



SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement"), dated as of March 1, 2012, between TALOS CAPITAL LIMITED, a private company with limited liability organized under the laws of Ireland, having an address at Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland (together with its successors and/or assigns, "Lender"), CARHARTT RETAIL, LLC, a Michigan limited liability company having an address at c/o Carhartt, Inc., 5750 Mercury Drive, Dearborn, Michigan 48126 ("Tenant"), and ONE SOUTH STATE PROPCO, L.L.C., a Delaware limited liability company, having an address at c/o Joseph Freed and Associates, 33 South State Street, Suite 400, Chicago, IL 60603 ("Landlord").

WITNESSETH:

WHEREAS, Lender has made a loan to Landlord secured, *inter alia*, by (i) a Mortgage and Security Agreement (collectively with any UCC-1 Financing Statements in connection therewith, the "Mortgage") and (ii) an Assignment of Leases and Rents (the "Assignment"; the Mortgage and the Assignment, as the same may be amended, modified, extended, consolidated, severed, spread, increased, replaced, renewed or supplemented from time to time, are collectively referred to as the "Security Documents"), covering Landlord's interest in that certain real property located at One South State Street, Chicago, Illinois (a/k/a The Sullivan Center) and more particularly described on Exhibit A attached hereto and made a part hereof together with the improvements located thereon (collectively, the "Property");

WHEREAS, Landlord and Tenant are parties to that certain Retail Lease dated March 1, 2012 (the "Lease"), pursuant to which Landlord has leased to Tenant a portion of the Property more particularly described in the Lease (the "Premises"); and

WHEREAS, Lender, Tenant and Landlord desire to confirm their understanding, with respect to the Lease and the Security Documents.

NOW, THEREFORE, in consideration of the promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Subordination. Subject to the provisions hereof, the Lease and all of the terms, covenants, provisions and conditions thereof and the rights of Tenant thereunder is, shall in all respects be, and shall at all times remain, subject and subordinate in all respects to the liens and security interests granted under the Security Documents, and to all advances, re-advances and payments made thereunder and all sums secured thereby. Nothing contained in this Agreement shall in any way impair or affect the liens created by the Security Documents.

Section 2. Non-Disturbance. So long as (a) Tenant is not in default (beyond any notice and cure period given Tenant to cure such default) in the payment of rent or additional rent or in the performance or observance of any of the other terms, covenants, provisions or conditions of the Lease on Tenant's part to be performed or observed, (b) Tenant is not in default under this Agreement, and (c) the Lease remains in full force and effect, Lender will not join

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Tenant as a party defendant in any action or proceeding to foreclose the Mortgage or to enforce any rights or remedies of Lender under the Security Documents which would cut-off, destroy, terminate or extinguish the Lease or Tenant's interest and estate under the Lease (except to the extent that Tenant's right to receive or set-off any monies or obligations owed or to be performed by any of Lender's predecessors-in-interest shall not be enforceable thereafter against Lender or any of Lender's successors-in-interest), nor shall the Lease be modified or terminated by Lender in connection with or by reason of any such action or proceeding. Notwithstanding the foregoing, if applicable law requires that Lender name or join Tenant as a party in a foreclosure proceeding with respect to the Mortgage, Lender may so name or join Tenant (provided Lender agrees to pay the reasonable attorneys' fees of outside counsel and reasonable out of pocket expenses of Tenant with respect thereto) without in any way diminishing or otherwise affecting the non-disturbance rights and privileges granted to, or inuring to the benefit of, Tenant under this Section 2.

Section 3. Attornment. If Lender (or its nominee or designee) shall succeed to the rights of Landlord under the Lease through possession or foreclosure action, deed in lieu of foreclosure or otherwise, or another person purchases the Property or the portion thereof containing the Premises upon or following foreclosure of the Mortgage or in connection with any bankruptcy case commenced by or against Landlord, then upon written notice thereof delivered by Lender (or its nominee or designee) or such purchaser (Lender, its nominees and designees, and such purchaser, and their respective successors and assigns, each being a "Successor Landlord"), Tenant shall attorn to and recognize Successor Landlord as Tenant's landlord under the Lease and shall reasonably promptly (but in no event later than fifteen (15) days after Successor Landlord's request therefor) execute and deliver any instrument that Successor Landlord may reasonably request to evidence such attornment. Upon such attornment, the Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor Landlord and Tenant upon all terms, conditions and covenants as are set forth in the Lease except as otherwise provided below. If the Lease shall have terminated by operation of law or otherwise as a result of or in connection with a bankruptcy case commenced by or against Landlord or a foreclosure action or proceeding or delivery of a deed in lieu thereof, Successor Landlord and Tenant shall reasonably promptly (but in no event later than fifteen (15) days after Successor Landlord's request therefor) execute a direct lease on substantially the same terms and conditions as the Lease (subject, however, to the provisions of following clauses (a)-(f) of this Section 3) and shall be effective as of the day the Lease shall have terminated as aforesaid. Notwithstanding the continuation of the Lease, the attornment of Tenant thereunder or the execution of a direct lease between Successor Landlord and Tenant as aforesaid, Successor Landlord shall not be:

