

UNITED STATES BANKRUPTCY COURT		Southern DISTRICT OF		New York		PROOF OF CLAIM	
Name of Debtor Jennifer Convertibles, Inc.		Case Number 10-13779				File Claims Form With: United States Bankruptcy Court	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.						THIS SPACE IS FOR COURT USE ONLY	
Name of Creditor (The person or other entity to whom the debtor owes money or property): City Centre Philadelphia, Pa. Limited Partnership		<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.					
Name and address where notices should be sent: City Centre Philadelphia, Pa. Limited Partnership 270 Commerce Dr. Rochester, NY 14623 Telephone number: (585) 359 - 3000		<input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.  <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.					
Last four digits of account or other number by which creditor identifies debtor:		Check here <input type="checkbox"/> replaces if this claim <input type="checkbox"/> amends a previously filed claim, dated: August 10, 2010					
1. Basis for Claim <input type="checkbox"/> Goods sold  <input type="checkbox"/> Services performed  <input type="checkbox"/> Money loaned		RECEIVED SEP 24 2010 BMC GROUP <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input checked="" type="checkbox"/> Other rejection damages  <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of your SS #: _____ Unpaid compensation for services performed From _____ to _____ (date) (date)					
2. Date debt was incurred: July 18, 2010		3. If court judgment, date obtained:					
4. Classification of Claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time the case was filed. See reverse side for important explanations.							
Unsecured Nonpriority Claim \$ 118,661.76  <input type="checkbox"/> Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or c) none or only part of your claim is entitled to priority;		Secured Claim  <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Other _____ <input type="checkbox"/> Motor Vehicle  Value of Collateral: \$ _____  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____					
Unsecured Priority Claim  <input type="checkbox"/> Check this box if you have an unsecured claim, all or part of which is entitled to priority.  Amount entitled to priority \$ 5,033.89 Administrative Expense  Specify the priority of the claim:  <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).  <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950)* earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).  <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).		<input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).  <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).  <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____).  *Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.					
5. Total Amount of Claim at Time Case Filed:		\$ 118,661.76 (unsecured)		\$ 5,033.89 (secured)		\$ 123,695.65 (total)	
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.							
6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.						THIS SPACE IS FOR COURT USE ONLY	
7. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.							
8. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.							
Date 9/22/10		Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any). City Centre Philadelphia, Pa. Limited Partnership By: Kristin Ellsworth Kristin Ellsworth A/R					

JENNIFER CONVERTIBLES, INC. - CASE # 10-13779  
SCHEDULE OF 12 MONTHS RENT AND OTHER CHARGES

Tenant rejected the lease on 9/1/10. Lease expiration is 4/30/11. Tenant does not have 12 months remaining in their lease term.

Base Rent			65,732.00
9/1/10 - 4/30/11	8,216.50	8	
Common Area Maintenance - estimated annual pro-rata share			14,714.56
9/1/10 - 4/30/11	1,839.32	8	
Insurance - estimated annual pro-rata share			481.44
9/1/10 - 4/30/11	60.18	8	
Real Estate Taxes - estimated annual pro-rata share			8,243.84
9/1/10 - 4/30/11	1,030.48	8	
			<u>89,171.84</u>

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JENNIFER CONVERTIBLES, INC. - CASE # 10-13779  
SCHEDULE OF REMAINING CHARGES DUE FOR BALANCE OF LEASE TERM

Base Rent (September 1, 2010 through April 30, 2011)	65,732.00
Common Area Maintenance (September 1, 2010 through April 30, 2011)	14,714.56
Insurance (September 1, 2010 through April 30, 2011)	481.44
Real Estate Taxes (September 1, 2010 through April 30, 2011)	8,243.84
	<u>89,171.84</u>
	x 15%
	<u>13,375.78</u>

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Greater of 12 month's charges or 15% of balance of charges not to exceed three year's charges is:	89,171.84
Plus unpaid pre-petition rent and other charges (from below)	<u>29,489.92</u>
Total amount of claim	<u>118,661.76</u>

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JENNIFER CONVERTIBLES, INC. - CASE # 10-13779  
SCHEDULE OF UNPAID PRE-PETITION CHARGES

<u>Description</u>	<u>Amount</u>
4/10 Base Rent	55.93
5/10 Base Rent	8,216.50
5/10 CAM	1,839.32
5/10 Insurance	60.18
5/10 RE Tax	1,030.48
5/10 U&O Tax	514.22
6/10 Base Rent	8,216.50
6/10 CAM	1,839.32
6/10 Insurance	60.18
6/10 RE Tax	1,030.48
6/10 U&O Tax	514.22
7/1/10 - 7/17/10 Base Rent	4,505.82
7/1/10 - 7/17/10 CAM	1,008.66
7/1/10 - 7/17/10 Insurance	33.00
7/1/10 - 7/17/10 RE Tax	565.10
Total unpaid pre-petition charges	<u>29,489.92</u>

JENNIFER CONVERTIBLES, INC. - CASE # 10-13779  
SCHEDULE OF ADMINISTRATIVE EXPENSES

BASE RENT	MONTHLY	MONTHS	TOTAL	LESS AMOUNTS PAID	TOTAL
7/18/10 - 7/31/10	8,216.50	14/31	3,710.68	-	3,710.68
8/1/10 - 8/31/10	8,216.50	1	8,216.50	(8,216.50)	-
					3,710.68

CAM	MONTHLY	MONTHS	TOTAL	LESS AMOUNTS PAID	TOTAL
7/18/10 - 7/31/10	1,839.32	14/31	830.66	-	830.66
8/1/10 - 8/31/10	1,839.32	1	1,839.32	(1,839.32)	-
					830.66

INSURANCE	MONTHLY	MONTHS	TOTAL	LESS AMOUNTS PAID	TOTAL
7/18/10 - 7/31/10	60.18	14/31	27.18	-	27.18
8/1/10 - 8/31/10	60.18	1	60.18	(60.18)	-
					27.18

REAL ESTATE TAXES	MONTHLY	MONTHS	TOTAL	LESS AMOUNTS PAID	TOTAL
7/18/10 - 7/31/10	1,030.48	14/31	465.38	-	465.38
8/1/10 - 8/31/10	1,030.48	1	1,030.48	(1,030.48)	-
					465.38

**Total Administrative Expense:** **5,033.89**

SECOND AMENDMENT TO LEASE

This Amendment to Lease Agreement is made on this 28 day of January, 2007<sup>8</sup>, by and between City Centre Philadelphia, Pa. Limited Partnership (hereinafter called "Owner") and Jennifer Convertibles, Inc., a Delaware corporation (hereinafter called "Tenant").

WHEREAS, all the interests from City Center Associates, L.P. have been transferred to City Centre Philadelphia, Pa. Limited Partnership; and

WHEREAS Owner and Tenant wish to amend that certain Lease dated September 8, 1992, and that certain Assignment of Lease Agreement dated September 1, 2000 and that certain Amendment to Lease dated January 31, 2003 (hereinafter called "Lease").

