

Prepared by,  
Recording requested by  
and after recording  
Please return to:

*UPS*  
Michaels Stores, Inc.  
8000 Bent Branch Drive  
Irving, TX 75063  
Attn: Jeanie Holcumb  
Real Estate Legal Dept.  
Phone: (469) 759-5561

#### **SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT**

Store #: 1099, Olive Branch, MS

Landlord: SCD #1, LLC  
c/o Stonecrest Services, LTD.  
595 Round Rock West Dr., Ste. 701  
Round Rock, Texas 78681

Lender: Suntrust Bank  
999 s. Shady Grove #210  
Memphis, TN 38120

Tenant: Michaels Stores, Inc.  
8000 Bent Branch Drive  
Irving, Texas 75063

Mortgage: Recorded in Desoto County, Book #121, Page #121

**SUBORDINATION, NON-DISTURBANCE, ATTORNMENT AND  
ESTOPPEL AGREEMENT**

This SUBORDINATION, NON-DISTURBANCE, ATTORNMENT AND ESTOPPEL AGREEMENT (the "Agreement") is made and entered into as of this 8<sup>th</sup> day of DECEMBER, 2011, by and among SUNTRUST BANK ("Bank"), Michaels Stores, Inc., a Delaware corporation ("Tenant"), and SCD #1, LLC, a Mississippi limited liability company ("Borrower").

R E C I T A L S

A. Bank has made, or may make a certain loan or loans (collectively, the "Loan") available to Borrower, which Loan is evidenced, or will be evidenced by, a promissory note or notes, credit agreement or agreements and/or certain other loan documents, executed and delivered by Borrower to Bank (as each such document, instrument or agreement may be amended, modified, restated, extended or renewed from time to time, collectively, the "Note") and secured by a [Deed to Secure Debt] [Deed of Trust] [Mortgage] and an Assignment of Rents and Leases (as amended, modified, restated, extended or renewed from time to time, collectively, the "Security Instrument"; the Note and the Security Instrument, collectively, the "Loan Documents"), executed and delivered by Borrower to Bank (and recorded in the public records of the Olive Branch, County of Desoto where the "Property" (as defined below) is located), encumbering that certain real property located in Olive Branch, Desoto County, Mississippi, and more particularly described in *Exhibit "A"* attached hereto (the "Property").

B. Tenant is the tenant of a portion of the Property (the "Leased Premises") pursuant to the terms of that certain Lease Agreement, dated as of September 27, 2011, executed by Tenant and Borrower (as amended, modified, restated, extended or renewed from time to time, subject to the limitations set forth herein, the "Lease").

C. Tenant, Borrower and Bank desire to confirm their understanding with respect to the certain matters pertaining to the Loan Documents and the Lease as set forth herein.

D. This Agreement is being entered into to induce Bank to enter into, or to continue, the Loan with Borrower. In consideration of the premises, the parties agree as follows:

A G R E E M E N T

1. While Tenant is not in default (beyond any period given Tenant to cure such default under the Lease) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Tenant's part to be performed, Tenant's possession and occupancy of the Leased Premises shall not be interfered with or disturbed by Bank during the term of the Lease or any extension thereof duly exercised by Tenant.

2. If the interests of Borrower or ownership of the Property shall be transferred to and/or owned by Bank by reason of judicial foreclosure, power-of-sale foreclosure, or deed in lieu of foreclosure, or other proceedings brought by Bank (herein "Foreclosure"), or any other manner, including, but not limited to, Bank's exercise of its rights under the Assignment of Leases and Rents included in the Security Instrument and Bank succeeds to the interest of the Borrower under the Lease, (i) the Lease shall not be terminated thereby, and (ii) Tenant shall be bound to Bank under all of the terms, covenants and conditions of the Lease for the balance of the remaining term thereof and any extension thereof duly exercised by Tenant, with the same force and effect as if Bank were the lessor under the Lease, and Tenant does hereby attorn to Bank as its lessor, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Bank's

succeeding to the interest of the Borrower under the Lease. The respective rights and obligations of Tenant and Bank upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extension, shall be and are the same as now set forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth at length herein.

3. If Bank shall succeed to the interest of Borrower under the Lease or become owner of the Property as a result of Foreclosure, Bank shall, subject to the last sentence of this Section 3, be bound to Tenant under all of the terms, covenants and conditions of the Lease; provided, however, that Bank shall not be:

