

Shelby County, Alabama

ABSOLUTE ASSIGNMENT OF RENTS, INCOME AND LEASES

This ABSOLUTE ASSIGNMENT OF RENTS, INCOME AND LEASES (hereinafter referred to as the "Assignment") is executed by PIER GROUP, INC., a Delaware corporation, whose address for notice is 301 Commerce Street, Suite 600, Fort Worth, Texas 76102 ("Assignor"), to FIRST INTERSTATE BANK OF TEXAS, N.A., as Agent ("Assignee"), for the benefit of the Banks (as hereinafter defined).

ARTICLE I

Definitions

Unless otherwise indicated, capitalized terms used and not defined below shall have the respective meanings given to them in the Credit Agreement. In addition to the definitions provided in the Credit Agreement, the following words and terms have the respective meanings indicated:

1.01 "Banks" shall mean the banks named in Section 2.01 of the Credit Agreement.

1.02 "Collection Account" shall have the meaning given to it in Section 2.02A hereof.

1.03 "Credit Agreement" shall mean the Restated Revolving Credit Agreement entered into by Assignor, Assignee and the Banks, dated as of December 30, 1992, together with all amendments, renewals, extensions, modifications and substitutions thereof, providing for a revolving credit facility in the maximum amount of \$45,000,000.00 at any one time outstanding, together with all amendments, renewals, increases, extensions, modifications, substitutions and replacements thereof.

1.04 "Deposit Bank" shall mean First Interstate Bank of Texas, N.A., 309 W. Seventh Street, Fort Worth, Texas 76102 (Attention: Robin Hamilton, Vice President) or any other bank designated from time to time by Assignee as the depository bank for the Collection Account.

1.05 "Event of Default" shall have the meaning given to it in the Credit Agreement.

1.06 "Guarantee" shall mean the Lease Guarantee executed and delivered by the Guarantor to Assignor with respect to the obligations of Pier 1 Imports (U.S.),

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Inc., a Delaware corporation under the Leases, together with all amendments, renewals, increases, extensions, modifications and substitutions thereof.

1.07 "Guarantor" shall mean Pier 1 Imports, Inc., a Delaware corporation, and its successors and assigns.

1.08 "Guarantors" shall mean Pier 1 Imports, Inc., a Delaware corporation, and its successors and assigns, and Pier 1 Imports (U.S.), Inc., a Delaware corporation, and its successors and assigns.

1.09 "Indebtedness" shall mean the unpaid principal balance from time to time of the Notes, plus accrued but unpaid interest due under the Notes, and any additional amounts added to principal pursuant to the terms of the Notes and/or any of the other Loan Documents, plus all other amounts and payments due under, or secured by, any of the Loan Documents, including, without limitation, all attorneys' fees incurred by Assignee in connection with any of the Loan Documents and enforcement and observance thereof, plus any and all funds hereafter advanced by Assignee to or for the benefit of Assignor pursuant to any of the Loan Documents, plus any expenditures made by Assignee in curing a default under any Leases or under any of the Loan Documents, plus any and all other indebtedness of whatever kind or character, direct or indirect, absolute or contingent, owing or which may hereafter become owing by Assignor to Assignee, whether such indebtedness is evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise, together with all amendments, renewals, increases, extensions, modifications and substitutions thereof.

1.10 "Leases" shall mean (i) all lease agreements entered into from time to time by Assignor as the "Lessor," and Pier 1 Imports (U.S.), Inc., a Delaware corporation, or Pier Lease, Inc., a Delaware corporation, as the "Lessee," covering real property, leasehold interests and/or improvements owned from time to time by Assignor, (ii) any and all other leases, subleases, licenses, concessions or other agreements (written or oral, now or hereafter in effect) which grant a possessory interest in and to, or the right to extract, mine, reside in, sell or use the Property or any part thereof, (iii) all other agreements, including, but not limited to, utility contracts, maintenance agreements and service contracts, which in any way relate to the use, occupancy, operation, maintenance, enjoyment or ownership of the Property, and (iv) all renewals, modifications and extensions of the leases and other agreements described in the foregoing clauses (i), (ii) and (iii).

1.11 "Lessee" shall mean any lessee, sublessee, tenant or other person having the right to occupy or use a part of the Property under any of the Leases, including, without limitation, Pier 1 (U.S.) and Pier Lease, Inc., a Delaware corporation.

1.12 "Loans" shall mean the amount of all Advances disbursed from time to time by the Banks under the Credit Agreement and evidenced by the Notes.