NOW THEREFORE, for good and valuable consideration, the parties agree to the following:

1. The term of this Lease shall be extended for an additional period of sixty one (61) calendar months. This period shall commence April 1, 2008 (hereinafter called "Renewal Commencement Date") and shall terminate upon April 30, 2013 (hereinafter called "Renewal Termination Date"). Both Owner and Tenant agree that there are no options in which this Lease may be further extended.
2. The "Base Rent" shall be modified to show the base annual rent to be as follows:  
The sum of \$7,744.84 in advance upon the first day of each calendar month commencing April 1, 2008 through March 31, 2009, \$92,938.08 per annum (hereinafter called "Base Rent").
3. Effective as of April 1, 2009 and as of the first day of each April thereafter, during the term hereof, the Base Rent then in effect shall be increased by the product of (i) three percent (3%) and (ii) the Base Rent in effect immediately prior to such increase, and the monthly installments of Base Rent shall be upwardly adjusted accordingly.
4. Provided that the Tenant is not in default of the Lease, Tenant shall have the right to terminate this Lease as of April 30, 2011 (hereinafter defined "Early Termination Date") by timely notifying Owner in writing of its intention to exercise such right at least twelve (12) months prior to the applicable Early Termination Date (hereinafter defined "Termination Notice"), provided that Owner receives the Termination Notice from Tenant via United States Certified-Registered Mail, return receipt requested. If Tenant timely provides such Termination Notice to Owner but fails to vacate the leased premises completely and in the condition required by the Lease on or before the Early Termination Date, then, at Owner's option, (A) Tenant shall be treated as a holdover tenant subject to the terms of Section 18.04 of the Lease or (B) Tenant's right to terminate this Lease pursuant to this Paragraph shall automatically lapse and be of no further force or effect.
5. Notwithstanding the foregoing, provided that Tenant has not defaulted hereunder, the installments of Base Rent for the first thirty (30) days after the Renewal Commencement Date shall be abated.
6. Notwithstanding anything to the contrary contained in the Lease, the following set forth herein below shall control:  
Tenant acknowledges and agrees that the amount of recovery for any claim by Tenant under this Lease shall be limited to Owner's equity interest in the Shopping Center. Any judgments rendered shall be satisfied solely out of the proceeds of sale by Owner's sale of its equity interest in the Shopping Center, limited as aforesaid. No personal judgment shall lie against Owner upon extinguishment of its rights in the Shopping Center and any judgment so rendered shall not give rise to any right of execution or levy against Owner's assets. The provisions hereof shall inure to Owner's successors and assigns including any mortgagee and its respective directors, officers, principals and stockholders.
7. If there is any conflict between the terms and provisions of the Lease and the terms and provisions of this Amendment, this Amendment shall control.
8. All defined terms used herein, but not defined herein, shall have the same meanings ascribed to them in the Lease.
9. Except as amended hereby, the Lease shall remain unmodified and in full force and effect.

OWNER:

CITY CENTRE PHILADELPHIA, Pa. LIMITED PARTNERSHIP

By: Philadelphia Shopping Center Corporation, its sole general partner

By:

William Sondericker, Vice President

TENANT:

Jennifer Convertibles, Inc., a Delaware corporation

By:

Print Name:

EDWARD B. SEIDER

Print Title:

EXECUTIVE V.P.

STATE OF New York  
COUNTY OF New York

ss.:

On the 8 day of JANUARY in the year 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared Edward B. Seider personally known to me or proved to me on the basis of satisfactory evidence to be the individual(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 capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

# AMENDMENT TO LEASE

This Amendment to Lease is made on this 31st day of January, 2003 by and between City Centre Philadelphia, Pa. Limited Partnership (hereinafter called "Owner") and Jennifer Convertibles, Inc., a Delaware corporation (hereinafter called "Tenant").

WHEREAS, all the interests from City Centre Associates Limited Partnership has been transferred to City Centre Philadelphia, Pa. Limited Partnership. (hereinafter called "Owner"); and

WHEREAS, Owner and Tenant wish to amend and extend that certain lease dated September 8<sup>th</sup>, 1992 (the "Lease").

NOW THEREFORE, for good and valuable consideration, the parties agree to the following:

1. The terms of this Lease shall be extended and such period shall commence upon April 1, 2003 and shall terminate upon March 31, 2008. Both Owner and Tenant agree that there are no options in which this Lease may be extended.
2. Tenant agrees to pay to Owner at the office of Owner, or at such other place designated by Owner, without any prior demand therefore and without any deduction or set-off whatsoever, and as fixed minimum rent:
  - (a) The sum of \$7,182.71 in advance upon the first day of each calendar month commencing April 1, 2003 through March 31, 2005, \$86,192.52 per annum (hereinafter called "Base Rent").
3. Effective as of April 1, 2005 and as of the first day of each April thereafter during the term hereof, the Base Rent then in effect shall be increased by the product of (i) two percent (2%) and (ii) the Base Rent in effect immediately prior to such increase, and the monthly installments of Base Rent shall be upwardly adjusted accordingly.
4. Notwithstanding anything to the contrary contained in the Lease the following set forth below shall control:

"Common charges" shall mean all costs and expenses incurred by Owner or Owner's employees, agents or contractors, either pursuant to this Lease or otherwise, arising from or in connection with or as a result of the operating, equipping, policing, protecting, lighting, heating, air conditioning, providing sanitation, sewer, fire protection and other services, insuring, maintaining, repairing and replacing the common areas (as herein defined), all buildings and improvements within the Shopping Center. Common charges shall include, but shall not be limited to: (i) the maintenance, repair and replacement of all roofs, exterior walls and other structural and exterior portions of the Shopping Center curbs, gutters, sidewalks, pylons and signs, drainage and irrigation ditches, conduits and pipes, utility systems (permanent and temporary), sewage disposal or treatment systems, public toilets and sound systems whether within or without the Shopping Center; (ii) the removal of trash, snow and ice; (iii) landscaping; (iv) supplies; (v) licensing, permits, management fees, service and usage charges; (vi) liability insurance and fire, extended coverage, rental and boiler broad form insurance (including so-called "extended coverage and/or all risk endorsement") and the cost of any insured event deductible amounts under such insurance policies; (vii) the settlement or disposition of any claims against Owner to the extent the same are not covered by insurance; (viii) all capital expenditures together with reserves for capital improvements; (ix) the repaving, restriping, regrading and general maintenance of parking areas; (x) compliance with all rules, regulations and orders of governmental authorities pertaining to the Shopping Center including those pertaining to traffic control, engineering and environmental issues, air pollution control and the cost of monitoring air quality; (xi) any environmental cleanup undertaken by Owner whether or not the same is pursuant to any rule, regulation or order of governmental authority; (xii) personal property taxes; (xiii) licensing and permit fees and taxes; (xiv) costs and expenses of enforcing the rules and regulations established by Owner for the Shopping Center; (xv) the cost, lease payment or depreciation of any equipment used in the operation or maintenance of the Shopping Center; (xvi) total compensation and benefits (including premiums for worker's compensation or any other insurance or other retirement or employee benefits, and including all costs incurred in providing such benefits) paid to or on behalf of employees otherwise providing service to tenants or customers of the Shopping Center whether on or off site including compensation paid for the promotion of the Shopping Center by any employee or independent contractor; (xvii) the maintenance, repair and operation of any mall or enclosed common area; (xviii) travel costs incurred during any inspections of the Shopping Center; (xix) other costs and expenses incurred in connection with the operation and management of the Shopping Center; plus (xx) the amount equal to five percent (5%) of the total annual fixed minimum rent payable by all the tenants of the Shopping Center during each lease year and an amount equal to fifteen percent (15%) of all the foregoing costs and expenses to compensate Owner for administrative and overhead expenses. Common charges shall include costs and expenses for services, equipment or materials furnished by Owner or its affiliates, including management fees, provided the same are furnished at rates similar to those generally paid.