- (a) liable for any previous act or omission of Landlord (or its predecessors in interest) except with respect to a Continuing Default (defined below);
- (b) subject to any credits, offsets, claims, counterclaims, demands or defenses which Tenant may have against Landlord (or its predecessors in interest) except with respect to a Continuing Default;

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(c) bound by any payments of rent which Tenant might have made for more than one (1) month in advance to Landlord (or its predecessors in interest) unless Successor Landlord shall have received those monies;

(d) be liable for any failure of the Landlord to construct any improvements, except that, if Landlord is required to and fails to substantially complete improvements pursuant to the Lease and Successor Landlord does not agree to complete such improvements, then Tenant shall be entitled to terminate the Lease only to the extent expressly permitted under the Lease;

(e) required to account for any security deposit other than any security deposit actually delivered to Successor Landlord; or

(f) bound by any modification of the Lease after the date hereof, made without the written consent of Successor Landlord.

“Continuing Default” shall mean a default by any prior landlord (including Landlord) under the Lease that occurred prior to the acquisition of the Property by Successor Landlord, that with respect to which default Tenant has provided Lender with notice required hereunder, is ongoing and continuing following the date of acquisition of the Property by Successor Landlord, and in the case of a non-monetary default, is curable by Lender and/or Successor Landlord.

Section 4. Lender’s Cure Rights. Tenant shall promptly notify Lender of any default by Landlord under the Lease and of any act or omission of Landlord which would give Tenant the right to cancel or terminate the Lease or to claim a partial or total eviction, by way of a copy of written notice of default under the Lease sent to Landlord. In the event of a default by Landlord under the Lease which would give Tenant the right, immediately or after the lapse of a period of time, to cancel or terminate the Lease or to abate or offset against the payment of rent or to claim a partial or total eviction, or in the event of any other act or omission of Landlord which would give Tenant the right to cancel or terminate the Lease or to abate or offset against the payment of rent or to claim a partial or total eviction, Tenant shall not exercise such right (a) until Tenant has given written notice of such default, act or omission to Lender and (b) unless Lender has failed, within thirty (30) days following the later to occur of (i) receipt by Lender of such notice to cure or remedy the default, act or omission and (ii) the lapse of any time period(s) which is/are offered to Landlord under the Lease to cure such default, act or omission, or, if such default, act or omission shall be one which is not reasonably or practicably capable of being remedied by Lender within such thirty (30) day period, until a reasonable period for remedying such default, act or omission shall have elapsed following the giving of such notice and following the time when Lender shall have become entitled under the Security Documents to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under the Lease or otherwise, after similar notice, to effect such remedy), provided that Lender shall with due diligence give Tenant written notice of its intention to, and shall commence and diligently continue to, remedy such default, act or omission. Nothing contained herein, however, shall be construed or operate to obligate or require Lender to remedy such default, act or omission. To the extent Lender incurs any expenses or other costs in curing or remedying such default, act or omission, including, without limitation, attorneys’ fees and disbursements, Lender shall be subrogated to Tenant’s rights against Landlord.

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Section 5. No Amendments. Subject to provisions of this Agreement, Lender hereby consents to the Lease and all of the provisions thereof. Landlord and Tenant shall not change, amend or modify, or consent to an amendment, modification or other change in, the terms, covenants, conditions and agreements of the Lease in any manner, or tender or agree to any cancellation, surrender or termination of the Lease (except, only as to the tendering, cancellation, surrender or termination of the Lease, in accordance with the terms of the Lease), without the express prior written consent of Lender, and no such amendment, modification, other change, cancellation, surrender or termination made without such consent by Lender shall be binding on Lender or release Tenant from any of its obligations under the Lease. Landlord and Tenant have provided Lender with a true, correct and complete copy of the Lease, which Lease is in full force and effect as of the date hereof and has not been modified or amended as of the date hereof.