1.13 "Loan Documents" shall mean the Credit Agreement, the Notes, the Deeds of Trust, the Security Agreements and all other documents executed in connection with the Loans.

1.14 "Notes" shall mean the Banque Paribas Note, those certain Revolving Credit Notes dated December 31, 1992 executed by Assignor and payable to the order of each of Banks, those certain Unsecured Revolving Credit Notes dated December 31, 1992 executed by Assignor and payable to the order of each of Banks, those certain Revolving Credit Notes dated June 20, 1994 executed by Assignor and payable to the order of each of Banks and those certain Unsecured Revolving Credit Notes dated June 20, 1994 executed by Assignor and payable to the order of each of Banks.

1.15 "Obligations" shall mean any and all of the covenants, warranties, representations and other obligations (other than to repay the Indebtedness) made or undertaken by Assignor, as set forth in, or pursuant to any of the Loan Documents or any of the Leases.

1.16 "Operating Account" shall have the meaning given to it in the Credit Agreement.

1.17 "Pier 1 (U.S.)" shall mean Pier 1 Imports (U.S.), Inc., a Delaware corporation, and its successors and assigns.

1.18 "Property" shall mean all real property whether owned in fee, as a leasehold estate subject to a ground lease, or otherwise, from time to time, subject to the provisions of Leases. The Property includes, without limitation, all of the real property located in Shelby County, Alabama described in Exhibit "A" attached hereto.

1.19 "Rents" shall mean (i) all present and future rents, revenues, bonuses, issues, income, proceeds, royalties, profits and other benefits paid or payable for, or otherwise derived from, using, leasing, licensing, possessing, operating from or in, residing in, selling, mining, extracting from or otherwise enjoying or using the Property, (ii) all liquidated and other damages and other amounts whatsoever payable under any Lease following a default thereunder, (iii) all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by damage to any part of the Property, (iv) any and all rights that the lessor may have against any lessee under any Lease or any subtenant or occupant of any part of the Property, and (v) all present and future amounts paid or payable by Guarantor under or with respect to the Guarantee.

ARTICLE II

Assignment of Rents

2.01 Assignment. Assignor hereby grants, transfers, sets over, conveys and assigns to Assignee all of Assignor's right, title and interest in and to all Rents and Leases and the Guarantee, for the benefit of Assignee and Banks. Assignor intends that the foregoing assignment be for all purposes construed as an absolute assignment and not as a collateral assignment.

2.02 Collection Account.

A. Assignee shall maintain with the Fort Worth branch of the Deposit Bank a special purpose demand deposit account (the "Collection Account") for the benefit of Assignee and Banks and in its name into which there shall be deposited, among other things, all amounts payable to Assignor under the Lease, the Deed of Trust and the Guarantee. For this purpose, Assignor shall irrevocably direct each Lessee and the Guarantor to pay all amounts payable to Assignor under the Lease, the Deed of Trust and the Guarantee, respectively, directly to the Collection Account. Assignee may invest funds on deposit in the Collection Account in Permitted Investments; provided that Assignee shall select the maturities of its investments such that no investment shall cause the funds available for application in accordance with paragraph B below to be insufficient to pay any amounts specified therein as and when such amounts become due and payable; and provided further than Assignee will make such Permitted Investments only if the investment certificate, instruments and other documents evidencing the Permitted Investments are held in the Collection Account. Assignee shall have exclusive dominion and control over the Collection Account and all Permitted Investments. Assignee shall have the right to change the Deposit Bank from time to time to one or more other banks by written notice thereof given to Assignor, provided that the consent of Assignor to such change shall be first obtained, which consent shall not be unreasonably withheld or delayed.

B. Assignee shall have the right to withdraw or invest funds in the Collection Account for the purposes stated below. Such purposes shall be limited to the following: (i) the payment of principal of, and interest on, the Advances, (ii) the payment of any fees and other amounts owing to Assignee and Banks under the Credit Agreement, and (iii) the making of Permitted Investments, all in such order as Assignee may from time to time determine. Upon receipt of written request from Assignor from time to time, and provided that an Event of Default has not occurred and is continuing under the Credit Agreement and adequate funds are available in the Collection Account, Assignee shall cause funds (a) in the Collection Account to be invested in Permitted Investments as defined in the Credit Agreement, and (b) to be disbursed from the Collection Account to the Operating Account to be used by the Assignor for the purposes permitted in the Credit Agreement, provided that disbursements to the Operating Account shall not exceed \$100,000.00 per month. At such time as the Indebtedness and all other amounts payable to Assignee and Banks under the Credit Agreement and other Loan Documents have been paid in full, any

amounts remaining the Collection Account, including any interest earned thereon, shall be paid to Assignor.

