

FEB 10 12 32 PM '04 ^{pa} _{pa}Cato Store #7
Horn Lake Shopping Center
Horn Lake, MississippiBK 102 PG 37
W.E. DAVIS CH. CLK.

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS AGREEMENT made this 14th day of January, 2004, by and between CATOSOUTH, LLC, c/o The Cato Corporation, P. O. Box 34216, Charlotte, North Carolina 28234, hereinafter referred to as "Lessee," and 1st TRUST BANK FOR SAVINGS, 6565 Quail Hollow Road, Memphis, Tennessee 38120, hereinafter referred to as "Mortgagee."

WITNESSETH:

For the purposes of inducing Mortgagee to make a loan to American Properties Company, LP, hereinafter referred to as "Lessor," secured by a mortgage upon property owned or to be acquired by Lessor, a part of which is subject to a lease from Lessor's predecessor-in-interest, Horn Lake Shopping Center, Ltd., to Lessee dated December 20, 2000 (the "Lease"), undersigned Lessee does hereby agree as follows:

1. That the Lease and the rights of Lessee thereunder are hereby subordinated to a mortgage, and the lien thereof, securing the above mortgage loan to be made by Mortgagee, and to any renewal, modification, or extension thereof, as though said mortgage were executed prior in point of time to the execution of the Lease.
2. In the event of foreclosure of the aforementioned mortgage, Lessee agrees to attorn to and accept the purchaser at the foreclosure sale as landlord for the balance then remaining of the term of the Lease subject to all of the terms and conditions of the Lease.
3. Lessee agrees to give prompt written notice to Mortgagee of any default of Lessor in the obligations of Lessor under the Lease, if such default, left uncured, is of such a nature as to give Lessee a right to terminate the Lease. It is further agreed that such notice will be given to any successor in interest of Mortgagee in said mortgage provided that prior to any such default of Lessor such successor in interest shall have given written notice to Lessee of its acquisition of Mortgagee's interest therein, and designated the address to which such notice is to be directed.

In consideration of the foregoing agreements of Lessee, the undersigned Mortgagee agrees that it will not disturb Lessee's possession or enjoyment of the premises demised under the Lease, and that it will accept the attornment of Lessee thereafter, if Lessee be not then in default under the Lease beyond any applicable cure period.

The agreements herein contained shall bind and inure to the benefit of the successors in interest of the parties hereto and, without limiting such, the agreement of Mortgagee shall specifically be binding upon any purchaser of said property at a sale foreclosing said mortgage.

If the loan made by Mortgagee is secured by a deed of trust or security deed rather than by a mortgage, all references herein to mortgage shall be construed as referring to such other type of security instrument.

IN WITNESS WHEREOF, the parties hereto have caused the execution hereof as of the day and date first above written.

LESSEE:

CATOSOUTH, LLC
A North Carolina Limited
Liability Company

WITNESS:

Lyndy Clemon

By: The Cato Corporation
A Delaware Corporation
As Member

By: [Signature]
Vice President

Attest: [Signature]
Assistant Secretary

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 14th day of January, 2004, before me, the undersigned Notary Public in and for the county and state aforesaid, personally came WEBB REYNER, who being duly sworn, says that he is VICE PRESIDENT of THE CATO CORPORATION and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that he signed and sealed said instrument on behalf of said corporation by its authority duly given. And the said J. GREGORY FAGAN, Assistant Secretary, acknowledged said instrument to be the act and deed of said corporation.

WITNESS my hand and seal, this 14th day of January, 2004.

My Commission Expires:

11-2-07

[Signature]
Notary Public

MORTGAGEE:

1st TRUST BANK FOR SAVINGS

WITNESS:

King Cook

By: Randall M. Engel
Its: VP

Attest: _____
Its: _____

STATE OF Tennessee

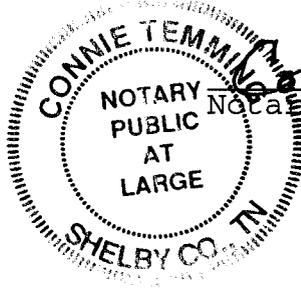
COUNTY Shelby

This 21st day of January, 2004, before me, the undersigned Notary Public in and for the County and State aforesaid, personally came Randall M. Engel, who, being duly sworn, says that (s)he is Vice President of 1st Trust Bank and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that the signed and sealed said instrument on behalf of said corporation by its authority duly given. And the said Randall M. Engel, Vice President, ~~Secretary~~, acknowledged said instrument to be the act and deed of said corporation.

WITNESS my hand and seal, this 21st day of January, 2004.

My Commission Expires:

My Commission Expires: November 28, 2005



Connie Temming
Notary Public

Prepared by
or Return to:

Allison T. Gilbert, Esq.
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