

L E A S E

THIS INDENTURE, made and entered into as of this
31st day of March, 2004, by and
between GS II BROOK HIGHLAND LLC, a Delaware limited
liability company, owner of the herein described premises,
and hereinafter designated as "Landlord," and HANCOCK
FABRICS, INC., a Delaware corporation, hereinafter designated
as "Tenant,"

W I T N E S S E T H :

Landlord hereby leases, demises and lets unto
Tenant, and Tenant hereby leases and takes from Landlord, a
portion of that certain real property situate in the City of
Birmingham, County of Shelby, State of Alabama, described in
Exhibit A, attached hereto and made a part hereof, which
portion is depicted as cross-hatched on Exhibit B, attached
hereto and made a part hereof.

This lease is made upon all the terms and
conditions set forth in that certain lease agreement of even
date herewith between Landlord and Tenant relating to said
property, all of which terms and conditions are made a part
hereof.

The term of this lease shall be ten (10) years
commencing on the first to occur of the opening of Tenant's
store on the demised premises or the ninetieth (90th) day
following the satisfaction of certain conditions set forth in
said lease agreement.

This lease also grants to Tenant the option to
extend the term thereof for three (3) consecutive terms of
five (5) years each, upon notice from Tenant to Landlord as
therein provided.

This lease also grants to Tenant the exclusive
right to conduct a fabrics, materials, piece goods and
accessories store selling any and all types of fabrics,
draperies, upholstery, upholstered products, piece goods,
yarns, threads, needles, sewing notions, sewing machines
(including parts and service) and crafts, all as provided in
such lease agreement of even date herewith (with the terms
thereof governing any conflict between such lease and this
indenture).

[Remainder of page left blank intentionally.]

✓ RETURN TO:
HANCOCK FABRICS, INC.
P.O. BOX 2400
TUPELO, MS 38803-2400
ATTN: REAL ESTATE DEPARTMENT

IN WITNESS WHEREOF as of the day and year first hereinabove written, the respective parties hereto have executed these presents personally or by officers or agents thereunto duly authorized.

By DEVELOPERS DIVERSIFIED OF
ALABAMA, INC., an Alabama
corporation, its managing
member

By: [Signature]
Name: DANIEL B. HUEWITZ
Title: EXEC. V. P.

HANCOCK FABRICS, INC.,
a Delaware corporation

By William D. Smothers
WILLIAM D. SMOTHERS, SENIOR VICE PRESIDENT

By Dean W. Abraham
DEAN W. ABRAHAM, SENIOR VICE PRESIDENT

Tenant

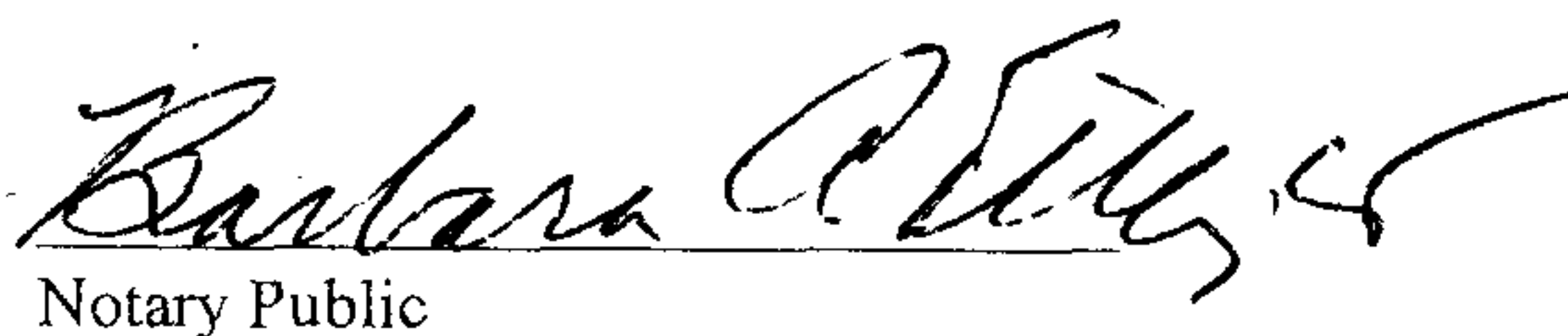
- 2 -

3/29/04

STATE OF OHIO)
)SS
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, in and for said County and State, personally appeared Daniel B. Hurwitz, Executive Vice President of Developers Diversified of Alabama, Inc., Managing Member of GS II Brook Highland LLC, the limited liability company which executed the foregoing instrument, who acknowledged that he did execute the foregoing instrument on behalf of said limited liability company and the same is his free and voluntary act and deed as Executive Vice President and is the free act and deed of said limited liability company for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at Beachwood, Ohio, this 30th day of April, 2004.