C. IN NO EVENT SHALL ANY RENTS BE PAID BY ANY LESSEE TO ASSIGNOR OR TO ANY OTHER PARTY OTHER THAN TO THE COLLECTION ACCOUNT EXCEPT AS PROVIDED IN SECTION 2.03 BELOW. THIS ASSIGNMENT SHALL NOT CONSTITUTE OR EVIDENCE ANY PAYMENT WHATSOEVER ON ACCOUNT OF THE INDEBTEDNESS, AND THE INDEBTEDNESS SHALL BE REDUCED BY AMOUNTS IN THE COLLECTION ACCOUNT ONLY IF AND TO THE EXTENT THAT SUCH AMOUNTS ARE ACTUALLY PAID TO ASSIGNEE AND APPLIED BY ASSIGNEE IN REDUCTION OF THE UNPAID PRINCIPAL BALANCE OF THE INDEBTEDNESS.

D. Assignor hereby agrees to indemnify, defend and hold harmless Assignee and its successors and assigns, and their respective officers, directors, agents, employees, shareholders and attorneys, both past, present and future, from and against any and all claims, losses, liabilities, demands and expenses, including without limitation attorneys' fees and court costs, in connection with any claim or matter arising out of or in connection with this Assignment and the exercise by Assignee of its rights in accordance with the terms hereof, except only for claims arising out of the gross negligence or willful misconduct of Assignee. All amounts indemnified against hereunder, including attorneys' fees, if paid by Assignee shall bear interest at the maximum lawful rate and shall be paid by Assignor immediately without demand and shall be secured hereby. It is expressly acknowledged and agreed by Assignor that the indemnification agreement contained in this paragraph protects Assignee from the consequences of Assignee's acts or omissions, including without limitation, the negligent acts or omissions of Assignee.

2.03 Warranties Concerning Leases and Rents. Assignor represents and warrants to Assignee that:

(a) Assignor has good title to the Leases, Rents and the Guarantee hereby assigned and authority to assign them, and no other person or entity has any right, title or interest therein;

(b) All existing Leases and the Guarantee are valid, unmodified and in full force and effect, except as indicated herein, and no default exists thereunder;

(c) Unless otherwise provided herein, no Rents have been or will be assigned, mortgaged or pledged;

(d) No Rents have been or will be anticipated, waived, released, discounted, set off or compromised; and

(e) Except as indicated in the Leases, Assignor has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued Rents.

2.04 Assignor's Covenants Concerning Rents and Leases. Assignor covenants to:

(a) Submit each Lease to Assignee for its approval prior to the execution thereof, and at the time of such execution enter into a supplement of this Assignment with Assignee, in form and substance satisfactory to Assignee, to include such Lease within the terms and provisions hereof;

(b) Duly and punctually perform and comply with any and all representations, warranties, covenants and agreements expressed as binding upon it under each of the Leases;

(c) Not voluntarily terminate, cancel, waive, modify or amend its rights or the obligations of any part under any of the Leases;

(d) Maintain each of the Leases in full force and effect during the full term thereof;

(e) Appear and/or defend at Assignor's expense any action or proceeding arising under or in any manner connected with any of the Leases or the representations, warranties, covenants and agreements of it or of any other party or parties thereto, including, if Assignee so requests, any such proceedings to which Assignee is a party;

(f) Enter into Leases only with Pier 1 (U.S.) unconditionally guaranteed by Guarantor pursuant to the Guarantee and with Pier Lease, Inc. unconditionally guaranteed by the Guarantors pursuant to the Guarantee and in each case in the form attached to the Credit Agreement; and

(g) Give immediate notice to Assignee of any notice Assignor receives from Pier 1 (U.S.) or any other tenant or subtenant under the Leases, specifying any claimed default by any party under such Leases.

2.05 Settlement for Termination. Assignor agrees that no settlement for damages for termination of any of the Leases under the Federal Bankruptcy Code, or under any other federal, state or local statute, shall be made without the prior written consent of Assignee, and any check in payment of such damages shall be made payable to Assignee. Assignor hereby assigns any such payment to Assignee, to be applied to the Indebtedness or deposited in the Collection Account, as Assignee may elect, and Assignor agrees to endorse any check for such payment to the order of Assignee.

