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Return Address:

PERKINS COIE LLP
10885 NE Fourth Street, Suite 700
Bellevue, WA 98004-5579
Attention: Nate Veranth

| |
|--|
| Document Title(s) (or transactions contained therein): |
| Memorandum of Lease |
| Reference Number(s) of Document assigned or released: |
| N/A |
| Grantor/Landlord(s) (Last name first, then first name and initial(s)): |
| 100-310 East College Way Holdings, LLC, a Maryland limited liability company |
| Grantee/Tenant(s) (Last name first, then first name and initial(s)): |
| Hobby Lobby Stores, Inc., an Oklahoma corporation |
| Legal Description (abbreviated: i.e., lot, block, plat or section, township, range): |
| Lots 1, 2, 4, 5, 6, & 7, City of Mount Vernon Binding Site Plan No. MV-1-93, Skagit Valley Square, recorded 9/30/1993, Book 10 of Short Plats, pages 240-246, File No. 9309300143, ptn of NE ¼ of SE ¼ Sec 18, T 34 N, Range 4 E, W.M., Skagit County, WA. |
| <input checked="" type="checkbox"/> Full legal is on Exhibit A of document |
| Assessor's Property Tax Parcel/Account Number(s): |
| P26284, P104614 |

MEMORANDUM OF LEASE

OCT 03 2013

Amount Paid \$
Skagit Co. Treasurer *mm*

April THIS MEMORANDUM OF LEASE is entered into as of the *10* day of *April*, 2013, by and between 100-310 East College Way Holdings, LLC, a Maryland limited liability company ("Landlord"), and Hobby Lobby Stores, Inc., an Oklahoma corporation ("Tenant").

1. Pursuant to a Lease Agreement (the "Lease") executed by Landlord and Tenant, dated *April 10*, 2013, Landlord has leased to Tenant certain Leased Premises which are part of a Shopping Center constructed or to be constructed on the property described in Exhibit A attached hereto, together with all of Landlord's appurtenant rights, privileges and easements.

2. The term of the Lease shall commence on the Commencement Date set forth in the Lease and shall expire upon the expiration of the tenth (10th) Lease Year as determined by the provisions of the Lease.

3. Tenant has an option to extend the term of the Lease for three (3) periods of five (5) years each, on the same terms and conditions as stated in the Lease.

4. This Memorandum of Lease is subject to all of the terms, conditions and understandings set forth in the Lease, which are incorporated herein by reference and made a part hereof, as though copied verbatim herein. In the event of a conflict between the terms and conditions of this Memorandum of Lease and the terms and conditions of the Lease, the terms and conditions of the Lease shall prevail.

5. The Shopping Center shall be used for the sole purpose of promoting and operating a retail shopping center comprised solely of (i) retail stores selling, at retail, merchandise normally carried in other quality shopping centers; (ii) financial institutions; (iii) service shops; (iv) professional offices; and (v) parking areas. Landlord shall not erect or raze any building or permit any obstruction on any portion of the Common Area that provides for parking, aisles, walks, drives, entrances, exits, and service areas, except those areas reserved and clearly designated for future expansion on Exhibit B of the Lease (the "Site Plan"). Landlord shall not, without Tenant's express written consent, grant entrances, cross easements, or parking rights of the Shopping Center to adjacent property owners outside of the Shopping Center other than the owner of the Winco Parcel (as defined in the Lease) as applicable.

6. Except for the existing permitted uses listed on Exhibit G of the Lease (the "Existing Permitted Uses"), none of the following shall be operated in the Shopping Center (collectively, the "Prohibited Uses"): (i) store selling liquor, beer, or wine, other than sales by a store operating primarily as a supermarket; (ii) bowling alley, billiard parlor, arcade, or other place of amusement or recreation; (iii) second-hand store whose principal business is selling used merchandise; (iv) pawn shop; (v) head shop; (vi) payday loan



provider; (vii) child care center; (viii) funeral home or mortuary; (ix) school closer than fifty (50) feet from the Leased Premises or in excess of five thousand one hundred fifty (5,150) square feet, church, or other place of worship; (x) flea market; (xi) tattoo parlor or body piercing establishment; (xii) theater; (xiii) adult video store and adult book store; (xiv) night club; (xv) health club or exercise studio closer than fifty (50) feet from the Leased Premises or in excess of five thousand one hundred fifty (5,150) square feet; (xvi) any spa or massage parlor; (xvii) place of betting, gambling, bingo, or other gaming; (xviii) self service laundry facility; (xix) hotel, motel, or other place of residence; (xx) car wash, auto body shop, auto rental business, or junk yard; (xxi) animal facility; (xxii) manufacturing operation; or (xxiii) anything constituting a public or private nuisance. Any Existing Permitted Uses that would otherwise constitute a Prohibited Use shall not be allowed to continue (and shall be deemed a Prohibited Use) following (a) any subletting, assignment or change in use by the respective existing tenants, if Landlord had the right to disapprove such subletting, assignment, or change in use in its sole discretion and (b) the expiration or termination of the applicable lease, including any renewals or extensions thereof.

