

RECORDING REQUESTED BY
AND WHEN RECORDED, MAIL TO:

The Gap, Inc.
Real Estate Law Department
900 Cherry Avenue
San Bruno, CA 94066
Attn: Lease Administration
Gap Outlet Store #7913



200111060054
Skagit County Auditor

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SECOND MEMORANDUM OF LEASE

This Second Memorandum of Lease is made and entered into as of this 28th day of September, 2001 by and between FIRST HORIZON GROUP LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord"), and The Gap, Inc., a Delaware corporation ("Tenant").

1. **Premises.** Pursuant to the Unrecorded Lease (as defined below), Landlord leases to Tenant that certain store premises (the "Premises") containing approximately 9,200 square feet of gross leasable area and constituting a part of a retail shopping center (the "Shopping Center") known as Prime Outlets at Burlington (formerly known as BURLINGTON OUTLET CENTER), located in the City of Burlington, State of Washington. All land comprising the Shopping Center is referred to as the "Property" and is legally described in **Exhibit A** attached hereto.

2. **Unrecorded Lease.** This Second Memorandum of Lease is made upon all of the terms, covenants and conditions set forth in that certain unrecorded lease by and between the parties hereto dated January 20, 1998 as evidenced by that certain unrecorded Memorandum of Lease dated January 20, 1998 and as amended by that certain Exercise of Option Notice dated October 23, 2000 (the "Unrecorded Lease"), all of the terms and conditions of which are made a part hereof as though fully set forth herein.

3. **Term/Commencement Date.** The term of this Second Memorandum of Lease and the Unrecorded Lease shall commence in accordance with the terms of the Unrecorded Lease, and shall expire on August 31, 2004 unless earlier terminated or extended in accordance with the provisions of the Unrecorded Lease.

4. **Common Easement.** Tenant and the employees, agents, officers, directors, licensees, contractors, subcontractors, successors and assigns (collectively, "Agents") of Tenant and Tenant's customers and invitees shall have all rights appurtenant to the Premises and a non-exclusive, irrevocable easement and right, in common with the other occupants of the Shopping Center and with the public, for the purpose of access over and across as well as the use of all areas for the common use of the occupants of the Shopping Center, including, without limitation, the sidewalks, driveways and parking areas on the Property (collectively, the "Common Areas"), which easement shall be appurtenant to the Premises and shall run with the land.

5. **Use.** Landlord shall take no action which would impair or limit Tenant's ability to conduct the Permitted Use as defined in the Lease.

6. **Restrictions.** Tenant is entering into this Second Memorandum of Lease and has entered into the Unrecorded Lease in reliance upon its ability to conduct the Permitted Use without any limitation or restriction whatsoever by reason of any exclusive provision or contractual restriction granted to any other party whatsoever and wherever located, which applies or pertains to the Premises or Tenant's use therein, except as may be set forth in the Lease.

7. **Interpretation.** Landlord and Tenant have entered into this Second Memorandum of Lease in order that third parties may have notice of the existence of the Unrecorded Lease and some of its specific provisions. This Second Memorandum of Lease is not a complete summary of

the Unrecorded Lease. This Second Memorandum of Lease is not intended to amend, modify, or otherwise change the terms and conditions of the Unrecorded Lease between the parties hereto. Provisions in this Second Memorandum shall not be used in interpreting the provisions of the Unrecorded Lease. In the event of a conflict between this Second Memorandum and the Unrecorded Lease, the Unrecorded Lease shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Second Memorandum of Lease as of the date and year first above written.

Landlord

FIRST HORIZON GROUP LIMITED PARTNERSHIP,
a Delaware limited partnership

~~By: Prime Retail, L.P., a Delaware limited
partnership, its general partner~~

First HGI
By: Prime Retail, Inc., a ~~Maryland~~ *Delaware* corporation,
its general partner

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

NOV 06 2001

Amount Paid \$ *0*
Skagit Co. Treasurer
By *[Signature]* Deputy

By: *[Signature]*

Its: *Asst. Secretary*

Tenant

The Gap, Inc., a Delaware corporation

By: *[Signature]*

Audrey Ogawa Johnson
Senior Attorney



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, Skagit County Auditor

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ACKNOWLEDGEMENT OF TENANT:

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN MATEO)

On this 25th day of April, 2001, before me, Marianne Legaspi, Notary Public, personally appeared Audrey Ogawa Johnson, personally known to me to or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Marianne G. Legaspi (SEAL)
Notary Public Signature



ACKNOWLEDGEMENT OF LANDLORD:

STATE OF Maryland)
City) ss:
COUNTY OF Baltimore)

On this 1st day of October, 2001, before me, Eugenie C. Schwind, Notary Public, personally appeared Tami Daniel personally known to me to or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Eugenie C. Schwind (SEAL)
Notary Public Signature

My Commission Expires
November 1, 2003



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PRIME OUTLETS AT BURLINGTON

Legal Description

PARCEL A:

Lots 1, 2, and 3, CITY OF BURLINGTON SHORT PLAT NO. 1-92 as approved July 18, 1989, and recorded July 27, 1992, in Volume 10 of Short Plats, page 105, under Auditor's File No. 9207270058, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL B:

Parcel B, CITY OF BURLINGTON SHORT PLAT NO. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL C:

Parcel A, CITY OF BURLINGTON SHORT PLAT NO. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington; being a portion of the Northeast Quarter of the Northeast Quarter of Section 7, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL D:

An easement for drainage, as acquired by document recorded under Auditor's File No. 8811230046, records of Skagit County, Washington, over and across the following described property:

The West 20 feet of Lot 3, CITY OF BURLINGTON SHORT PLAT NO. 37-76 as approved August 2, 1976, and recorded August 5, 1976, in Volume 1 of Short Plats, page 156, under Auditor's File No. 840316, records of Skagit County, Washington; being a portion of the Southeast Quarter of the Southeast Quarter of Section 6, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL E:

An easement acquired by instruments recorded November 23, 1988, under Auditor's File No. 8811230048, records of Skagit County, Washington, for ingress, egress, and utilities, over, under, and across a 36.00-foot strip of land lying 18.00 feet each side of the following described centerline:

Commencing at the Northeast corner of Section 7, Township 34 North, Range 4 East of the Willamette Meridian;
thence South 01°34'38" East, along the East line of said Section 7 a distance of 13.73 feet;
thence South 86°59'04" West, 40.01 feet to the true point of beginning;
thence continuing South 86°59'04" West, 56.99 feet to the beginning of a curve to the left having a radius of 170.00 feet;
thence Southwesterly along said curve through a central angle of 66°32'00", an arc distance of 197.41 feet;
thence South 20°27'04" West, 124.00 feet to the beginning of a curve to the right, having a radius of 273.00 feet;
thence Southwesterly along said curve through a central angle of 71°07'06", an arc distance of 338.86 feet;
thence North 88°25'50" West, 150.00 feet to the terminus point of said centerline. (Said easement being appurtenant to Parcels B and C).

PARCEL F:

An easement for ingress, egress, and utilities over, under, and across that area delineated as "Access and Utility Easement" on the Easterly portion of Parcel B of City of Burlington Short Plat No. B-1-92 as approved June 2, 1992, and recorded June 11, 1992, in Volume 10 of Short Plats, pages 88 and 89, under Auditor's File No. 9206110001, records of Skagit County, Washington. (Said easement is appurtenant to Parcel C).

ALL situated in Skagit County, Washington.



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, Skagit County Auditor