2.06 Assignee in Possession. Assignee's acceptance of this Assignment shall not, prior to entry upon and taking possession of the Property by Assignee, be deemed to constitute Assignee a "mortgagee in possession" nor obligate Assignee to (i) appear in or defend any proceeding relating to any of the Leases or to the Property, (ii) take any action hereunder, (iii) expend any money, (iv) incur any expenses, (v) perform any obligation or liability under the Leases or (vi) assume any obligation for any deposits delivered to Assignee. Assignee shall not be liable for any injury or damage to person or property in or about the Property.

2.07 Appointment of Attorney. Assignor hereby appoints Assignee its attorney in fact, coupled with an interest, empowering Assignee to take any action Assignee deems necessary or appropriate pursuant to the provisions of this Assignment.

2.08 Notice to Lessees. Each Lessee is hereby authorized and directed by Assignor to pay directly to the Deposit Bank for deposit in the Collection Account or as otherwise directed by Assignee, in Assignee's name alone, all Rents accruing under such Lessee's Lease, and the receipt of such Rents by the Deposit Bank for immediate deposit in the Collection Account shall be a release of such Lessee to the extent of the amounts so paid. A demand on any Lessee by Assignee for the payment of Rents upon any Event of Default shall be sufficient notice to such Lessee to make all future payments of Rents solely to Assignee, without the necessity of any further consent by Assignor. Neither the Deposit Bank nor Assignee shall be liable for any failure to collect, or failure to exercise diligence in the collection of, the Rents.

ARTICLE III

Remedies and Possession; General Provisions

3.01 Remedies on Default.

Upon the occurrence of an Event of Default, Assignee shall have the right, at Assignee's option, to take possession of the Property and have, hold, manage, lease and operate the same, on such terms and for such period of time as Assignee deems proper, to collect and receive all Rents with full power to make from time to time all alternations, renovations, repairs or replacements to the Property as seems proper to Assignee, and to apply such Rents to the payment of the following:

(a) the costs of all such alternations, renovations, repairs and replacements, and expenses incident to taking and retaining possession of the Property, and the management and operation thereof, and keeping the same properly insured;

(b) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment to the Indebtedness, with interest on all such items described in subparagraph (a) and (b) hereof;

(c) the Indebtedness, together with all costs and reasonable attorneys' fees incurred by Assignee; and

(d) expenses incurred in the performance of the Obligations;

all in such order of priority as to any of such items as Assignee, in Assignee's sole and absolute discretion, determines to be appropriate. Without limitation of the foregoing, Assignee may in its sole discretion apply the Rents in payment of the Indebtedness or any part thereto and/or toward such other items as may be set forth in the provisions of any of the other Loan Document relating to the application of proceeds from any of the collateral securing payment and performance of the Indebtedness and Obligations, all in such order as Assignee may determine. Assignor hereby ratifies and confirms all that Assignee shall do or cause to be done, by virtue of the authority granted Assignee in this Assignment.

3.02 Possession. Upon any taking by Assignee of possession of the Property or any part thereof, Assignee may, at Assignee's option, let or relet the same or any part thereof, cancel and modify Leases, evict Lessees, bring or defend any suits in connection with the possession of the Property in Assignee's own name or Assignor's name, make repairs as Assignee deems appropriate, and perform such other acts in connection with the management and operation of the Property as Assignee, in Assignee's sole discretion, deems appropriate. The receipt by Assignee of any Rents pursuant to this Assignment shall not be deemed or construed to cure any Event of Default or affect any foreclosure proceedings or sale pursuant thereto.

3.03 Assignor's Obligations.

A. Assignee shall not be obligated to perform or discharge, nor does Assignee hereby undertake to perform or discharge, any obligation, duty or liability under the Leases or under or by reason of this Assignment, and Assignee shall have no obligation or responsibility whatsoever to collect or enforce the collection of any Rents; and Assignor shall perform and discharge any and all obligations, duties and liabilities of Assignor under the terms of any of the Leases, indemnify Assignee for, and hold Assignee harmless of and from any and all liability, loss, cost, expense or damage which Assignee may incur under the Leases or under or by reason of this Assignment, and of and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligations or undertakings on Assignee's part to perform or discharge any of the terms, covenants or agreements contained in the Leases.