5. Except as amended hereby, all terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect.

Owner:

CITY CENTRE PHILADELPHIA, Pa. LIMITED PARTNERSHIP

By: Philadelphia Shopping Center Corporation, its sole general partner

By: [Signature], V.P.  
William Sondericker, Vice President

Tenant:

JENNIFER CONVERTIBLES, INC.

By:

Print Name:

Title:

EDWARD B. SEANEN  
EXECUTIVE V.P.

STATE OF NEW YORK  
COUNTY OF [Signature]

On 30 day of Jan, 2003, before me, the undersigned, a Notary Public is and for said State, personally appeared Edward B. Seanen known to me to be the Vice President of Jennifer Convertibles, Inc. the corporation that executed the within instrument and known to me that such Corporation herein named, and he/she acknowledged to me that such Corporation executed the within.

## ASSIGNMENT OF LEASE AGREEMENT

This Assignment is made, effective as of the 1<sup>st</sup> day of September, 2000, by and between J.C. City Centre PA III, Inc., a Pennsylvania corporation with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignor") and Jennifer Convertibles, Inc., a Delaware corporation, with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignee").

### WITNESSETH:

WHEREAS, City Centre Associates Limited Partnership, Limited Partnership, its successor in interest being City Centre Philadelphia, PA, a Limited Partnership the address of which is 270 Commerce Drive, Rochester, New York 14623, as Landlord ("Landlord") demised certain premises located at City Centre, 4502 City Line Avenue, Philadelphia, PA (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as of September 8, 1992; and

WHEREAS, Assignor desires to assign the Lease to Assignee and Assignee desires to acquire all of Assignor's rights under the Lease pursuant to the terms of this Assignment.

### AGREEMENT:

NOW, THEREFORE, for Ten (\$10.00) Dollars and other valuable consideration, receipt which is mutually acknowledged by both parties, the parties hereto agree as follows:

1. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title, and interest together with any Security Deposit, and any accrued interest thereon, and obligations in and to and under the Lease and any and all amendments and modifications thereto effective as of the date hereof.
2. This Assignment shall be binding on and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.
3. As a material inducement to Assignee to execute and deliver this Agreement, Assignor represents to Assignee the following :

(a) As of the date hereof, Assignor has not entered into any other Agreement to assign or sublet all or any portion of the Premises for any period during any part of the term of the Lease from and after this Date and has not granted any rights or options to any third party with respect to the Premises which exist as of the date hereof;

(b) The Lease Agreement is in full force and effect, and all of the terms, conditions, and promises of the lease have been complied with. As of the delivery of possession, there shall be no default under the Lease for the payment of fixed rent or additional rent due up until the delivery of the Premises (the "Delivery Date");

(c) As of the Delivery Date, there shall be no monetary default by Assignor;

(d) The provisions of this Section shall survive the closing of this Agreement; and

(f) Assignor has full power and authority to assign the Lease in accordance with this Agreement. The party executing this Agreement is authorized to bind Assignor and this Agreement will not violate any law, court orders or other Agreements. This provision shall not apply to any representations in connection with consent requirements under the Lease.

4. As an inducement for Assignor entering into this Agreement, Assignee further agrees to assume any and all obligations under the Lease after the Delivery Date.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 31 day of July, 2000.

J.C. City Centre PA III, Inc., Assignor

By: 

Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

By: 

Ramli Abada, President



STATE OF NEW YORK )

COUNTY OF Nassau SS:

On the 31 day of July, 2000, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of J.C. City Centre PA III, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Sandra M. Sarcona  
Notary Public

STATE OF NEW YORK )

COUNTY OF Nassau SS:

On the 31 day of July, 2000, before me personally came Rami Abada, to me known, who, being by me duly sworn, did depose and say that he is the President of Jennifer Convertibles, Inc., (Assignee), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Sandra M. Sarcona  
Notary Public

SANDRA M. SARCONA  
Notary Public State of New York  
No. 01SA4726457  
Qualified in Nassau County  
Commission Expires May 31, 192002

ORIGINAL  
Number 2 of  
3 executed  
counterparts.

CITY CENTRE  
RETAIL CENTER LEASE

AGREEMENT OF LEASE

BY

AND

BETWEEN

CITY CENTRE ASSOCIATES LIMITED PARTNERSHIP

LANDLORD

AND

J.C. CITY CENTRE PA III, INC.

TENANT

Premises: City Centre  
4502 City Line Avenue  
Philadelphia, Pennsylvania

Date \_\_\_\_\_

# CITY CENTRE RETAIL CENTER

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Specimen.

This AGREEMENT OF LEASE ("Lease") is made and shall be effective for all purposes as of the 8th day of June, 1992 by and between CITY CENTRE ASSOCIATES LIMITED PARTNERSHIP, a Pennsylvania limited partnership ("Landlord") and J.C. CITY CENTRE PA III, INC., a Pennsylvania corporation ("Tenant").

## PREMISES

1.01 Premises. Landlord leases to Tenant and Tenant leases from Landlord the premises described in this Section for the Term set forth in Section 2.01 subject to the terms and conditions provided herein. Landlord and Tenant each agrees to perform its respective obligations set forth in this Lease.

The premises so leased to Tenant ("Premises") is retail space of the City Centre Retail Center (the "Retail Center"), Philadelphia, Pennsylvania, as such Premises is shown on Exhibit "A" attached hereto, outlined in red, which shall have a street address of 4502 City Line Avenue, Philadelphia, Pennsylvania. The floor area of the Premises is approximately 2,998 square feet, more or less.

1.02 Condition of Premises. Prior to occupancy Tenant shall inspect the Premises, the building of which it is a part, and any fixtures and equipment that may be in the Premises, and shall accept possession of same in "as is" condition.

1.03 Access to Premises. Landlord covenants and agrees that during the Term (i) access to the Premises shall be as shown on Exhibit A attached hereto; and (ii) there shall be no additional buildings, structures, obstructions, barriers and the like constructed upon, attached or placed adjacent to the Retail Center and/or the Premises (except as shown on Exhibit A), which adversely affect the access to or visibility of the Retail Center and/or the Premises and/or Tenant's sign(s). In addition, Landlord covenants and agrees that it will not reduce the space nor the dimension of the Premises.