7. Subject only to the Existing Exclusives (as defined in the Lease) and Existing Permitted Uses, Tenant shall have the exclusive right to sell art supplies, craft supplies, unfinished fabrics and upholstery within the Shopping Center (the "**Tenant's Exclusive**"). The "Incidental Sale" by tenants of the Shopping Center of the items contained in Tenant's Exclusive shall not be considered a violation of this Section 7. For purposes of this Lease, the term "Incidental Sale" shall mean the lesser of (i) ten percent (10%) of such tenant's sales floor area or (ii) one thousand five hundred (1,500) square feet of such tenant's sales floor area, including allocable aisle space. In addition, Tenant's Exclusive shall not prohibit, or otherwise limit in any manner, the operation of any store operating primarily as a supermarket or office supply store, such as Staples or Office Max. Any Existing Permitted Uses that would otherwise violate Tenant's Exclusive shall not be allowed to continue (and shall be deemed a Prohibited Use) following (a) any subletting, assignment or change in use by the respective existing tenants, if Landlord had the right to disapprove such subletting, assignment, or change in use in its sole discretion and (b) the expiration or termination of the applicable lease, including any renewals or extensions thereof.

8. In consideration of the rents and agreements set forth in the Lease, Landlord does hereby demise and lease to Tenant, and Tenant does hereby lease from Landlord the Leased Premises, together with a non-exclusive revocable license (coterminal with the Term of this Lease) for the use of all rights, easements, entrances, exits, approaches, and appurtenances relating to the Leased Premises, and the nonexclusive right to use the Common Area (as defined in the Lease). The non-exclusive revocable license set forth in the preceding sentence cannot be revoked so long as the Lease is in effect, but automatically terminates when the Lease terminates.

9. Without limiting any of the other terms and conditions in the Lease, Tenant accepts the Leased Premises subject to all matters of record, including, without limitation, those express requirements, conditions, and provisions that apply to Tenant in that certain document titled "Reciprocal Easement Agreement", attached as **Exhibit K** to the Lease



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and recorded in the records of Skagit County, Washington (the "REA"). Landlord shall not during the Term of the Lease permit the amendment of any portion of the REA if such amendment will affect Tenant in an Adverse manner. The word "Adverse" as used in this subsection shall mean an amendment of the REA that would permit (i) any action that is the sole and direct cause of a material reduction in the gross sales of the store operated within the Leased Premises; (ii) any action that is the sole and direct cause of a material reduction in the net profit of the store operated within the Leased Premises; (iii) a change in the parking design or service drives of the Shopping Center that materially limits access to or parking for the Leased Premises, including any change in the No Build Zone or any material change to the Main Driveways depicted on the Site Plan and also described in the REA; (iv) the erection of permanent barriers anywhere within accessways in the Shopping Center that materially limits the access to or parking for the Leased Premises; or (v) any change requiring Tenant to operate within the Leased Premises during days of the week and/or hours of the day other than those days and hours of operation of substantially all of the other Hobby Lobby stores.

10. Upon the expiration or earlier termination of the Lease, Landlord and Tenant agree to execute and record a notice of same terminating this Memorandum of Lease.

[Signature Page Follows]



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[Signature Page to Memorandum of Lease]

EXECUTED as of the date first written above.

LANDLORD:


100-310 East College Way Holdings,
LLC,
a Maryland limited liability company


By: 

Name: Michael C. Miller

Title: Vice President - Senior Asset Manager

Witness as to Landlord:


Print Name: Alicia Wunderlich



Print Name: Shenna Hunter

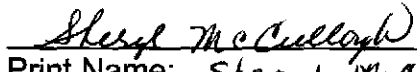
TENANT:

Hobby Lobby Stores, Inc.,
an Oklahoma corporation

By: 
Steven T. Green, President

Witness as to Tenant:


Print Name: CARLA S. CROWELL


Print Name: Sheryl McCullough



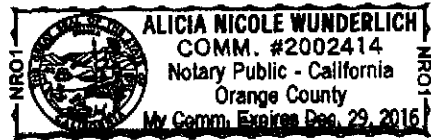
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STATE OF CALIFORNIA §
 §
COUNTY OF ORANGE §

The foregoing instrument was acknowledged before me this 10 day of APRIL, 2013, by Michael C. Miller of 100-310 East College Way Holdings, LLC, a Maryland limited liability company, on behalf of such limited liability company.

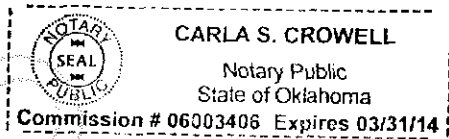
Alicia Wunderlich
Notary Public, State of CALIFORNIA

OKLAHOMA
STATE OF ~~TEXAS~~ §
 §
COUNTY OF OKLAHOMA §



The foregoing instrument was acknowledged before me this 8th day of April, 2013, by Steven T. Green, President of Hobby Lobby Stores, Inc., an Oklahoma corporation, on behalf of said corporation.

Carla S. Crowell
Notary Public, State of Oklahoma



**EXHIBIT A
LEGAL DESCRIPTION**

Lots 1, 2, 4, 5, 6, and 7, City of Mount Vernon Binding Site Plan No. MV-1-93, entitled Skagit Valley Square, approved September 29, 1993, recorded September 30, 1993 in Book 10 of Short Plats, pages 240-246, inclusive, under Auditor's File No. 9309300143 and being a portion of the Northeast 1/4 of the Southeast 1/4 of Section 18, Township 34 North, Range 4 East, W.M. Situate in the County of Skagit, State of Washington.

Except that portion conveyed to the City of Mount Vernon, a municipal corporation by deed recorded under Auditor's File No. 200804150168.



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