B. Should Assignee incur any liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defense of any such claims or demands, the amounts thereof, including costs, expenses and reasonable attorneys' fees, shall be secured by the Loan Documents, and Assignor shall reimburse Assignee therefor immediately upon demand, and upon failure of Assignor to do so, Assignee may declare the Indebtedness immediately due and payable, subject to any notice and grace period set forth in the Credit Agreement. This Assignment is an assignment

of rents, income and leases only, and does not place responsibility for the control, care, management or repair of the Property upon Assignee nor make Assignee responsible or liable for any waste committed on the Property by any Lessees or other persons or for any negligence in the management, operation, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, subtenant, licensee, employee or stranger.

3.04 Satisfaction of Indebtedness and Obligations. Upon payment in full of the Indebtedness and satisfaction of the Obligations, Assignee shall reassign any remaining Rents and Leases to Assignor in accordance with the provisions of Section 2.02(B) hereof; but the affidavit, certificate, letter or statement of any officer, supervisor or attorney of Assignee, showing any part of the Indebtedness to remain unpaid or any of the Obligations not performed, shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment, and any person may be and is hereby authorized to rely thereon.

3.05 Release of Security. Assignee may take or release other security, may release any party primarily or secondarily liable for the Indebtedness or the Obligations, may grant extensions, renewals or indulgences with respect to the Indebtedness or the Obligations, and may apply any other security therefor held by Assignee to the satisfaction of the Indebtedness or the Obligations, without prejudice to any of Assignee's rights under this Assignment.

3.06 Waiver. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the powers and rights granted in this Assignment shall be deemed to be a waiver by Assignee of Assignee's rights and remedies under any of the Loan Documents, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms thereof. The right of Assignee to collect the Rents and to enforce any other security therefor held by Assignee may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by Assignee under this Assignment. This Assignment and the powers and rights granted in this Assignment are separate and independent from any provision otherwise contained in the Loan Documents and may be enforced without regard to whether Assignee institutes foreclosure or any other enforcement or other proceedings under the Loan Documents.

3.07 Effectiveness. As between Assignee and Assignor, and any person claiming by, through or under Assignor, the assignment contained in Paragraph 2.01 of this Assignment is intended to be absolute, unconditional and presently effective, and the provisions of Section 2.08 of this Assignment regarding notice to Lessees are intended solely for the benefit of each Lessee and shall never inure to the benefit of Assignor or any person claiming through or under Assignor other than a Lessee who has not received such notice. It shall never be obligatory or mandatory for Assignee to institute legal proceedings of any kind whatsoever to enforce the provisions of this Assignment.

3.08 Non-Subordination and Non-Disturbance. Nothing in this Assignment shall ever be construed as subordinating the Loan Documents to any Lease; provided, however, that any proceeding by Assignee to foreclose the Property, to enforce any other remedy contained in the Loan Documents, or to take any action by way of entry into possession after default, shall not operate to terminate any Lease which has been approved in writing by Assignee, and Assignee shall not cause any Lessee to be disturbed in such Lessee's possession and enjoyment of its leased premises so long as such Lessee continues to fully and promptly perform all the terms, covenants, and provisions of such Lessee's Lease and no Event of Default has occurred thereunder.

3.09 Collection Fee. In the event Assignee, the Deposit Bank or any agent of Assignee is at any time required to take any action to collect Rents, Assignee, the Deposit Bank or Assignee's agent, as the case may be, shall be entitled to be paid from the Collection Account, as compensation for collecting such Rents, from sums so collected a fee for such service which shall not be less than the normal and usual compensation charged for the performance of such services, together with all actual expenses incurred in the collection of such Rents, and any portion of the Rents so paid as compensation and expenses for collecting such Rents shall not reduce the outstanding balance of the Indebtedness.

3.10 Future Rents. This Assignment is intended to cover Rents from all Leases (now or hereafter created) which affect the Property. Assignor agrees that Assignor will, at any time and from time to time, upon request by Assignee, execute specific assignments of Rents from any future Leases affecting any of the Property.

ARTICLE IV

Miscellaneous

4.01 Bankruptcy. Assignor hereby assigns to Assignee any award hereafter made to Assignor in any court proceeding involving any of the Leases or Rents in any bankruptcy, insolvency, reorganization or other court proceedings in any state or federal court and any and all payments made by any Lessee in lieu of rent. Assignor hereby appoints Assignee as Assignor's irrevocable attorney-in-fact to appear in any action and/or to collect any such award or payment.

4.02 Binding Effect. This Assignment applies to and is binding upon Assignor, Assignor's successors and assigns, in whole or in part and any subsequent owner(s) of the Property and this Assignment inures to the benefit of Assignee and Assignee's successors and assigns, in whole or in part.

