord's consent under (i) above shall be deemed given if not withheld by notice to Tenant within thirty (30) days after Landlord's receipt of Tenant's request for consent and all information reasonably required for Landlord to consider the request. Landlord shall promptly notify Tenant as to specific information required by Landlord.

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