Section 6. Limitation on Successor Landlord's Liability. Anything in this Agreement or the Lease to the contrary notwithstanding, if a Successor Landlord shall acquire title to the Property or the portion thereof containing the Premises, Successor Landlord's obligations under the Lease, as described herein, shall continue only during the period Successor Landlord owns the Property, and Successor Landlord shall have no obligation, nor incur any liability, beyond Successor Landlord's then interest, if any, in the Property, and Tenant shall look exclusively to such interest, if any, of Successor Landlord in the Property for the payment and discharge of any obligations imposed upon Successor Landlord under this Agreement or under the Lease, and Successor Landlord is hereby released or relieved of any other liability hereunder and under the Lease. With respect to any money judgment which may be obtained or secured by Tenant against Successor Landlord, Tenant will not collect or attempt to collect any such judgment from any direct or indirect shareholder, partner, member, manager, trustee, officer, director, employee, agent or representative of Successor Landlord. Successor Landlord's interest in the Property shall include, without limitation, all insurance proceeds pertaining to the Property (less actual costs of collection), all condemnation or similar awards pertaining to the Property (less actual costs of collection) and all rents and profits derived from the Property net of operating expenses, taxes and insurance.

Section 7. No Other Liability. Except as specifically provided in this Agreement, Lender shall not, by virtue of this Agreement, the Security Documents or any other instrument to which Lender may be a party, be or become subject to any liability or obligation to Tenant under the Lease or otherwise.

Section 8. Notices. All notices, demands and requests (collectively the "Notices") required or permitted to be given under this Agreement must be in writing and shall be deemed to have been given if personally delivered or delivered by nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, postage prepaid, and shall be deemed delivered (a) on the day of personal delivery, (b) on the second business day after delivery to a nationally recognized overnight delivery service for next business day delivery or (c) three (3) business days after delivery to the United States Post Office registry clerk if given by certified mail, return receipt requested, postage prepaid, in each case addressed as follows (or at such other address and Person as shall be designated from time to time by any party hereto on not less than five (5) business days' prior to the other parties hereto given in the manner provided for in this Section 8):



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If to Lender: TALOS CAPITAL LIMITED  
 c/o The Children's Investment Fund Management (UK)  
 LLP  
 7 Clifford Street  
 London  
 W1S 2FT  
 United Kingdom  
 Attention: Richard Kelly

with a copy to: Fried, Frank, Harris, Shriver & Jacobson LLP  
 One New York Plaza  
 New York, New York 10004  
 Attention: Michael J. Barker, Esq.

If to Tenant: CARHARTT RETAIL, LLC  
 c/o Carhartt, Inc  
 5750 Mercury Drive  
 Dearborn, Michigan 48126

with a copy to: Dickinson Wright PLLC  
 2600 West Big Beaver Rd., Suite 300  
 Troy, Michigan 48084  
 Attention: Zan M. Nicolli

If to Landlord: ONE SOUTH STATE PROPCO, L.L.C.  
 c/o Joseph Freed and Associates  
 33 South State Street, Suite 400  
 Chicago, IL 60603  
 Attention: Douglas McMahon, Associate General Counsel

Section 9. Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

Section 10. Amendments. This Agreement may not be modified or terminated, nor may any provision hereof be waived, orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors, administrators and assigns.

Section 11. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter hereof.

Section 12. Venue and Service of Process. The parties irrevocably consent to the exclusive jurisdiction of any state or federal court in the county or judicial district where the Property is located and waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

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Section 13. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Illinois.

Section 14. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which shall constitute one and the same agreement with the same effect as if all parties had signed the same signature page.

[NO FURTHER TEXT ON THIS PAGE]

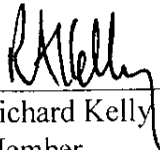
Property of Cook County Clerk's Office

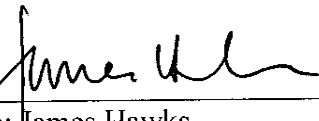
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

LENDER:

TALOS CAPITAL LIMITED, a private company with limited liability organized under the laws of Ireland, acting by its investment manager The Children's Investment Fund Management (UK) LLP

By:   
Name: Richard Kelly  
Title: Member

By:   
Name: James Hawks  
Title: Member

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

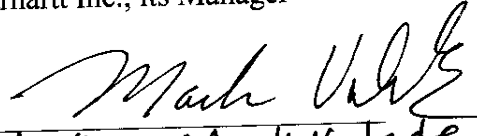
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TENANT:

CARHARTT RETAIL, LLC, a Michigan limited liability company

By: Carhartt Inc., its Manager

By:   
Name: CEO/pres Mark Valade  
Title: CEO/pres

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

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LANDLORD:

ONE SOUTH STATE PROPCO, L.L.C., a  
Delaware limited liability company

By: One South State Street, L.L.C., its Managing  
Member

By: One South State Street Investors, L.L.C., Its  
Manager



By:

Name: LAURANCE H. FREED

Title: MANAGER

[END OF SIGNATURES]

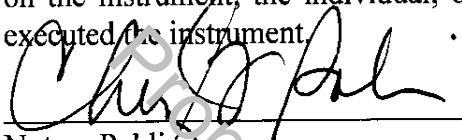
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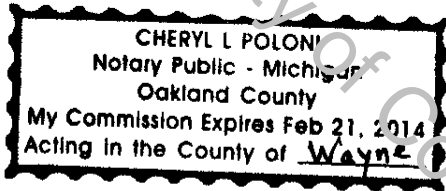