4.03 Applicable Law and Venue. Unless otherwise required by the laws of the state where the Property is located, this Assignment shall be governed, construed, and interpreted in accordance with the laws of the State of Texas and the United States of America. Except as provided in the immediately preceding sentence, this Assignment is enforceable and performable in Tarrant County, Texas.

4.04 Usury. Notwithstanding any provision in this Assignment to the contrary, Assignor does not assign to Assignee, and Assignee does not accept the assignment of, any right to contract for, charge or receive any payment or penalty for late rental under the Leases in excess of an amount equal to the highest rate permitted by applicable law on the amount of the past due rent. No Lease entered into by Assignor affecting any portion of the Property shall provide for any payment or penalty for late rental in excess of the maximum rate of interest permitted by applicable law on the amount of the past due rent. Assignor does not intend to and shall not collect any payment or penalty for late rental under any Leases in excess of the maximum rate of interest permitted by applicable law on the amount of the past due rent. The provisions of the Notes limiting the amount of interest which may be charged by Assignee are hereby incorporated by reference for all purposes as if fully set forth herein.

4.05 Notices. All notices, requests, demands and other communications to any party hereunder shall be in writing (including telex, telecopier or similar writing) and shall be given to such party at its address, telex or telecopier number set forth below or such other address or telex or telecopier number as such party may hereafter specify by notice to the other parties listed below.

If to the Assignee:

First Interstate Bank of Texas, N.A.
309 West Seventh Street
Suite 1100
Fort Worth, Texas 76102
Attention: Robin Hamilton
Telecopier: 817-885-1110
Telephone: 817-885-1188

If the Assignor:

Pier Group, Inc.
c/o Pier 1 Imports (U.S.), Inc.
301 Commerce Street, Suite 600
Fort Worth, Texas 76102
Attention: Charles L. Horn, President
Telex: 203955
Telecopier: 817-332-5727
Telephone: 817-878-8000

Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted and the appropriate answer back is received, (ii) if given by telecopier or other form of facsimile transmission, when the recipient confirms legible transmission thereof, or (iii) if given by any other means, when delivered at the address specified in this Section 4.05.

4.06 Severability. This Assignment is intended to be performed in accordance with, and only to the extent permitted by, applicable laws and regulations. If any provision of this Assignment or the application thereof to any person or circumstances, for any reason and to any extent, is invalid or unenforceable, neither

circumstances, for any reason and to any extent, is invalid or unenforceable, neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances or other instruments referred to hereinabove will be affected thereby, but rather, the same will be enforced to the greatest extent permitted by law.

4.07 Sole Benefit. This Assignment and the other Loan Documents have been executed for the sole benefit of Assignor and Assignee and the Banks and the respective heirs, successors, assigns, participants and legal representatives of Assignee and Assignor. No other party shall have rights thereunder or be entitled to assume that the parties hereto will insist upon strict performance of the mutual obligations arising under this Assignment.

4.08 Assignment. Assignee may assign all or any portion of this Assignment. In the event of any such assignment, Assignor agrees to such modification to this Assignment as will facilitate such assignment, provided that such modifications will not materially add to the obligations of Assignor or materially adversely affect the rights of Assignor. Assignor shall have no right to assign Assignor's rights under this Assignment to any party whatsoever.

4.09 Successors and Assigns. All of the terms of this Assignment apply to, are binding upon, and inure to the benefit of, the parties hereto, such parties' respective successors, assigns, heirs and legal representatives in whole or in part, and all other persons claiming by, through or under, such parties.

4.10 Other Documents. This Assignment is given in addition to the liens, security interests and assignments created by certain Deeds of Trust and Security Agreements executed by Assignor to a trustee for the benefit of Assignee, covering the Property. This Assignment shall in no manner affect or impair the validity or original priority of the liens, security interests and assignments of such Deeds of Trust and Security Agreements, and this Assignment is in addition to, and not in lieu of, all other security securing the Indebtedness and Obligations.

4.11 Possession Not Required. Notwithstanding anything contained in any Loan Document to the contrary, possession of the Property by Assignee shall never be a prerequisite to Assignee's right to collect Rents from the Property, it being hereby declared that this Assignment is intended to be, and is, an absolute, unconditional and presently effective Assignment, notwithstanding any future act by Assignor or by Assignee.

