

ADDENDUM

This Addendum, consisting of Paragraphs 1 through 4K, is attached to and made part of Second Lease Amendment between KING HOLDING COMPANY and REGAL INVESTMENT COMPANY, as Landlord, and THE KROGER CO. as Tenant.

1. Extension of Lease Term. Effective on the Grand New Reopening Date, as defined in the Lease Modification Agreement #3 executed simultaneous with this Lease Amendment, the term of the Lease shall be extended from the date set forth in line twenty-one (21) of the Lease and line nine (9) of the Lease Agreement, which called for the Lease to end on the last day of October, 2000, so that the Lease shall end twenty (20) years from the date of the Grand New Reopening Date, together with two (2) successive renewals hereof, each for a term of five (5) years upon the same terms and conditions set forth herein, except as to term and number of renewals. Tenant shall be deemed to have availed itself of an ensuing renewal term, unless it shall furnish Landlord notice of its intention not to renew the Lease within ninety (90) days prior to the expiration date of the term then in effect. In the event that Tenant notifies Landlord of its intention not to renew the Lease, all successive renewal terms thereupon shall terminate. Landlord and Tenant shall enter into a Lease Modification Agreement within sixty (60) days after the Grand New Reopening Date, which shall set forth the actual ending date of the Lease term, together with the aforementioned renewals.

2. Shopping Center. The Shopping Center was legally described in the Lease dated March 5, 1980 and recorded in Book 54, page 996, in the Office of the Register, County of Blount, State of Tennessee, which description was superseded by the Lease Amendment dated April 30, 1988 and recorded in Book 102, page 21, and re-recorded 102, page 76 in the Register's Office for Blount County, Tennessee, which description is hereby replaced and superseded by the Exhibit "A" attached to this Addendum and made a part hereof. The parties acknowledge that the legal

description outlined in Exhibit "A" attached to this Addendum is the same description as defined in the Parcel in Fee, which is Exhibit "B" of the Second Lease Amendment.

3. Right of Refusal to Purchase Shopping Center.

Pursuant to Paragraph 8 of the Lease Modification Agreement #3, Tenant shall have right of refusal to purchase all or a part of the Shopping Center from Landlord.

4. Restrictions on Shopping Center. Landlord shall have the right to only construct building improvements on a portion of Tract III and a portion of Tract II shown on the Plot Plan attached to the Lease Modification Agreement #3 and made a part hereof, and more particularly described in Exhibit "B" attached hereto and made a part hereof, subject to the restrictions set forth below:

A. There shall be no more than six thousand (6,000) square feet of building improvements in total floor square footage constructed in the permitted area on Tract III and there shall be no more than four thousand (4,000) square feet of building improvements in the permitted area of Tract II in total floor square footage. No such improvements shall cause the Shopping Center to be in violation of the City of Alcoa's parking ratio. Landlord may elect to build more than six thousand (6,000) square feet of total floor square footage on Tract III up to maximum of eight thousand nine hundred sixty-five (8,965) square feet provided, however, Landlord shall then add forty (40) parking spaces on Tract III, in size and layout satisfactory to Tenant and develop no building improvements on Tract II.

B. No portion of any future improvement situated on Tract II shall exceed the height of the Super X wall that is adjacent to Tract II. Any building improvements to Tract II shall be limited to one story.

C. Any improvements located on Tract III shall be at least sixty (60) feet from the expanded Demised Premises or such distance as approved by the City of Alcoa, or if approved by the City of Alcoa, may abut the expanded Demised Premises

provided such improvements are set a minimum of two (2) feet south or southwesterly behind the front of the Demised Premises. Further, any such building improvements to Tract III shall be limited to one story and not exceed the height of the Demised Premises; however, should Landlord add seventy (70) parking spaces in size and layout satisfactory to Tenant on Tracts II and III, then Landlord may add a second story containing up to eight thousand nine hundred sixty-five (8,965) square feet of total floor area on Tract III, not to exceed twenty-six (26) feet in total building height excluding heating, ventilation and air conditioning systems. Said height restriction of twenty-six (26) feet to be measured from the building's slab. Prior to Landlord constructing any such improvement described above, Landlord shall provide to Tenant, a set of plans including, but not limited to, a survey, outlining the available parking spaces and in the event such plans provide for or can reasonably provide for, more than seventy (70) parking spaces, then Landlord shall construct in addition to the seventy (70) parking spaces required above, all such additional parking spaces. Should Landlord add a second floor to building improvements located on Tract III, then Landlord shall be obligated in addition to adding the required parking, to remove all the structures on Tract II and pave/stripe such area for parking.

D. No building shall be constructed on Tracts II or III north or northeast of the building line shown on the Plot Plan. In the event of any excavation of Tract III, which exposes Kroger's exterior wall, Landlord or its assigns shall repair, at Landlord's sole cost and expense, the exposed wall, made open to public view by Landlord's excavation, to a condition and appearance similar to the balance of the wall intended for public view, in such a manner as is satisfactory to Tenant.