## LEASE TERM

2.01 Term. The term of this Lease ("Term") shall begin on the date Tenant receives possession of the Premises and shall end, unless extended or sooner terminated as in this Lease provided, on the tenth (10th) anniversary of the last day of the calendar month in which the Minimum Rent Commencement Date (established pursuant to Section 4.01) shall occur.

2.02 Delivery of Possession. The Premises shall have been delivered to Tenant when made available to Tenant for use and occupancy or for the performance of Tenant's Work. Delivery of possession of the Premises to Tenant shall in no event be deemed to have occurred until actual and exclusive physical possession of the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations, prior leases, tenants and/or occupants, and free and clear of all fixtures and other property of all prior tenants and/or occupants.

2.03 Statement of Lease Term. When the expiration date of the Term has been determined as provided in Section 2.01, Landlord and Tenant shall execute and deliver a written statement in recordable form prepared by Landlord specifying the Minimum Rent Commencement and Lease Expiration dates.

2.04 Statement of Lease Year. A Lease Year shall be a period of twelve (12) consecutive full calendar months. The first Lease Year shall begin on the day Tenant opens the Premises for business (if said day be the first day of a calendar month) or the first day of the next succeeding calendar month, if the opening day is other than the first day of a calendar month. Each succeeding Lease Year shall commence upon the anniversary of the first Lease Year. Any period of less than twelve (12) consecutive full calendar months shall be a Partial Lease Year.

2.05 Joint Opening. Tenant shall cooperate in an endeavor to effect a joint opening of the Retail Center, and accordingly, if so requested by Landlord

notwithstanding any provision to the contrary herein contained, the Term of this Lease and Tenant's obligation to pay rent shall commence upon the date of said joint opening, or 125 days after possession of the Premises, whichever shall later occur.

2.06 Delay In Tender of Possession. If Landlord shall be unable to deliver to Tenant possession of the Premises by reason of the fact that the Premises are located in a building being constructed and which has not been sufficiently completed to make the Premises ready for delivery to Tenant, or for any other reason, Landlord shall not be subject to any liability for the failure to give possession on said date nor shall the validity of the Lease be effected except as set forth below. In the event Landlord is unable to give Tenant possession of the Premises as required hereunder by October 31, 1992, either party shall have the option of terminating this Lease within thirty (30) days thereafter by providing written notice to Landlord or to Tenant, as the case may be, by November 30, 1992; provided, however, that if possession of the Premises is delivered prior to November 30, 1992, the notice of termination of this Lease shall be null and void. When possession of the Premises is delivered to Tenant, Landlord and Tenant shall jointly execute a Certificate, in the form attached hereto as Exhibit D setting forth the date on which possession has been delivered to Tenant and the expiration date of the term of this Lease, and confirming that Landlord has completed and Tenant has accepted Landlord's work.

## RENT

3.01 Tenant's Rent. Tenant shall pay rent ("Rent") to Landlord during the entire Term as compensation for the use of the Premises; Rent shall be paid without set-off or deduction at Landlord's principal office, as Landlord may designate. Rent shall consist of Minimum Rent, shares of Common Area Costs, Real Estate Taxes, Assessments, insurance premiums and other monetary obligations of Tenant to Landlord or the Merchants' Association provided for in this Lease. Any rent payable for less than a full calendar month shall be apportioned, all calendar months being deemed to have thirty days.

3.02 Payments of Rent on Account. A payment by Tenant, or acceptance by Landlord, of a sum lesser than that due and owing by Tenant for Rent shall be considered as a payment on account of Rent, notwithstanding any endorsement or statement on Tenant's check or accompanying letter that such lesser amount is payment in full; acceptance of such check shall be without prejudice to any rights or remedies of Landlord against Tenant.

3.03 Late Fees; Interest on Past Due Rents. If Tenant does not pay an item of Rent within seven (7) days of when it becomes due and payable, such amounts shall be subject to a late fee in the amount of five percent (5%) of the outstanding unpaid balance. Notwithstanding the foregoing, the Landlord shall provide to the Tenant, once during every twelve month period, written notice that Rent has not been paid prior to imposing the late fee; in such event, the late fee shall not be imposed until seven (7) days following the giving of such notice (provided the Rent is still unpaid). In no event shall the Landlord be obligated to provide such written notice to the Tenant more than one time during every twelve month period. In addition, if any amount shall remain unpaid for a period of thirty (30) days past its due date, the unpaid amount shall bear interest from its due date to the date of payment at five percent (5%) above the prime rate established from time to time by Citibank, N.A. (New York City).

## MINIMUM RENT

4.01 Minimum Rent. Minimum Rent, as set forth in paragraph 4.02 of this Section, shall be payable in equal monthly installments in advance on the first day of each calendar month following the date Tenant's obligation to pay same commences ("Minimum Rent Commencement Date"). The first full monthly installment in the amount of \$6,245.83 shall be paid by Tenant at the time it submits signed copies of this Lease to Landlord for Landlord's signature.

Tenant's obligation to pay Minimum Rent shall commence one hundred twenty five (125) days after the day Landlord or its representatives notifies Tenant in writing that the Premises have been substantially completed in accordance with

4.02. Minimum Rent. Tenant's Minimum Rent shall be payable on the first day of each and every month in accordance with the following schedule:

<u>Lease Year</u>	<u>Annual Minimum Rent</u>	<u>Monthly Installment</u>
1	\$74,950.00	\$6,245.83
2	\$74,950.00	\$6,245.83
3	\$74,950.00	\$6,245.83
4	\$74,950.00	\$6,245.83
5	\$74,950.00	\$6,245.83
6	\$86,192.50	\$7,182.71
7	\$86,192.50	\$7,182.71
8	\$86,192.50	\$7,182.71
9	\$86,192.50	\$7,182.71
10	\$86,192.50	\$7,182.71

4.03. Security Deposit. [Intentionally Deleted]

#### MINIMUM RENT ADJUSTMENT

5.01 [Intentionally Deleted]

#### PERCENTAGE RENT

6.01 [Intentionally Deleted]

6.02 Gross Sales. [Intentionally Deleted]

6.03 Exclusions from Gross Sales. [Intentionally Deleted]

6.04 Conduct of Business in Good Faith. At all times during the Term, Tenant shall conduct its business in a first-class and reputable manner, in good faith, well stocked and adequately staffed.

6.05 Monthly Sales Statements. [Intentionally Deleted]

6.06 Annual Sales Statement. [Intentionally Deleted]

6.07 Books and Records. [Intentionally Deleted]

6.08 Audit and Inspection. [Intentionally Deleted]

6.09 Competition by Tenant. Tenant shall not directly or indirectly engage in any similar or competing business to that conducted by Tenant in the Premises within a radius of one mile from the Premises. For purposes of this Section, Tenant shall be deemed to be indirectly engaging in a similar or competing business if a stockholder or partner of Tenant, or Tenant, if an individual, shall have a financial interest in such similar or competing business or if, with Tenant's consent, said similar or competing business is conducted under the same trade name as the business conducted in the Premises.