- (a) liable for any act or omission of any prior landlord (including Borrower); provided further, however, Tenant may give Bank notice of any event of default which originated prior to, and continues to exist subsequent to, the succession of Bank to the interest of landlord under the Lease (a "Continuing Default") and Bank shall have the same obligation to cure any such Continuing Default, and Tenant shall have the same rights and remedies should Bank fail to cure the Continuing Default, as if the Continuing Default had originated subsequent to the succession of Bank to the interest of landlord under the Lease; or
- (b) subject to any offsets, claims or defenses which Tenant may have against any prior landlord (including Borrower), except (i) to the extent any such offsets, claims or defenses arise out of Bank's failure to cure Continuing Defaults within the cure period afforded to the landlord under the Lease, or (ii) to the extent such offsets, claims or defenses are provided under the Lease; or
- (c) bound by any rent or additional rent or other payment in lieu of rent which Tenant might have paid to any prior landlord more than 30 days in advance of its due date under the Lease, provided, however, Tenant's estimated payments towards its share of Common Area Charges (as defined in the Lease), insurance, Real Estate Taxes (as defined in the Lease) or otherwise shall not be deemed paid in advance when paid in accordance with the terms of the Lease, and such estimated payments shall be credited to Tenant's account and recognized by Bank the same as if such estimated payments had actually been paid to Bank; or
- (d) bound by any amendment or modification of the Lease made after the date of this Agreement without Bank's prior written consent (which consent shall not be unreasonably withheld, delayed, or conditioned), if such amendment or modification (i) reduces the amount of rent payable under the Lease (but Bank's consent shall not be required in the event the amount of rent payable under the Lease is adjusted by reason of an adjustment in the Leasable Square Feet (as defined in the Lease) of the Premises, based upon an architect's certification, as provided in Section 1.2 of Exhibit C to the Lease), or (ii) shortens the term of the Lease. Bank's consent shall be deemed granted if Bank fails to respond to Tenant's or Borrower's written request for consent within thirty (30) days of the date of Tenant's request; or
- (e) liable for any security deposit held by any prior landlord (including Borrower), unless actually and separately received by Bank.

Neither Bank nor any other party who, from time to time, shall be included in the definition of Bank hereunder shall have any liability or responsibility under or pursuant to the terms of this Agreement after it ceases to own a fee interest in or to the Property.

4. Subject to the terms of this Agreement (including, but not limited to, those in Section 2 hereof), the Lease now is, and shall at all times continue to be, subject and subordinate in each and every respect, to the Security Instrument and all other Loan Documents and to (i) any and all renewals, modifications, restatements and extensions of the Security Instrument and any other of the Loan Documents; and (ii) all substitutions, replacements and/or consolidations of any of the Loan Documents. Nothing herein contained shall be deemed or construed as limiting or restricting the enforcement by Bank of any of the terms, covenants, provisions or remedies of the Security Instrument or any of the other Loan Documents, as long as said enforcement is consistent with the non-disturbance provisions of this Agreement.

5. The term "Bank" shall be deemed to include Bank and any of its successors and assigns, including anyone who shall have succeeded to Borrower's interest or ownership of the Property by, through or under judicial or power-of-sale foreclosure or other proceedings brought pursuant to the Security Deed, or deed in lieu of such foreclosure or proceedings, or otherwise.

6. In the event Borrower shall fail to perform or observe any of the terms, conditions or agreements in the Lease, or a default by Borrower shall otherwise occur thereunder, Tenant shall give written notice thereof to Bank and Bank shall have the right (but not the obligation) to cure such failure; provided, however, if Bank elects to cure a default by Borrower under the Lease and such cure by Bank can only be effectuated by entering the Premises, then Bank shall, prior to entering the Premises, provide Tenant with a copy of Bank's insurance certificate evidencing liability coverage in the same coverages and limits that Borrower is required to carry under the Lease. Tenant shall not take any action with respect to such failure under the Lease including, without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rent thereunder, for a period of thirty (30) days after receipt of such written notice by Bank; provided, however, that in the case of any such default which cannot with diligence be cured within said 30-day period, if Bank shall proceed promptly to cure such failure and thereafter prosecute the curing of such failure with diligence and continuity, the time within which such failure may be cured shall be extended for such period as may be necessary. Nothing in this Paragraph 6 shall be construed to extend Bank additional time to gain possession of the Premises or to foreclose on the Mortgage.

9. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto and their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns. This Agreement constitutes a covenant running with the land (the "Property") and shall be binding upon transferees of the Property.

10. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

11. All notices, demands and requests given hereunder shall be in writing and shall be either by: (i) hand delivery to the address for notices; (ii) delivery by overnight courier service to the address for

notices; or (iii) by certified mail, return receipt requested, addressed to the address for notices by United States mail, postage prepaid.

All notices shall be deemed received upon the earlier to occur of: (i) the hand delivery of such notice to the address for notices; (ii) one day after the deposit of such notice with an overnight courier service addressed to the address for notices; or (iii) three days after depositing the notice in the United States mail as set forth above.

All notices shall be addressed to the following addresses:

If to Borrower:           SCD #1, LLC  
                                  c/o StoneCrest Services, Ltd  
                                  595 Round Rock West Dr, Ste 701  
                                  Round Rock, Texas 78681  
                                  Attn: Bradley D. Smith, Chief Manager

If to Tenant:             Michaels Stores, Inc.  
                                  8000 Bent Brach Drive  
                                  Irving, Texas 75063  
                                  Director of Real Estate Administration

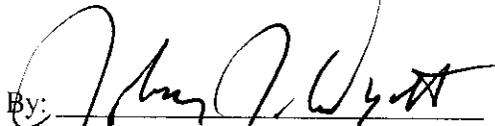
If to Bank:                SUNTRUST BANK  
                                  999 S. SHADY GROVE #210  
                                  MEMPHIS, TN 38120  
                                  Attention: JIM MCCULLOUGH

or to such other person or at such other place as any party hereto may by notice designate as a place for service of notice.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date and year first above written.