E. Landlord or its assigns grants Tenant the right to encroach onto Tract III during the construction of the expansion, including the right to excavate the soil located on Tract III, adjacent to the exterior wall of the expansion to a

position on Tract III at least fifty (50) feet from the exterior wall of the expansion as shown on the Plot Plan. Landlord, at its sole cost and expense, shall be responsible for removing, sloping or otherwise stabilizing said soil to a condition acceptable to Tenant.

F. In the event Landlord constructs improvements on Tract III, and it becomes necessary to reconstruct the sidewalk located in front of the expanded Kroger storeroom, Landlord shall reconstruct said sidewalk, at Landlord's sole cost and expense, to a condition and appearance similar to the existing sidewalk and in such a manner as is satisfactory to Tenant. Further, in the event Landlord constructs improvements on Tract III and desires to extend the existing canopy located in front of the expanded Kroger storeroom, or should the canopy be damaged in any way by Landlord's construction, Landlord shall construct or reconstruct as the case may be, at Landlord's sole cost and expense, the canopy to a condition and appearance similar to the existing canopy and in such a manner as is satisfactory to Tenant.

G. In the event Landlord or its assigns constructs improvements on either Tract II or III, it shall maintain comprehensive general liability insurance naming Kroger and Hooks-Super X, Inc. ("Super X") and any holder of deeds of trust on the Demised Premises, including without limitation any entity holding an interest in Tenant's leasehold interest, as additional insureds and providing coverage for Two Million (\$2,000,000.00) Dollars for general liability and One Million (\$1,000,000.00) Dollars for property damage. This insurance shall be with an insurance company that has a A-XIII BEST Rating. The insurance policy cannot be cancelled without thirty (30) days written notice to Kroger, Super X or any holder of deeds of trust referenced above. If requested, Landlord shall provide Tenant with certificates of insurance.

H. No improvement to be constructed by Landlord or its assigns on Tracts II or III shall be used as a disco, bar,

night-club, restaurant serving any alcohol by the drink including without limitation beer, health spa, theater, bowling alley, or any other non-retail business which requires extensive parking, or as a business which principally features sexually explicit products or drug paraphernalia. Further, no improvement to be constructed by Landlord or its assigns on Tracts II or III shall be used for the purpose of conducting therein or for use as a drug store, or a pharmacy department requiring the services of a registered pharmacist.

I. Tenant may enter the Common Area in general, Tract III, in particular, in order to expand the Demised Premises as shown on the Plot Plan. The Demised Premises may encroach up to six (6) feet onto Tract III with its footers and three (3) feet with its wall; any subsequent building encroachment must be approved by Landlord. Tenant, at Landlord's request agrees to construct a common foundation footer where shown on the Plot Plan to specifications as set forth in Exhibit "C" attached to this Second Lease Amendment and made a part hereof ("Common Footer"). Landlord shall reimburse Tenant any and all costs incurred by Tenant accommodating Landlord's request including without limitation, additional construction costs and additional grading costs.

J. In the event Landlord constructs a building abutting the Demised Premises ("New Building"), Landlord shall flash the exterior wall of the Demised Premises adjacent to the New Building (the "Wall") so as to prevent water from getting between the Wall and the New Building, such flashing shall incorporate an expansion joint and its specifications be approved in writing by Tenant prior to installation. Such flashing shall be constructed in a good and workmanlike manner so as not to damage the Demised Premises. Further, Landlord shall not through any acts or omissions damage, weaken or place any additional load on the Demised Premises, other than as specified in Exhibit "C" of this Second Lease Amendment. Landlord shall caulk the area between the New Building and the Wall, both the front and back,

sufficient to prevent water or other objects from entering between the Wall and the New Building.

Further, in the event Landlord constructs the New Building, Landlord shall hold Tenant harmless including, but not limited to, the cost of defending any suit, as to any injury to person or property whether said injury or damage occurs within the construction area or anywhere else within the Demised Premises. In the event Landlord damages Tenant's Demised Premises including, but not limited to the Wall, Landlord shall immediately repair said damage and shall be responsible for reimbursing Tenant for any loss or cost incurred by Tenant as a result of such damage.

K. Landlord agrees to provide Tenant with plans and specifications of any construction planned for Tracts II or III and Tenant shall have the right to approve said plans prior to Landlord beginning construction as such plans deal with utility lines, grading, drainage or changes to existing buildings or Common Area. Landlord shall cause any improvements constructed on Tracts II and III to drain elsewhere than on Tract I unless Landlord constructs an adequate underground drainage system sufficient to carry all storm water runoff from the Shopping Center per the requirements of the City of Alcoa.