6.10 Confidentiality of Gross Sales Information. [Intentionally Deleted]

6.11 Failure to Furnish Statements. [Intentionally Deleted]

#### USE OF PREMISES

7.01 Mandatory Use. The Premises shall be continuously used by Tenant solely for the purpose of conducting the business of the sale of sofas, furniture, home furnishings and related and ancillary items; provided, however, that notwithstanding the foregoing, the Tenant shall not sell any items in the Premises which shall conflict with the "exclusive uses" set forth in Exhibit E attached hereto. Tenant shall not use the Premises for

Provided that Tenant is not in default hereunder, Landlord agrees that from and after the date hereof, Landlord shall not enter into any lease for the Retail Center which permits any tenant to sell sofas and convertible sofas as its primary business in such tenant's premises.

7.02 Compliance with Legal and Insurance Requirements. The use and occupancy of the Premises shall be in compliance with all rules, regulations, laws, ordinances, statutes, codes, recommendations, and requirements of governmental authorities, casualty insurance carriers insuring the Premises and the Fire Insurance Rating Organization and Board of Fire Insurance Underwriters having jurisdiction over the Premises as now in effect or promulgated in the future, and whether foreseen or unforeseen or ordinary or extraordinary. The number of people in the Premises at any one time shall not exceed the number permitted by applicable law or by fire insurance carriers insuring the Premises.

Landlord shall, at Landlord's sole cost and expense, promptly observe and comply with all present or future laws, rules, requirements, recommendations, orders, directions, ordinances, and regulations of the United States of America, the State, county, and any other municipal, governmental or lawful authority whatsoever affecting the Premises, and of any and all of its or their departments, bureaus and officials, except when such observance or compliance is required by reason of the particular nature of Tenant's business, or the location by Tenant of partitions or trade fixtures, in which event Tenant, at Tenant's sole cost and expense, shall observe and comply with same.

In regard to any provision regarding work to be performed as required by government or other authorities, Tenant shall not be obligated to make any repairs, changes, alterations or additions that are otherwise the obligation of Landlord under this Lease. Notwithstanding anything contained herein to the contrary, Landlord shall be responsible for complying, and the cost of complying, with any and all governmental regulation of environmental matters relating to substances in or about the Premises or the Retail Center, except for those substances placed there by Tenant, its agents, employees, contractor or invitees (for which the Tenant shall be responsible for the compliance thereof). Specifically, but without limiting the generality of the foregoing, Landlord shall be responsible for abating any and all hazards relating to lead paint or asbestos in or about the Premises or the Retail Center, as may be required by governmental regulation, including such abatement as may be required in connection with the issuance of any building permits or otherwise. The Tenant covenants not to introduce any hazardous substances into the Premises and shall indemnify and hold Landlord harmless in connection therewith.

7.03 Minimum Public Areas. At least eighty-five (85%) percent of the Gross Floor Area of the Premises shall be used by Tenant for public areas in which retail sales shall be conducted or in which merchandise for sale to the public shall be displayed and to which the public shall have regular uninterrupted access in the normal conduct of Tenant's business.

7.04 Use Restrictions. Tenant shall not use nor permit the use of:

- (a) a walkway adjacent to the Premises, or any other part of the Common Areas, for business purposes;
- (b) the Premises for lodgings;
- (c) the Premises or any part of the Common Areas in such manner that Landlord, by reason of a requirement of law or public authority or insurance carrier, shall be obliged to make an addition or alteration or improvement to, on or in the Retail Center or building of which the Premises is a part;
- (d) the Premises or any part of the Common Areas in any manner that will create a nuisance or disturb customers or other tenants or occupants of the Retail Center;
- (e) the Premises to warehouse, store or stock any goods, wares or

- (f) more of the floor area of the Premises for office use than is required for the conduct of Tenant's business in the Premises (in no event shall more than 100 square feet of the Gross Floor Area of the Premises be used for office purposes; Tenant's cash register and customer checkout stations shall not be considered office areas);
- (g) the Premises to manufacture, distribute, store, sell or give away alcoholic liquor beverages;
- (h) coin or token operated machine(s) or similar device(s) vending or dispensing goods, wares, merchandise, food, beverages or services or machines or devices deemed to be for amusement purposes in the Premises or any part of the Retail Center;
- (i) the Premises for the conduct of an auction, fire, bankruptcy, closing-out or "going out of business" sale or for the display of merchandise at sale prices unless such prices are temporary and below Tenant's regular price for such merchandise.
- (j) the Premises for the operation of an amusement arcade, adult book store, head shop, or flea market.
- (k) the Premises for any use itemized in Exhibit E hereto as an exclusive use not allowed to tenant.

7.05 Tenant's Trade Name. Tenant shall conduct its business in the Premises under the trade name "Jennifer Convertibles". Such trade name shall not be changed without Landlord's consent.

7.06 Occupancy Permits and Zoning. Tenant shall be solely responsible for obtaining any and all permits necessary for the operation of its business, including any Occupancy Permits, unless the inability to obtain any such permit is the fault of Landlord. It is Tenant's responsibility to determine whether or not its intended use is permitted pursuant to zoning regulations at the Retail Center and Landlord makes no warranty or representation that Tenant's use is permitted by the applicable zoning law.

7.07. Rules and Regulations. Tenant hereby covenants and agrees to abide by the Rules and Regulations attached hereto as Exhibit "C" and such other rules and regulations as shall be promulgated by Landlord from time to time so long as they are not inconsistent with the terms and conditions of this Lease. Landlord shall not be liable for any failure on its part to enforce the Rules and Regulations. All rules and regulations shall be uniform, reasonable, and applied equally on a non-discriminatory basis to all of the tenants of the Retail Center.

## CONDUCT OF BUSINESS

8.01 Continuous Operation. During the Term, Tenant shall continuously operate the business provided for in Section 7.01 during the hours specified in Section 8.03 in one hundred (100%) percent of the Premises, unless prevented from doing so by causes beyond its control, namely, strikes, fire or other casualty, or in connection with refurbishing leasehold improvements and cosmetic changes.

8.02 Damages for Failure to Operate. If Tenant shall not comply with the provisions of Section 8.01 (except if prevented from doing so by causes beyond Tenant's control) then, in addition to all other remedies of Landlord, Landlord shall have the right to collect, and Tenant shall pay, additional rent at a rate equal to two times the Minimum Rent for each and every day that Tenant shall not be open for business, it being agreed that the monetary loss of Landlord resulting from Tenant's failure to operate will be impossible to calculate.

8.03 Store Hours. The Premises shall be open for business, fully stocked and with adequate sales personnel, on all days and during all hours that the Retail Center is generally open. If more than fifty (50%) percent of the



If permitted by local law, Tenant shall have the right to be open on Sundays. The Premises, including display windows, shall be well illuminated during the hours that the Premises or the Retail Center are open for business and until such time as Landlord shall designate. During the hours the Premises are not required to be illuminated, Tenant shall provide security lights in the Premises.