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Michigan  
 STATE OF ~~NEW YORK~~ )  
                   Wayne ) ss.:  
 COUNTY OF ~~NEW YORK~~ )

On the 22nd day of February, 2012, before me, the undersigned, personally appeared Mark Valade, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

  
 \_\_\_\_\_  
 Notary Public



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## Exhibit A

### Description of the Property

#### **PARCEL 1:**

LOTS 1 TO 12, BOTH INCLUSIVE IN B. S. MORRIS' SUBDIVISION OF ORIGINAL LOTS 2, 3 AND THE NORTH QUARTER OF LOT 6 IN BLOCK 2 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, BEING A SUBDIVISION OF FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; TOGETHER WITH THE VACATED ALLEY BETWEEN SAID LOTS 1 TO 7 IN SAID B. S. MORRIS' SUBDIVISION AND SAID LOTS 10, 11 AND 12 IN SAID SUBDIVISION (EXCEPTING FROM SAID PREMISES SO MUCH OF LOTS 1 TO 9 IN SAID SUBDIVISION AS HAS BEEN TAKEN FOR THE WIDENING OF STATE STREET OR IS NOW OCCUPIED BY THE CITY OF CHICAGO AS PART OF STATE STREET) AND ALSO EXCEPTING FROM SAID LOTS 7, 8, 9 AND 10 THAT PART THEREOF TAKEN FOR ALLEY;

ALSO

THAT PART OF THE NORTH 1/2 AND THE NORTH 10.00 FEET OF THE SOUTH 1/2 OF LOT 6 (EXCEPTING THEREFROM SO MUCH THEREOF AS HAS BEEN TAKEN FOR THE WIDENING OF STATE STREET OR IS NOW OCCUPIED BY THE CITY OF CHICAGO AS A PART OF STATE STREET, AND ALSO EXCEPTING THAT PART THEREOF TAKEN FOR ALLEY) IN BLOCK 2 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, FALLING SOUTH OF THE SOUTH LINE OF LOT 9 IN B. S. MORRIS' SUBDIVISION OF ORIGINAL LOTS 2, 3 AND THE NORTH QUARTER OF LOT 6 IN SAID BLOCK 2;

ALSO

SUBLOTS 1, 2 AND 3 (EXCEPT THE SOUTH 10.00 FEET OF SUBLLOT 3) IN WADSWORTH'S SUBDIVISION OF LOTS 7 AND 10 IN BLOCK 2 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO (EXCEPT THAT PART THEREOF TAKEN FOR WIDENING OF STATE STREET), IN COOK COUNTY, ILLINOIS.

#### **PARCEL 2:**

LOT 5 AND THE NORTH 1/2 OF LOT 8 IN BLOCK 2 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, EXCEPTING FROM EACH OF SAID LOTS 5 AND 8 THOSE PARTS THEREOF TAKEN FOR ALLEY, IN FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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**PARCEL 3:**

THE SOUTH 1/2, (EXCEPT THE NORTH 10.00 FEET THEREOF) OF LOT 6 IN BLOCK 2 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO (EXCEPTING THE WEST 27.00 FEET TAKEN FOR WIDENING STATE STREET AND EXCEPT A STRIP ABOUT 9.00 FEET IN WIDTH OFF THE EAST END THEREOF USED FOR AN ALLEY) IN TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCELS D AND E:**

THE SOUTH 1/2 OF LOT 8 AND ALL OF LOT 9 IN BLOCK 2 IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO, EXCEPTING FROM EACH OF SAID LOTS 8 AND 9 THOSE PARTS THEREOF TAKEN FOR ALLEY, IN FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

**PARCEL F:**

SUBLOTS 5 AND 6 IN N. K. FAIRBANKS' RESUBDIVISION OF SUBLOTS 5 AND 6 IN WADSWORTH'S SUBDIVISION OF LOTS 7 AND 10 IN BLOCK 2 OF FRACTIONAL SECTION 15 ADDITION TO CHICAGO, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PINs: 17-15-100-001-0000; 17-15-100-002-0000; 17-15-100-003-0000; 17-15-100-004-0000; 17-15-100-005-0000; 17-15-100-006-0000; 17-15-100-007-0000; 17-15-100-008-0000; 17-15-100-009-0000; 17-15-100-011-0000; 17-15-100-012-0000; 17-15-100-013-0000; 17-15-100-014-0000; 17-15-100-010-0000; 17-15-100-020-0000; 17-15-100-021-0000; 17-15-100-022-0000; 17-15-100-023-0000; 17-15-100-024-0000; and 17-15-100-017-0000

Address: One South State Street, Chicago, Illinois