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STATE OF Mississippi
COUNTY OF De Soto

SHORT FORM LEASE

THIS INDENTURE OF LEASE made this 13th day of July, 2004 between
YORK INVESTMENTS, whose address is 112 Sheffield Loop, Hattiesburg, Mississippi 39402,
hereinafter referred to as Lessor, and **FRED'S STORES OF TENNESSEE, INC.**, whose address is
4300 New Getwell Road, Memphis, Tennessee 38118, hereinafter referred to as Lessee.

WITNESSETH

For and in consideration of One Dollar (\$1.00) and other good and valuable
considerations paid and to be paid by Lessee to the Lessor, the Lessor does demise and Lease unto
the Lessee and the Lessee does lease and take from the Lessor the property as described in "Exhibit
A" hereto attached, upon the terms and conditions more particularly set forth in a certain LEASE
AGREEMENT dated July 13, 2004.

TO HAVE AND TO HOLD the above described premises unto the Lessee for a term
of Ten (10) years commencing on the 1st day of June, 2004, and ending on the 31st day of May, 2014
with one (1) additional option of ten (10) years.

IN TESTIMONY WHEREOF, the above named Lessor and the above named Lessee
have caused this instrument to be executed in duplicate on the day and year set forth above.

LESSOR: YORK INVESTMENTS

By: [Signature]
By: [Signature]
By: [Signature]
By: [Signature]

Attest:

LESSEE: FRED'S STORES OF TENNESSEE, INC.

By: [Signature]
Its: [Signature]

Attest:
Charles S. Ward

Prepared

EXHIBIT A

LEGAL DESCRIPTION

TOPOGRAPHICAL AND BOUNDARY SURVEY OF A 10.1073, MORE OR LESS, ACRE TRACT OF LAND BEING LOCATED IN THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 SOUTH, RANGE 8 WEST, HORN LAKE, DESOTO COUNTY, MISSISSIPPI
and is further described as follows:

Begin at an iron stake (set) in the southerly line of Goodman Road (Mississippi State Highway No. 302), said stake being 45 feet south and perpendicular to Highway Station 304+35 as shown on State project No. 79-0021-01-005-10; thence eastwardly with the southerly line of said highway the following courses: South 89 degrees 50 minutes 00 seconds East 165.00 feet to an iron stake; South 76 degrees 07 minutes 50 seconds East 103.08 feet to an iron stake; North 78 degrees 31 minutes 24 seconds East 101.98 feet to an iron stake; North 86 degrees 58 minutes 15 seconds East 100.12 feet to an iron stake; thence North 89 degrees 50 minutes 00 seconds East 163.80 feet with the southerly line of said highway to an iron stake; thence South 00 degrees 11 minutes 27 seconds East 201.50 feet to an iron stake; thence North 89 degrees 49 minutes 13 seconds East 99.98 feet to an iron stake; thence South 00 degrees 11 minutes 27 seconds East 254.17 feet to an iron stake; thence South 01 degrees 53 minutes 33 seconds West 16.00 feet to an iron stake; thence South 07 degrees 29 minutes 14 seconds West 26.94 feet to an iron stake; thence South 14 degrees 30 minutes 27 seconds West 26.94 feet to an iron stake; thence South 21 degrees 31 minutes 40 seconds West 26.94 feet to an iron stake; thence South 28 degrees 32 minutes 53 seconds West 26.94 feet to an iron stake; thence South 35 degrees 34 minutes 06 seconds West 26.94 feet to an iron stake; thence South 42 degrees 35 minutes 19 seconds West 26.94 feet to an iron stake; thence South 49 degrees 36 minutes 32 seconds West 26.94 feet to an iron stake; thence South 56 degrees 37 minutes 45 seconds West 26.94 feet to an iron stake; thence South 63 degrees 38 minutes 58 seconds West 26.94 feet to an iron stake; thence South 70 degrees 40 minutes 11 seconds West 26.94 feet to an iron stake; thence South 77 degrees 41 minutes 24 seconds West 26.94 feet to an iron stake; thence South 84 degrees 42 minutes 37 seconds West 26.94 feet to an iron stake; thence South 89 degrees 03 minutes 33 seconds West 6.10 feet to an iron stake; thence South 89 degrees 48 minutes 33 seconds West 63.81 feet to an iron stake; thence North 00 degrees 20 minutes 30 seconds East 78.64 feet to an iron stake; thence North 89 degrees 58 minutes 25 seconds West 475.00 feet to an iron stake in the easterly line of Tulane Road; thence North 00 degrees 06 minutes 05 seconds West 561.10 feet with the easterly line of said road to an iron stake; thence North 38 degrees 35 minutes 46 seconds East 45.39 feet to the point of beginning containing 10.1073, more or less, acres of land (440,274, more or less, Square Feet) being subject to all codes, regulations and revisions, easements and right-of-ways of record.

CSU

1 Secretary

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STATE OF MISSISSIPPI

COUNTY OF Lamar

Personally appeared before me, the undersigned authority, in and for said State and County, the within named Bennett V. York, Paige York Losee, John T. York, and Bennett V. York Jr., of **YORK INVESTMENTS**, a Mississippi General Partnership, who, acting for and on behalf of said partnership and being thereunto duly and lawfully authorized so to do, acknowledged that they signed, sealed and delivered the foregoing instrument on the day and year and for the purposes therein mentioned as said partnership's own voluntary act and deed.

Witness my hand and official seal this the 21st day of July, 2004.

Darlene Montgomery
NOTARY PUBLIC

My commission expires:

May 1, 2007

STATE OF TENNESSEE

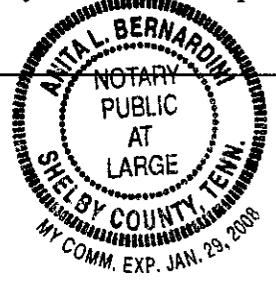
COUNTY OF SHELBY

Personally appeared before me, the undersigned authority, in and for said State and County, the within named John D. Reier and Charles S. Vail, President and Secretary, respectively, of **FRED'S STORES OF TENNESSEE, INC.**, a corporation, who, acting for and on behalf of said corporation and being thereunto duly and lawfully authorized so to do, acknowledged that they signed, sealed and delivered the foregoing instrument on the day and year and for the purposes therein mentioned as said corporation's own voluntary act and deed.

Witness my hand and official seal this the 26th day of July, 2004.

Anita L. Bernardini
NOTARY PUBLIC

My commission expires:



This document prepared by:

Fred's, Inc.
Leigh Ann Jacobs
4300 New Getwell Road
Memphis, Tennessee 38118
901-238-2528