#### COMMON AREAS

9.01 Common Areas. Common Areas are all areas, facilities, equipment, signs, and special services within the Retail Center made available from time to time by Landlord (whether or not owned by Landlord) for common, non-exclusive and joint use by Landlord, Tenant, customers, and all others whom Landlord may permit a right of use.

The use and occupation by Tenant of the Premises shall include a revocable license to use in common with others entitled thereto Common Areas, as may be designated from time to time by Landlord, subject however to the terms and conditions of this Lease and to rules and regulations for the use thereof as prescribed from time to time by Landlord.

9.02 Management of Common Areas. Landlord shall exclusively control, manage and operate Common Areas and shall have a right, from time to time, to do and perform therein anything which in Landlord's judgment is required, including, without limitation, changing same, enforcing rules and regulations in the use of same and imposing fees for the use thereof.

9.03 Common Area Costs. Common Area Cost shall mean all costs and expenses of every kind and nature paid or incurred by Landlord in the operation, replacement, improvement, maintenance, repair, redecoration and refurbishment of Common Areas, which for purposes of this Section only shall include all roofs of buildings in the Retail Center; said costs shall include, but not be limited to, costs of materials, supplies, equipment and services purchased or hired, cost and expense of landscaping, gardening, planting, cleaning, painting, striping parking areas, decorating, repaving, lighting, sanitary control, removal of snow, ice, trash, garbage and other refuse, heating, ventilating and air-conditioning of enclosed areas, fire and security protection, water and sewage charges, Real Estate Taxes and Assessments attributable to Common Areas, public liability, fire and casualty insurance, electricity and other utility services, depreciation of machines, equipment and improvements, cost of personnel employed at the Retail Center (including applicable payroll taxes, workmen's compensation and liability insurance benefits, fringe benefits and costs), payments to governmental authorities, costs of complying or conforming with rules and regulations of governmental authorities, Fire Insurance Rating Organizations, Board of Fire Underwriters, insurance carriers and other organizations having jurisdiction over the Retail Center, and Landlord's administrative costs which shall be equal to fifteen percent (15%) of the total of other Common Area Costs. Common Area Costs shall not include (i) expenses for any capital improvements made to the Retail Center (except that capital improvements which result in savings of labor or other costs shall be included at the cost of such improvements amortized over the useful life of such improvements); (ii) expenses for repairs or other work occasioned by an insured casualty; (iii) expenses incurred in leasing or procuring new tenants (i.e., lease commissions, tenant inducements, advertising expenses and expenses of renovating space for new tenants); (iv) legal expenses in enforcing the terms of any lease; (v) interest or amortization payments on any mortgage or mortgages and/or capital improvements; (vi) reserve funds; (vii) administrative expenses of Landlord in excess of fifteen percent (15%); (viii) expenses in connection with maintaining and operating any garage operated by Landlord incident to the operation of the Retail Center; and (ix) removal of hazardous material except in connection with a maintenance program for the Retail Center. All Common Area Costs shall be based upon competitive charges for similar services and/or materials that are available in the general vicinity of the Retail Center.

9.04 Tenant's Share of Common Area Costs. Tenant shall pay to

which share Tenant shall pay within ten days after being billed. Landlord may estimate Tenant's share for any annual or shorter period in advance of the time the Common Area Costs for such period may be paid or incurred. After notification of the estimate, Tenant shall pay the estimated share to Landlord in equal monthly installments on the first day of each calendar month for which due. At the time Landlord bills Tenant's periodic share, Tenant shall be credited for monthly installments made on account for the period for which the bill is rendered. Tenant's share for the first and last calendar years of the Term shall be pro-rated. Tenant's proportionate share of Common Area Costs shall be the ratio that the leaseable square footage of the Premises bears to the leaseable square footage of the Retail Center (exclusive of Common Areas).

9.05 Employee Parking Area. Landlord may, from time to time, designate a parking area for employees' cars; employees shall be permitted to park their cars only in such areas. If Landlord so designates an employee parking area and Tenant's employees fail to adhere to Landlord's parking regulations, Landlord may tow the cars of such employees away from non-employee parking areas, at Tenant's cost and expense, the amount of which, plus twenty percent (20%) thereof for Landlord's overhead expenses, shall be payable to Landlord on demand and shall constitute additional rent.

#### REAL ESTATE TAXES AND ASSESSMENTS

10.01 Real Estate Taxes. Real Estate Taxes shall mean any tax, charge, user or utility fee, or other imposition of any and every kind (other than Assessments) imposed by a public or quasi-public authority ("Taxing Authority"), attributable in any manner to the land and/or buildings owned by Landlord and constituting the Retail Center or the rents receivable therefrom; without limiting the generality of the foregoing, Real Estate Taxes shall include:

- (a) general real estate taxes;
- (b) water and sewer rents, rates and charges (including water and sewer connection and/or hook up charges) other than such as are directly billed to and payable by individual tenants;
- (c) any sum payable in the future by Landlord as an addition to or substitute for a Real Estate Tax now payable with respect to the Retail Center;
- (d) business use and occupancy taxes;
- (e) any obligation to pay money occasioned or attributable to limitations imposed upon taxing authority(s) with respect to the extent of taxation, tax assessment, tax rate or tax payment.

10.02 Assessments. Assessment shall mean any general, special or other assessment (including interest payable upon installment payments) levied, assessed or imposed upon or against the land and/or buildings constituting the Retail Center by a public or quasi-public authority for public betterments and improvements.

10.03 Tenant's Share of Real Estate Taxes and Assessments. Landlord covenants and agrees that it shall timely and fully pay the Real Estate Taxes and Assessments levied against the Retail Center, including the Premises and all improvements thereon. Tenant shall pay to Landlord, as additional rent, shares of (a) Real Estate Taxes and (b) Assessments payable during the Term. Landlord shall calculate Tenant's shares periodically, which shares Tenant shall pay within ten (10) days after being billed. Landlord may estimate Tenant's share for any annual or shorter period in advance of the time the Real Estate Taxes or Assessments for such period may be payable. After notification of the estimate, Tenant shall pay the estimated shares to Landlord in equal monthly installments, on the first day of each calendar month for which due. At the time Landlord bills Tenant's periodic shares, Tenant shall be credited for monthly installments made on account for the period for which the bill is rendered. Tenant's shares for

proportionate share of Real Estate Taxes and Assessments shall be the ratio that the leaseable square footage of the Premises bears to the leaseable square footage of the Retail Center (exclusive of Common Areas).

