



200203040217

Skagit County Auditor

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4:03PM

Prepared by,
recording requested by
and after recording
please return to:

Michaels Stores, Inc.
8000 Bent Branch Drive
Irving, TX 75063
Attn: Deborah G. Arthur, Legal Assistant
Phone : 972/409-1742
Real Estate Legal Dept.

MEMORANDUM OF SHOPPING CENTER LEASE

Store #: 2753
Landlord: Pemcor Properties (U.S.) Inc.
Tenant: Michaels Stores, Inc.
Tax Parcel Number: P 24043

Legal Description:

Lot 2 of Burlington Short Plat No. 1-92 as approved July 18, 1989, and recorded July 27, 1992, in Volume 10 of Short Plats, page 105, under Auditors File No. 9207270058, Records of Skagit County, Washington.

Prepared by, recording requested by
and when recorded return to:
Michaels Stores, Inc.
8000 Bent Branch Drive
Irving, Texas 75063
Attn: Director-Real Estate
Administration

MEMORANDUM OF SHOPPING CENTER LEASE

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

Effective Date of Lease. December 19, 2001.

MAR 04 2002

Amount Paid \$0
Skagit Co. Treasurer
By [Signature] Deputy

Name and Address of Landlord. PEMCOR PROPERTIES (U.S.) INC., an Oregon corporation,
having an office at Suite 500, 1090 W. Pender Street, Vancouver, British Columbia, Canada V6E
2N7, Attn: Brian Paterson.

Name and Address of Tenant. MICHAELS STORES, INC., a Delaware corporation, having
an office at 8000 Bent Branch Drive, Irving, Texas 75063, Attention: Director of Real Estate
Administration.

Description of Premises. Approximately 23,923 (Dimensions 141' frontage x 169' 8"
depth) Leasable Square Feet and being a part of a shopping center (the "Shopping Center") located
in the City of Burlington, County of Skagit, State of Washington, and constructed on land described
in Exhibit A attached hereto.

Term of Lease. Commencing on the "Completion Date" of the Lease (as such term is
defined in the Lease) and ending on February 28, 2012.



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Options to Extend. The Lease grants to Tenant successive options to extend the Lease Term from the date upon which the Lease Term would otherwise expire for four (4) additional periods of five (5) years each.

Restrictions on Construction. Landlord will not create out parcels or pad sites, in addition to the out parcels or pad sites shown on Exhibit B of the Lease. No building or improvements constructed on any out parcel or pad site shown on Exhibit B shall exceed one story in height, or 23' in height, inclusive of architectural features. The roof line and parapet wall of any other premises in the Shopping Center (other than buildings or improvements constructed on any out parcel or pad site, which shall be subject to the height limitation set forth in the preceding sentence) shall not be higher than the height of the roof line and parapet wall of the Premises, except for the premises to be occupied by Olive Garden or other similar establishment in the location designated as "Olive Garden" on Exhibit B so long as the height of the Olive Garden building does not exceed 27'.

Prohibited Uses. There exists in the Lease various restrictions upon other uses at the Shopping Center.

Employee Parking. Landlord will designate, and may from time to time change the designation of, the particular parking areas in the Shopping Center to be used by the employees of the various occupants of the Shopping Center (the "Employee Parking Areas"); provided that the rules for parking shall be uniformly imposed upon all tenants of the Shopping Center. Landlord agrees that any designated Employee Parking Areas shall impose no unreasonable burden upon the employees of Tenant and shall impose no greater safety or security risk upon Tenant's employees than any other parking areas of the Shopping Center.



Exclusive. Neither Landlord nor any entity controlled by Landlord will use, lease (or permit the use, leasing or subleasing of) or sell any space in or portion of the Shopping Center or any property contiguous to the Shopping Center (including, without limitation, any property that would be contiguous or adjacent to the Shopping Center but for any intervening road, street, alley or highway) owned or controlled now or at any time hereafter by Landlord or any affiliate of Landlord, to any "craft store", store selling arts and crafts, art supplies, craft supplies, picture frames or picture framing services, framed art, artificial flowers and/or plants, artificial floral and/or plant arrangements, wedding or party goods (except apparel), or any store similar to Tenant in operation or merchandising. This exclusive shall not apply to any lessee whose lease was fully executed on the Effective Date hereof and is identified on Exhibit I of the Lease as an "Existing Lease Not Subject to Tenant's Exclusive;" provided, however, that this exception shall not apply if (a) Landlord permits or agrees to an expansion of the premises for any such permitted use which violates Tenant's exclusive, or (b) Landlord permits or agrees to the change of a permitted use by any such lessee or its successors or assigns, or (c) Landlord permits or agrees to an assignment or sublease of such existing lease if Landlord may avoid the granting of such permission, or (d) Landlord has the right, by virtue of the provisions of the existing lease, to cause said lessee to honor the exclusive granted to Tenant by giving said existing lessee notice of this exclusive or otherwise.

This instrument is intended to be only a Memorandum of Lease in respect to the Lease, to which Lease reference is made for the full agreement between the parties. This Memorandum is not intended to modify any term, provision or condition of the Lease and to the extent of any conflict between this Memorandum and the Lease, the Lease will control.

EXECUTED this _____ day of _____, 2001.



TENANT

MICHAELS STORES, INC.,
a Delaware corporation

By: *Douglas B. Sullivan*

Name: Douglas B. Sullivan

Title: Executive Vice President - Development

ATTEST

By: *Janet S. Morehouse*

Name: Janet S. Morehouse

Title: Assistant Secretary

Date of Execution By Tenant:

October 29, 2001

LANDLORD

PEMCOR PROPERTIES (U.S.) INC.,
an Oregon corporation

By: *Paul E. Mayer*

Name: Paul E Mayer

Title: President

ATTEST

By: *Brian Patterson*

Name: BRIAN PATTERSON

Title: _____

Date of Execution By Landlord:

DECEMBER 19, 2001



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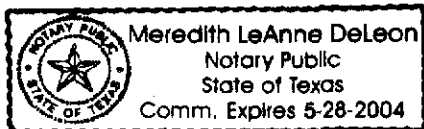
ACKNOWLEDGMENTS

TENANT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Douglas B. Sullivan, Executive Vice President - 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 29th day of October, 2001.



Meredith LeAnne DeLeon
Notary Public in and for the
State of Texas

Notary's Printed Name

My Commission Expires: 5-28-04



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Skagit County Auditor

LANDLORD

~~PRIVATE~~
STATE OF BRITISH COLUMBIA §

COUNTY OF Canada §

On DECEMBER 19 2001 before me, ALLAN COOMBE, NOTARY PUBLIC
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared PAUL E. MAYER
NAME(S) OF SIGNER(S)

- ☒ personally known to me - or - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Signature]
SIGNATURE OF NOTARY

ALLAN J. COOMBE
Barrister and Solicitor
510 - 1040 W. Georgia Street
Vancouver, B.C. V6E 4H1
(604) 443-3652

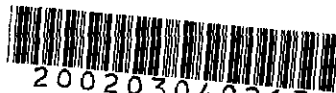


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Exhibit A
Legal Description

Lot 2 of Burlington Short Plat No 1-92 as approved July 18, 1989, and recorded July 27, 1992, in Volume 10 of Short Plats, page 105, under Auditors File No 9207270058, Records of Skagit County, Washington.



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DBS

A handwritten signature in dark ink, appearing to be 'DBS' or similar, located next to the printed 'DBS' text.