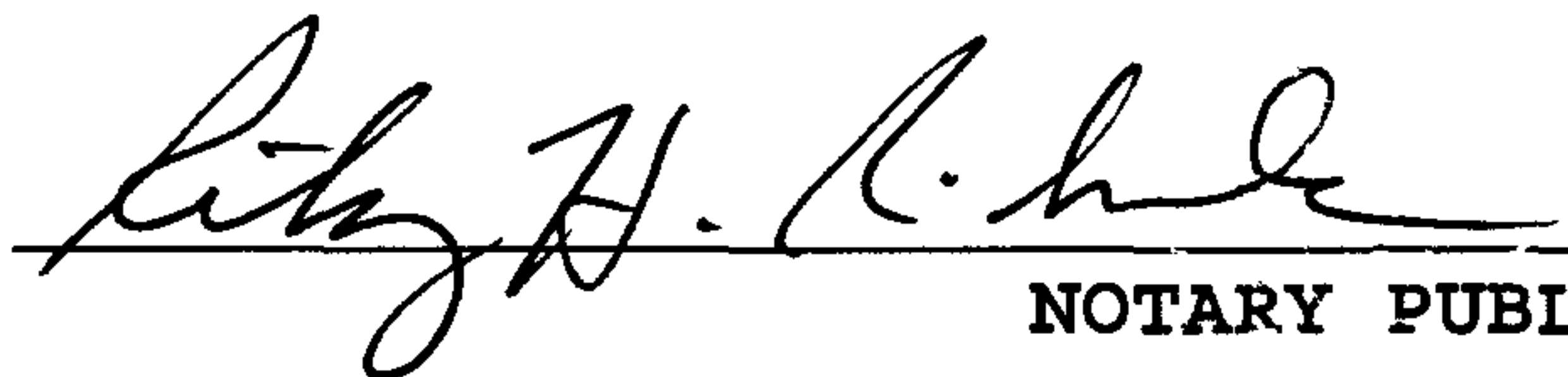

Notary Public

BARBARA A. TILLINGHAST
Notary Public, State of Ohio
County of Cuyahoga
My Commission Expires 11-5-2005

STATE OF MISSISSIPPI

COUNTY OF LEE

Personally appeared before me, the undersigned authority in
and for the said county and state, on this 31st day of
March, 2004, within my jurisdiction, the within named
William D. Smothers and Dean W. Abraham, who acknowledged that
they are Senior Vice President and Senior Vice President of
Hancock Fabrics, Inc., a Delaware corporation, and that for and
on behalf of the said corporation, and as its act and deed they
executed the above and foregoing instrument, after first having
been duly authorized by said corporation so to do.


NOTARY PUBLIC

My Commission Expires:

Notary Public State of Mississippi At Large
My Commission Expires: April 14, 2004
~~Served Thru Heinen, Brooks & Garland, Inc.~~