Upon request of Landlord, Tenant shall pay its proportionate share of Real Estate Taxes and Assessments in monthly installments based upon Landlord's estimate thereof. Landlord shall give written notice advising Tenant of the amount of Real Estate Taxes and Assessments in any tax year or portion thereof included in the Lease Term, together with (i) a copy of the paid and receipted tax bill and Landlord's computation of Tenant's proportionate share; (ii) a statement of the number of square feet of floor area in the Retail Center; and (iii) Landlord's representation that the parcel of real estate covered by the tax bill does not include any property or improvements located outside of the Retail Center. Tenant shall not, in any event, be liable for any interest or penalty charges payable by Landlord with respect to such tax bill, and if a discount of said tax bill is available by prompt payment, Tenant's proportionate share of Real Estate Taxes and Assessments shall be based upon the discounted amount, regardless of whether in fact such prompt payment was made. If the Lease shall not be in force and effect for all of a particular tax year, Tenant's proportionate payment of Real Estate Taxes and Assessments shall be pro-rated so that the amount payable by Tenant (if any) for such Real Estate Taxes and Assessments shall be based of the actual number of days that the Lease shall be in force and effect during such tax year.

If Landlord shall obtain any abatement, refund or rebate in Real Estate Taxes, Landlord shall promptly forward to Tenant its proportionate share of such abatement, refund or rebate (less Tenant's share of the reasonable cost and reasonable expense of obtaining same).

#### REPLACEMENT REPAIR AND MAINTENANCE

11.01 Landlord's Obligation. Landlord, after notice from Tenant, at Landlord's cost and expense, shall make necessary repairs to the foundations, exterior walls (except doors, plate glass windows and storefront) of which the Premises is a part. If a repair to any of the above components is required because of Tenant's negligence, affirmative act or breach of its obligations under this Lease, Tenant shall make said repair, at Tenant's expense, or at Landlord's option, Landlord shall make said repair, at Tenant's expense. Except as herein provided, Landlord shall have no obligation to make repairs, replacements, or improvements of any kind to the Premises or to any equipment, furnishings, facilities, personal property or fixtures of any kind contained therein.

Landlord agrees to transfer to the Tenant the unexpired portions, if any, of any warranties relating to the Premises, the equipment that is a part thereof, the HVAC system and the like. Landlord covenants and agrees that it will, at all times during the Lease Term, maintain and keep in good working order and repair the floorslab, exterior, steel frame, roof, structural portions, gutters, downspouts, sprinkler system, if any, and exterior underground utility lines of the Premises and the Retail Center, and all exterior utility lines serving the Premises under the need for such repairs is as a result of the negligence or willful misconduct of Tenant, its agents, employees or invitees. Landlord shall make all repairs and replacements without, to the extent practicable, interfering with the conduct of Tenant's business. If, during such repairs and replacements, the Premises is wholly or partially unsuitable for its use as provided in this Lease, and the Tenant closes its operations in the Premises, there shall be an equitable abatement of Minimum Rent and all other additional rent until such time as such repairs and replacements have been completed.

11.02 Tenant's Obligation. Except for those components referred to in Section 11.01, Tenant, at its cost and expense, shall keep the Premises, Tenant's exterior signs and the loading platform used by it, if any, in good order, condition and repair. Without limiting the generality of the foregoing, Tenant shall:

equipment, electric wiring and equipment, interior partitions and interior faces of exterior walls, doors and door hardware, windows, meters, flues and flue pipes, ceilings, light fixtures and floor coverings within the Premises; and

- (b) keep the Premises, adjacent walkways and curbs, Tenant's exterior sign(s) and loading platform used by it, if any, in a clean, safe and sanitary condition, free of termites, roaches, rodents and other pests, and in compliance with applicable laws, ordinances, regulations and codes; and
- (c) store in rodent-proof receptacles not visible to the public and remove daily all trash, waste, sewage and garbage; and
- (d) paint or otherwise redecorate the interior of the Premises, exterior sign backing and exteriors of exterior doors and storefront, as required so the same shall be sightly in appearance at all times without evidence of neglect or disrepair and without any unpainted or unfinished surfaces.

11.03 Structural Alterations. If a structural alteration to the Premises or the building of which it is a part shall become necessary because of

- (a) the type or nature of the business conducted by Tenant in the Premises; or
- (b) any negligence or affirmative act of Tenant or breach of its obligations under this Lease; or
- (c) Tenant's overloading of any electrical or other facility,

Tenant shall make such structural alteration at its own expense after first obtaining Landlord's written approval of plans and specifications and furnishing such indemnifications against liens, costs, damages and expenses as Landlord may reasonably require.

11.04 Tenant's Negative Covenants. Tenant shall not:

- (a) injure, waste, damage or alter the Premises;
- (b) burn trash or garbage within the Retail Center;
- (c) sweep rubbish or other debris into a parking or other Common Area;
- (d) overload any floor or facility;
- (e) throw foreign substances in, or use plumbing facilities for, any purpose other than that for which designed;
- (f) cause or permit any odor to emanate from the Premises;
- (g) use or permit loudspeakers or other means of broadcasting to be used in the Premises or Retail Center;
- (h) place or permit the placement of a dumpster or other trash container within the Retail Center, except as permitted by Landlord in writing and in accordance with Landlord's specified conditions.

11.05 Maintenance of HVAC. Tenant shall enter into a contract with a reputable contractor providing for monthly inspection and spring and fall servicing of the air conditioning, ventilating and heating system in the Premises and shall furnish Landlord with reasonably adequate reports of such inspections with proof that Tenant has complied with the inspector's recommendations; each such contract shall be submitted to Landlord for its review and approval prior to execution and Tenant shall incorporate Landlord's recommendations therein. An executed copy of each such contract shall be deposited with Landlord so that Landlord shall at all times be in possession of a current contract.

such obligations (without liability for any loss or damage to Tenant's property or business) and Tenant shall pay to Landlord, on demand, the costs thereof.

11.06 Warranties. Landlord represents and warrants that the bathrooms, HVAC system, plumbing system and electrical system will be in good working order on the date of delivery of the Premises, and that the roof will be free of leaks, and that Landlord has not received any notices of any violations of the applicable building code.

## INSURANCE AND INDEMNIFICATION

12.01 Tenant's Insurance Obligation. Tenant shall keep in full force and effect, at its expense, policies covering the following types of insurance:

- (a) comprehensive general liability insurance covering the Premises and all contractual liability of Tenant herein, which insurance shall name Landlord and Tenant as insureds, with a combined bodily injury and property damage single liability limit of at least Two Million Dollars (\$2,000,000.00);
- (b) fire, extended coverage and all-risk insurance in an amount equal to the replacement value of Tenant's Trade Fixtures, other furnishings and fixtures, inventory and betterments and improvements, the proceeds of which shall be used for the repair and/or replacement of said items;
- (c) Intentionally Omitted.
- (d) such other types of insurance as shall be required by law or regularly carried by those persons conducting business in the state in which the Retail Center is located similar to that conducted by Tenant in the Premises.

Landlord reserves the right in its reasonable discretion to increase the required policy limits set forth herein but in no event more than once every three (3) years.