4.12 Further Assurances. Assignor hereby agrees, at any time and from time to time, upon the request of Assignee, to perform, execute, acknowledge, deliver, record and/or file such further instruments, do such further acts and give such further assurances as may be necessary or proper to (i) promptly implement the intent of the parties under this Assignment, (ii) promptly correct any defect, error, or omission which may be discovered in this Assignment or any other Loan Document, and execute any and all such additional documents as may be requested

by Assignee to correct such defect error or omission or to identify any additional properties which are or become subject to this Assignment, (iii) assure Assignee that this Assignment is valid and enforceable in accordance with its terms under all applicable law, (iv) create, perfect, preserve, maintain and protect the rights, interest and benefits created or intended to be created by this Assignment, and (v) provide the rights and remedies to Assignee and Banks granted or provided herein or in the other Loan Documents. Assignor, upon request of Assignee, further agrees to execute, acknowledge, deliver, record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the intent of this Assignment and to absolutely vest in Assignee for its benefit the Rents, the Leases, and the Guarantee, including specifically, without limitation, any renewals, additions, substitutions, replacements or appurtenances thereto, and to complete, execute, record and file any document or instrument necessary to place third parties on notice of the rights and interests granted hereunder. Assignor hereby irrevocably appoints Assignee as its agent and attorney-in-fact as a power coupled with an interest, to execute, acknowledge and deliver all such instruments and additionally to record and file any of the same as Assignee may at any time deem necessary or appropriate.

4.13 Corporate Obligation Only. Assignor's obligations hereunder are intended to be the corporate obligations of Assignor only, and, accordingly, no recourse for the payment of the Indebtedness secured hereby, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present, or future, of Assignor or of any successor corporation, or against any direct or indirect parent corporation of Assignor or any other subsidiary of any such direct or indirect parent corporation or any incorporator, shareholder, officer or director, as such, past, present or future, of any such parent or other subsidiary, it being understood that Assignor is a special purpose corporation formed for the purpose of the transaction contemplated in the Credit Agreement and the Leases on the express understanding aforesaid. Nothing contained in this Section 4.13 shall be construed to limit the exercise or enforcement, in accordance with the terms of this Absolute Assignment of Rents, Income and Leases, of any of the Loan Documents.

4.14 Sole Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED TO BE EFFECTIVE as of the 30th day of April 1996.

ASSIGNOR:

PIER GROUP, INC.
a Delaware corporation

By: G. Michael Tilton
G. Michael Tilton, Vice President

ATTEST:

Michael A. Carter
MICHAEL A. CARTER

The undersigned Pier 1 Imports (U.S.), Inc., a Delaware corporation, being a "Lessee" defined in the foregoing Assignment, hereby consents to the Assignment and agrees to be bound by the terms and provisions thereof.

PIER 1 IMPORTS (U.S.), INC.
a Delaware corporation

By: Marvin J. Girouard
Marvin J. Girouard, President

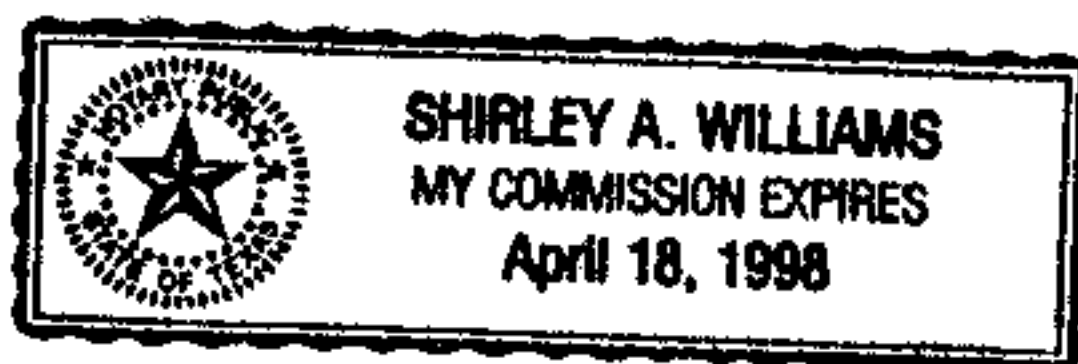
ATTEST:

Michael A. Carter
MICHAEL A. CARTER

STATE OF TEXAS §
 § TO WIT:
COUNTY OF TARRANT §

Before me, the undersigned, a Notary Public, in and for said County and State on this 29 day of April 1996, personally appeared G. Michael Tilton, Vice President of Pier Group, Inc., a Delaware corporation to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

