

Distribution Center # 9042, Southhaven, MS

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT
AGREEMENT WITH MORTGAGEE

THIS AGREEMENT, made as of this 24th day of February, 2005 between J. C. PENNEY CORPORATION, INC., a Delaware corporation, formerly known as J. C. PENNEY COMPANY, INC., having a mailing address of P. O. Box 10001, Dallas, Texas 75301-1108 ("Tenant"), and CDPQ MORTGAGE CORPORATION, a corporation incorporated under the Canada Business Corporations Act ("Mortgagee"), having an address of 1001 Square Victoria, Block C8, Montreal, Quebec, Canada H2Z2A8 Attention: Dominique Robillard;

W I T N E S S E T H :

WHEREAS, by Indenture of Lease, dated as of March 7, 1974 between CC&F SOUTHAVEN PROPERTIES, INC., predecessor in interest to FIRST MEMPHIS COMPANY, LLC ("Landlord"), and Tenant, a Memorandum of which dated as of March 7, 1974, was recorded in Book 42, Page 142, in the Office of the Chancery Clerk of DeSoto County, Mississippi (said lease as amended and supplemented by a) Agreement for Natural Gas Service dated as of April 16, 1974, b) Spur Track Agreement dated July 25, 1974; c) Lease Term Agreement dated March 31, 1975; d) First Modification of Lease and Assignment, Assumption and Release dated as of March 31, 1975, e) Option to Extend Letter dated July 31, 1999, and f) Letter dated August 18, 2004 from Tenant to Landlord, is hereinafter referred to as the "Penney Lease"), there was leased to Tenant a parcel of land, in the City of Southhaven, County of DeSoto, State of Mississippi, more particularly described on Exhibit "A" to said Memorandum ("Demised Premises") and on Exhibit "A" attached hereto; and

WHEREAS, Mortgagee proposes to make a loan to Landlord evidenced by Landlord's promissory note, and a first mortgage, deed of trust, or deed to secure debt on all or a portion of the Demised Premises (the "Mortgage"); and

WHEREAS, Tenant is willing to subordinate the Penney Lease to the first lien of the Mortgage, provided it obtains assurance from Mortgagee that its possession of the Demised Premises and its rights under the Lease, will not be disturbed by reason of or in the event of foreclosure of the Mortgage; and

WHEREAS, Mortgagee is willing to give such assurance.

NOW, THEREFORE, for and in consideration of the sum of One Dollar (\$1.00) paid by each party to the other, receipt whereof is hereby acknowledged, the mutual agreements herein contained and other good and valuable consideration, the parties hereto do hereby mutually covenant and agree as follows:

1. Tenant hereby subordinates the Penney Lease to the lien of the Mortgage and to all renewals, modifications, replacements, consolidations and extensions of same, so long as the lien of the Mortgage is a first lien.

2. So long as no event of default on the part of Tenant under the Penney Lease shall exist which would entitle Landlord to terminate the Penney Lease, or if such an event of default

shall exist, so long as Tenant's time to cure same shall not have expired, (a) Mortgagee will not at any time join Tenant as a party defendant in any action or proceeding to foreclose the Mortgage or any extension, renewal, consolidation or replacement of same unless required by law to do so, and (b) the term of the Penney Lease shall not be terminated or modified in any respect whatsoever, and Tenant's right of possession to the Demised Premises and its rights in and to the remainder of the mortgaged premises and its other rights arising out of the Penney Lease will all be fully recognized and protected by Mortgagee and shall not be disturbed, canceled, terminated or otherwise affected by reason of the Mortgage or any action or proceeding instituted by Mortgagee to foreclose the Mortgage, or any extension, renewal, consolidation or replacement of same.

3. In the event that Mortgagee takes possession of the Demised Premises, either as the result of foreclosure of the Mortgage or accepting a deed to the Demised Premises in lieu of foreclosure, or otherwise, or the Demised Premises shall be purchased at such a foreclosure by a third party and Mortgagee or such third party shall furnish Tenant reasonably satisfactory evidence that it has acquired title to the Demised Premises, Tenant shall attorn to Mortgagee or such third party and recognize Mortgagee or such third party as its landlord under the Penney Lease and Mortgagee or such third party will recognize and accept Tenant as its tenant thereunder, whereupon, the Penney Lease shall continue in full force and effect as a direct lease between Mortgagee or such third party and Tenant for the full term thereof, together with all extensions and renewals thereof, and Mortgagee or such third party shall thereafter assume and perform all of Landlord's obligations, as landlord under the Penney Lease, with the same force and effect as if Mortgagee or such third party were originally named therein as Landlord, except that Mortgagee shall not be (i) liable for any act, omission, or default of Landlord, or any prior Landlord, except such acts, omissions, and defaults which are of a continuing nature, and of which Mortgagee received written notice within a reasonable time after the occurrence of same, (ii) bound by any prepayment of more than one month's rent reserved under the Penney Lease and (iii) bound by any amendment or modification of the Penney Lease made without the express written consent of Mortgagee, but the foregoing (i), (ii) and (iii) shall in no way be deemed to affect or curtail any of Tenant's rights, whether accrued or not, under the article of the Penney Lease, captioned "UNPERFORMED COVENANTS OF LANDLORD MAY BE PERFORMED BY TENANT". However, if conflicting claims should be made to the rent payable under the Penney Lease, Tenant shall have the right to institute an interpleader suit for the purpose of determining who is entitled to payment of such rent, and to pay the rent in accordance with the judicial determination rendered in such suit.