TENANT:

Michaels Stores, Inc., a Delaware corporation

By:   
Name: John J. Wyatt  
Title: Senior Vice President—Corporate Development

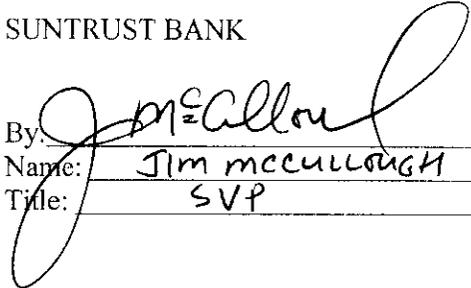
BORROWER:

SCD #1, LLC, a Mississippi limited liability company

By:   
Name: Stanley D. Smith  
Title: Chief Manager

BANK:

SUNTRUST BANK

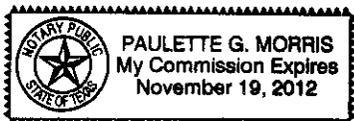
By:   
Name: Jim McCullough  
Title: SVP

STATE OF TEXAS )  
 ) ss.  
COUNTY OF WILLIAMSON)

BEFORE ME, the undersigned Notary Public in and for the State and County aforesaid, personally appeared Bradley D. Smith, with whom I am personally acquainted (or proved to me on the basis of satisfactory evident) and who, upon oath, acknowledged himself to be the Chief Manager of SCD#1, LLC, the within named bargainer, a Mississippi limited liability company, and that he as such Chief Manager executed the foregoing instrument for the purposes therein contained, by signing the name of the general partnership by himself as such Chief Manager.

WITNESS my hand and Official Seal at office this 21<sup>st</sup> day of November, 2011.

Paulette G Morris  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 11/19/12



State of Tennessee

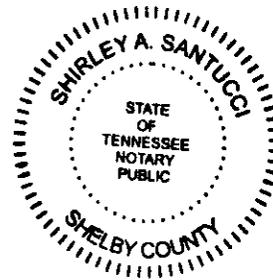
County of Shelby

On November 16 2011 before me, Shirley Santucci, a Notary Public, personally appeared Jim McCullough, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledge to me that he executed the same in his authorized capacity, and that by his signatruue on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal

  
Notary Public

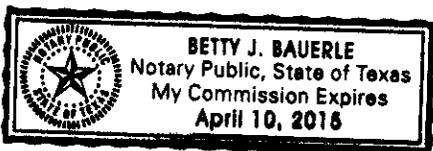
My Commision Expires: July 6, 2013



STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared John J. Wyatt, Senior Vice President – Corporate Development of MICHAELS STORES, INC., a Delaware corporation, who acknowledged that he was duly authorized to execute this agreement on behalf of said corporation.

GIVEN under my hand and seal of office this 8<sup>th</sup> day of June, 2011.



*Betty J. Bauerle*  
Notary Public in and for the  
State of Texas

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

**Developer Tract Parcel 1 "Lot 4"**

BEING LOCATED IN THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 1 SOUTH, RANGE 7 WEST IN THE CITY OF OLIVE BRANCH, DESOTO COUNTY, MISSISSIPPI, AND BEING LOT 4 OF WEDGEWOOD COMMONS AS RECORDED IN PLAT BOOK 104, PAGE 43 AT THE CHANCERY CLERK'S OFFICE OF SAID COUNTY. CONTAINING 544,900 SQUARE FEET, OR 12.509 ACRES.

**Outparcel 1 "Lot 2"**

BEING LOCATED IN THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 1 SOUTH, RANGE 7 WEST IN THE CITY OF OLIVE BRANCH, DESOTO COUNTY, MISSISSIPPI, AND BEING LOT 2 OF WEDGEWOOD COMMONS AS RECORDED IN PLAT BOOK 97, PAGE 24 AT THE CHANCERY CLERK'S OFFICE OF SAID COUNTY. CONTAINING 90,341 SQUARE FEET, OR 2.07 ACRES.

**Outparcel 2 "Lot 3"**

BEING LOCATED IN THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 1 SOUTH, RANGE 7 WEST IN THE CITY OF OLIVE BRANCH, DESOTO COUNTY, MISSISSIPPI, AND BEING LOT 3 OF WEDGEWOOD COMMONS AS RECORDED IN PLAT BOOK 104, PAGE 41 AT THE CHANCERY CLERK'S OFFICE OF SAID COUNTY. CONTAINING 120,730 SQUARE FEET, OR 2.772 ACRES.