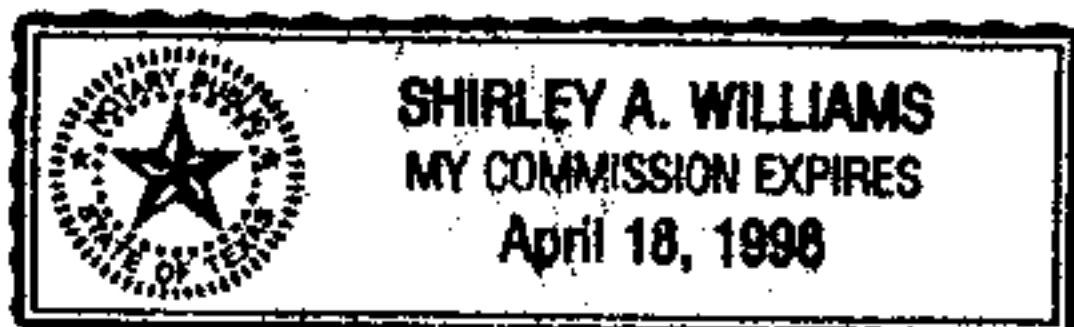


Shirley A. Williams
Notary Public in and for the State of Texas

STATE OF TEXAS §
 § TO WIT:
COUNTY OF TARRANT §

Before me, the undersigned, a Notary Public, in and for said County and State on this 29 day of April 1996, personally appeared Marvin J. Girouard, President of Pier 1 Imports (U.S.), Inc., a Delaware corporation, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Senior Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.



Shirley A. Williams
Notary Public in and for the State of Texas

F-0036728.02

EXHIBIT "A"

PARCEL I

Lot D-1 of PIER I IMPORTS SURVEY, as recorded in Map Book 21, page 13, in the office of the Judge of Probate of Shelby County, Alabama.

Situated in the Southeast 1/4 of the Southeast 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama and being more particularly described as follows:

Commence at the Southeast corner of said 1/4-1/4 section and run north along the east line of said 1/4-1/4 section 876.66 feet to the Southeast corner of INVERNESS CORNERS OUTPARCEL "D"; thence 90 degrees 00 minutes 00 seconds left and run westerly for 152.80 feet to the P.O.B. of the parcel herein described; thence continue along the last stated course for 17.14 feet; thence 118 degrees 57 minutes 14 seconds right and run northeasterly for 74.30 feet to the beginning of a curve to the left, said curve having a radius of 30.00 feet and subtending a central angle of 90 degrees 00 minutes 00 seconds; thence run northwesterly along the arc of said curve for 47.12 feet to the end of said curve; thence at tangent to said curve run northwesterly 191.11 feet to point on a curve on the back of curb of INVERNESS CORNERS ACCESS DRIVE; said curve having a radius of 100.00 feet and a central angle of 21 degrees 23 minutes 43 seconds; thence run northwesterly along said back of curb and arc of curve 37.34 feet to the Point of Tangent; thence run northeasterly along said back of curb 110.82 feet to a Point on Curve on the southwesterly right of way of U.S. Highway No. 280, said curve having a radius of 3474.05 feet and a central angle of 04 degrees 00 minutes 46 seconds; thence right 89 degrees 21 minutes 54 seconds to the tangent of said curve and run southeasterly along said southwesterly right of way and arc of curve 243.31 feet to a point on said curve; said point being 32.39 feet as measured along the arc of said curve west of the east line of said 1/4-1/4 section line; thence 94 degrees 38 minutes 52 seconds right from tangent of said curve and run southwesterly for 254.51 feet to the Point of Beginning.

PARCEL II

Perpetual and non-exclusive easement for access on an over the site development; use of parking facilities and through all common areas and private use areas, for purposes of ingress and egress to the adjacent shopping center appurtenant to Parcel I all as created by that certain Reciprocal Easement Agreement dated the 30 day of April, 1996 by and between Metropolitan Life Insurance Company and Pier Group, Inc. as recorded in Instrument 1996, Page 14793, in the Office of the Judge of Probate of Shelby County, Alabama.

PARCEL III

Non-Exclusiye Easement for access as set forth in instrument dated 26 day of April, 1996 by and between Metropolitan Life Insurance Company and Pier Group, Inc. recorded in Instrument 1996, Page 4794, in the Office of the Judge of Probate of Shelby County, Alabama.

Inst # 1996-14797

F-0036728.02

05/06/1996-14797
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SHELBY COUNTY JUDGE OF PROBATE
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