4. Landlord and Tenant may, from time to time, modify or amend the Penney Lease without Mortgagee's consent, provided such modifications or amendments do not result in the reduction of the rent payable thereunder or make Landlord's obligations thereunder more onerous; any such modifications having such result and made without Mortgagee's written consent shall be void and of no force and effect as between Mortgagee and Tenant.

5. If Tenant has not received one original, fully executed copy of this Agreement, together with one copy of the recorded Agreement indicating that the Agreement has been recorded in the appropriate Recorder's Office, by April 4, 2005, the execution thereof by Tenant shall be deemed null and void. Furthermore, if

any changes, additions or deletions are made to this Agreement without first obtaining Tenant's written approval thereof, the execution hereof by Tenant shall be deemed null and void.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns and all subsequent owners of the Demised Premises acquiring title thereto from or through Mortgagee.

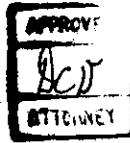
[Remainder of Page Intentionally Left Blank - Signature Pages Follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their proper corporate officers the day and year first above written.

ATTEST:

J. C. PENNEY CORPORATION, INC.

Alfred O. Hellner
Assistant Secretary



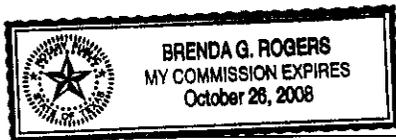
By: Paul W. Freddo
Vice President

STATE OF TEXAS)
) SS.:
COUNTY OF COLLIN)

This instrument was acknowledged before me on the 24th day of February, 2005 by Paul W. Freddo, a Vice President of J. C. PENNEY CORPORATION, INC., a Delaware corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:



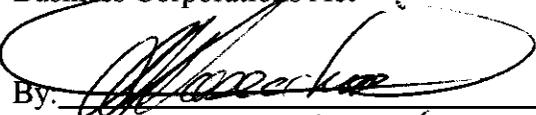
Brenda G. Rogers
Notary Public, State of Texas

[Remainder of Page Intentionally Left Blank - Signature Page Follows.]

IN WITNESS WHEREOF, Lender and Tenant have duly executed this Agreement as of the date first above written.

LENDER:

CDPQ MORTGAGE CORPORATION,
a corporation incorporated under the Canada
Business Corporations Act

By: 

Name: *TINO MASECCHIA*

Title: *AUTHORIZED SIGNATORY*

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ACKNOWLEDGEMENT

PROVINCE OF QUEBEC

CANADA

Personally appeared before me, the undersigned authority in and for the said country and province, on this 23rd day of February, 2005, within my jurisdiction, the within named TINO MASECCHIA, duly identified before me, acknowledged to me that he is an authorized signatory of CDPQ MORTGAGE CORPORATION, a duly incorporated corporation under the laws of Canada, and that for and on behalf of said corporation, and as its act and deed executed, and delivered, the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

J.Patrice Nadeau
NOTARY PUBLIC



My commission expires:

October 13, 2006

EXHIBIT "A"

The tract of land which, with the improvements erected and to be erected thereon, comprises the Demised Premises is situated in the City of Southhaven, County of DeSoto, and State of Mississippi, and is more particularly described as follows:

Lots 18 through 27 inclusive, in Freeport Industrial Park as shown by the plat recorded in Plat Book 11, Page 43 in the office of the Chancery Clerk of DeSoto County, Mississippi, and being part of Section 22, Township 1 South, Range 8 West, County of DeSoto, State of Mississippi, containing 24.809 acres.

Attached to and forming part of Subordination, Non-Disturbance and Attornment Agreement with Mortgagee, dated as of February 24, 2005 by and between J. C. PENNEY CORPORATION, INC., as Tenant, and CDPQ Mortgage Corporation, covering premises in, Southhaven, DeSoto County, Mississippi.