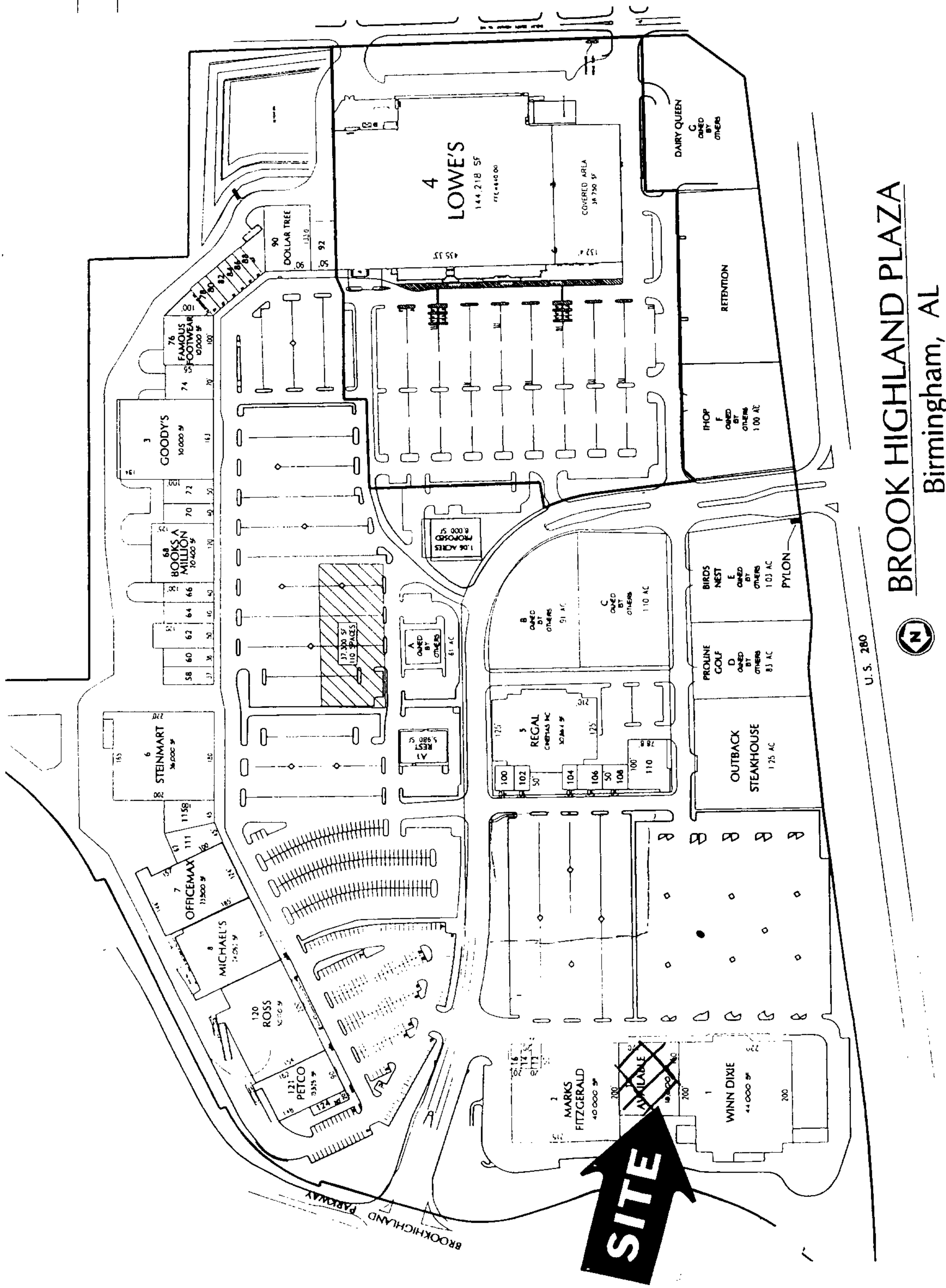
Legal Description

LOTS 1, 1A and 2 ACCORDING TO THE BROOK HIGHLAND PLAZA RESURVEY,
AS RECORDED IN MAP BOOK 18 PAGE 99 IN THE PROBATE OFFICE OF
SHELBY COUNTY, ALABAMA, BEING SITUATED IN SHELBY COUNTY,
ALABAMA.

EXHIBIT A

Initial
[Signature]

TENANT INDEX		REVISION
		05-23-03
1	WINN-DIXIE STORES	44,000 SF
2	MARKS, FITZGERALD	40,000 SF
3	GOODY'S	30,000 SF
4	LOWES	144,218 SF
5	REGAL CINEMAS, INC	30,864 SF
6	STEIN MART	36,000 SF
7	OFFICEMAX	23,500 SF
8	MICHAEL'S	24,052 SF
10	AVAILABLE	18,000 SF
12	AVAILABLE	1,000 SF
14	NEXTEL	1,000 SF
16	REM CLEANERS	1,000 SF
58	CIC'S PIZZA	3,700 SF
60	AVAILABLE	3,800 SF
62	K-B TOYWORKS	6,000 SF
64	GOLF HEADQUARTERS	4,000 SF
66	MEXICALLI	4,000 SF
68	BOOKS-A-MILLION	20,400 SF
70	S & K MENSWEAR	4,000 SF
72	RACK ROOM	5,000 SF
74	SIZES UNLIMITED	6,650 SF
76	FAMOUS FOOTWEAR	10,000 SF
78	GENERAL NUTRITION CENTER	1,400 SF
80	ESTES CHIROPRACTOR	1,400 SF
82	RADIO SHACK	2,100 SF
84	FAST FRAME	1,400 SF
86	SALLY BEAUTY	1,400 SF
88	FRIEDMAN JEWELERS	1,400 SF
90	DOLLAR TREE	12,000 SF
92	PAPER WORKS OUTLET	5,000 SF
100	AVAILABLE	2,000 SF
102	TOP NAILS	1,500 SF
104	LA WEIGHT LOSS CENTER	1,500 SF
106	BIKE LINE	2,500 SF
108	FITNESS TOGETHER	2,500 SF
110	WINGS SPORTS GRILLE	7,830 SF
115	HIBBETT'S	5,938 SF
111	TUESDAY MORNING	5,360 SF
120	ROSS	30,170 SF
121	PETCO	13,525 SF
124	H & R BLOCK	1,600 SF
A1	EMPEROR'S HOUSE	5,980 SF



BROOK HIGHLAND PLAZA
Birmingham, AL



U.S. 280

Initial
[Signature]

EXHIBIT B