

SUPPLEMENTAL OPERATING AGREEMENT

THIS AGREEMENT, made as of the 26th day of JUNE, 1978, by and between HAYWOOD MALL, INC., a Georgia corporation qualified to do business in the State of South Carolina, and MONUMENTAL HAYWOOD, INC., a Maryland corporation qualified to do business in the State of South Carolina, a joint venture doing business under the name HAYWOOD MALL ASSOCIATES (hereinafter referred to as the "Developer") and J. C. PENNEY COMPANY, INC. (hereinafter referred to as "Penney Company") and J. C. PENNEY PROPERTIES, INC. (hereinafter referred to as "Penney Properties") both corporations being qualified to do business in the State of South Carolina (Penney Company and Penney Properties are hereinafter collectively referred to as "Penney").

W I T N E S S E T H:

WHEREAS, Developer has leased and owns in fee a portion of the Entire Premises; and

WHEREAS, Penney Properties has leased the Penney Site from the Developer; and

WHEREAS, prior to the Opening Date, Penney Properties, a wholly owned subsidiary of the Penney Company, will lease the Penney Site to the Penney Company under a long term net lease and the Penney Company will thereafter have a leasehold estate in the Penney Site either by virtue of said lease or a subsequent lease made as a part of a sale-leaseback or lease-subleaseback financing of the Penney Site; and

WHEREAS, an Easement Agreement has been executed which provides that certain portions of the Entire Premises and the Adjoining Premises as generally shown on the Plot Plan shall be subjected to certain perpetual easements for access and for utilities; and