k:addendum

8/23/91

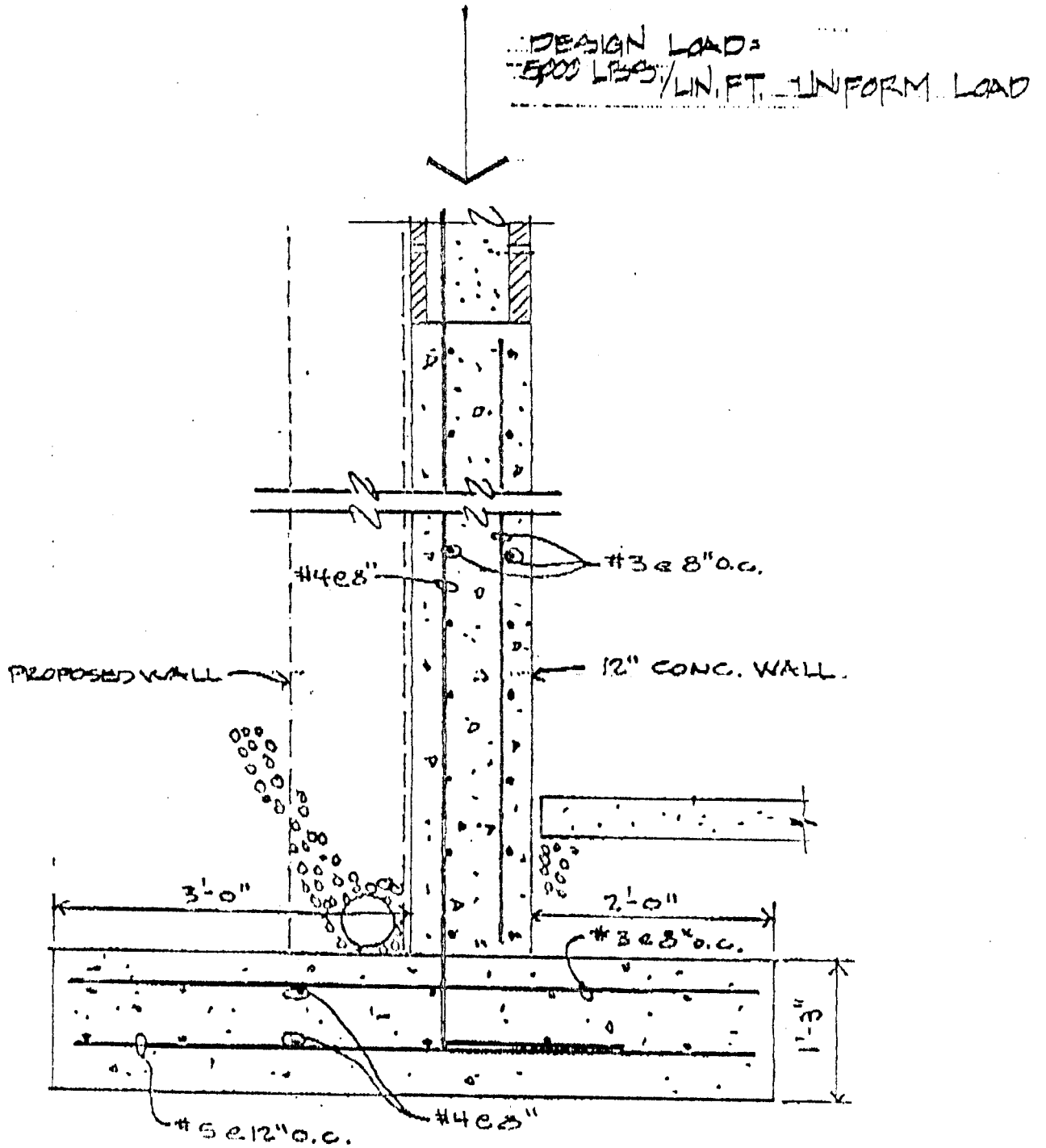
Exhibit "A"

Legal Description Regal Investment Company

PARCEL IN FEE

BEGINNING on an iron rod at the intersection of the southwestern right-of-way line of Hall Road and the northwestern right-of-way line of Gill Street; thence with the right-of-way line of Gill Street S 52°-57'-35" W, 450.53 ft. to an iron rod in the right-of-way line of Rankin Road; thence with said right-of-way line N 38°-39'-20" W, 190.08 ft. to a point; thence continuing with said right-of-way line N 38°-39'-20" W, 437.17 ft. to a rail road spike, corner to Peery; thence with Peery N 52°-57'-35" E, 468.21 ft. to an iron rod in the southwestern right-of-way line of Hall Rd; thence with said right-of-way line S 37°-02'-25" E, 427.00 ft. to a point; thence continuing with said right-of-way line S 37°-02'-25" E, 200.00 ft. to the POINT OF BEGINNING, containing 6.612 acres more or less as surveyed by Sterling Engineering, Inc. dated July 30, 1991.

Exhibit "C"



KROGER, ALCOA # U362 - SOUTH WALL FOOTING

8.20.91
WGT

WCT ASSOCIATES, INC. ENGINEERS/ARCHITECTS
919 W. JEFFERSON ST. JEFFERSON CITY TN (615) 475-4019