12.02 Form, Content and Proof of Tenant's Policies. Each policy of insurance carried by Tenant shall be on a standard form issued by an insurance company authorized to do business in the site in which the Retail Center is located, may be part of a blanket policy covering other locations of Tenant, shall contain a provision prohibiting cancellation without at least fifteen (15) days prior written notice to Landlord and shall name Landlord and Landlord's managing agent as additional insureds; a certificate or other acceptable evidence that such a policy is in force shall be furnished to Landlord at least fifteen (15) days before (i) Tenant opens the Premises for business and (ii) a policy is due to expire; if Tenant does not so furnish any such certificate or other acceptable evidence, Landlord may procure such a policy and Tenant shall pay Landlord the cost thereof. Policies shall provide that proceeds with respect to damage to betterments and improvements shall be payable to Landlord, who shall make such proceeds available for the repair and replacement of such items. Tenant shall be permitted to self-insure plate glass.

12.03 Tenant's Share of Insurance Premiums. Tenant shall pay to Landlord, as additional rent, a share of the premiums payable by Landlord during the Term for insurance carried by Landlord covering the Retail Center. Tenant's share for the first and last calendar years of the Term shall be pro-rated. Tenant's proportionate share of insurance premiums shall be the ratio that the leaseable square footage of the Premises bears to the leaseable square footage of the Retail Center (exclusive of Common Areas).

12.04 Waiver of Subrogation. Landlord and Tenant each waives and releases the other from any claim for damage or loss the other may suffer which is covered by a policy of insurance carried by it or which it is

Tenant covering property damage shall contain an express provision authorizing Landlord or Tenant, as the case may be, to waive any right of subrogation against the other.

12.05 Impairment of Landlord's Insurance. Tenant shall not carry any stock of goods or do anything in or about the Premises or the building of which it is a part which will in any way impair or invalidate the obligation of any policy of insurance carried by Landlord or which will increase the premiums payable by Landlord for such insurance.

12.06 Indemnification of Landlord. Tenant shall indemnify and hold Landlord harmless from any and all claims, actions, damages, expenses (including reasonable attorney's fees and costs) and liability for damages to person or property (including Tenant's employees, customers and other invitees) in or upon the Premises, the vestibules, entryways and walkways adjoining same, and the loading platform area, if any, allocated to the use of Tenant. Tenant shall also indemnify and hold Landlord harmless from such liability for damages in other parts of the Retail Center if caused by Tenant's negligence, affirmative act or breach of its obligations under this Lease. All property kept, stored or maintained in the Premises shall be kept, stored or maintained at the sole risk of Tenant.

Tenant waives all claims against and releases Landlord, its employees and agents, from liability for damages or injury suffered by Tenant or any person claiming through Tenant as a result of accident or other occurrence in or upon the Premises or the other areas set forth above, unless the damage or injury was caused by Landlord's negligence.

#### SUBORDINATION

13.01 Subordination. This Lease is and shall be subject and subordinate to any mortgage, deed of trust, underlying leasehold estate or other arrangement or right to possession that may now or hereafter be placed upon or affect the Premises or the land of which the Premises is a part, to any and all advances to be made thereunder, to the interest payable thereon, and to all renewals, replacements, modifications, consolidations and extensions thereof. Notwithstanding the foregoing, Tenant's consent to subordinate this Lease shall be conditioned upon the execution of an agreement by and between the mortgage holder and Tenant, in recordable form, whereby the holder of the mortgage, its successors and assigns, shall agree not to disturb the possession and other rights of Tenant under or pursuant to the terms of this Lease during the Term, and in the event of acquisition of title or coming into possession of the Premises through foreclosure or otherwise by the holder of the mortgage, the holder shall accept Tenant as a tenant of the Premises under the terms and conditions hereunder, and to assume and perform all of Landlord's obligations hereunder, so long as Tenant is not in default and continues to perform its obligations under this Lease. This paragraph shall be self-operative and no further instrument of subordination (except as provided herein) shall be required. In confirmation of such subordination, Tenant shall promptly execute and deliver, at its own cost and expense, any instrument, in recordable form if required, Landlord may request to evidence such subordination. Upon any failure by Tenant to execute or deliver any such instrument, within ten (10) days of a request by Landlord, Tenant hereby constitutes and appoints Landlord its attorney-in-fact to execute any such instrument for and on behalf of Tenant.

13.02 Future Refinancing. If all or part of the Retail Center can be refinanced or further financed only upon the basis of modifications of this Lease, Tenant shall enter into a written agreement with Landlord making such Lease modifications as may be required; Tenant, however, shall not be required to make any modifications of this Lease relating to the amount of Rent, the purposes for which the Premises may be used, the size and location of the Premises, the duration of the Term, or the improvements, if any, to be made by Landlord to the Premises.

13.03 Certifications by Tenant. Tenant shall execute and deliver to Landlord, upon request of Landlord, such other instruments or assurances

Premises or the land of which the Premises is a part and, upon request, shall execute and deliver to Landlord, from time to time, written certification(s), in recordable form, stating

- (a) the expiration date of this Lease;
- (b) the date through which Minimum Rent payments have been made;
- (c) this Lease is in full force and effect and has not been assigned, modified or supplemented (except as specifically noted);
- (d) all obligations of and conditions to be performed by Tenant and Landlord under this Lease have been satisfied (except as specifically noted);
- (e) there are no defenses or off-sets to Tenant's obligation to pay Rent (except as specifically noted).

13.04 Financial Statements. Upon request of Landlord, Tenant shall furnish to Landlord, within ten (10) days, Tenant's then current balance sheet and profit and loss statement, prepared and certified by Tenant's Chief Financial Officer for use by Landlord in connection with a refinancing or sale of the Retail Center or other legitimate purpose.

#### ASSIGNMENT AND SUBLETTING

14.01 Assignment and Subletting. Without Landlord's prior written consent which such consent Landlord shall not unreasonably withhold, condition or delay, Tenant shall not:

- (a) assign, mortgage, pledge or in any other manner transfer its interest in this Lease or any estate or interest herein; nor
- (b) sublet all or part of the Premises; nor
- (c) permit a licensee or concessionaire to use all or part of the Premises.

Notwithstanding the foregoing, Landlord's consent shall not be required for, and Tenant shall have the right to make, upon thirty (30) days notice to Landlord, any assignment, transfer or subletting of the Premises, or any part thereof (i) to a parent, subsidiary or affiliated company and (ii) directly or indirectly, in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain of which the business in the Premises is a part in the state in which the Premises is located. Upon any assignment in accordance with this paragraph, the Tenant shall be relieved of any further liability hereunder; provided, however, that (i) the Guarantor named herein shall remain liable under the Guaranty, and (ii) the use of the Premises shall be as set forth in Section 7.01.

Upon thirty (30) days written notice to Landlord, Tenant shall have the absolute right to assign, sublet or otherwise transfer its interest in this Lease to a licensee, franchisee or operating subsidiary of Tenant, without Landlord's approval; provided, however, that (i) Tenant and Guarantor named herein shall remain fully liable for the full performance of all of the obligations under this Lease and the Guaranty, as applicable, and (ii) the use of the Premises shall be as set forth in Section 7.01.

Any violation of the foregoing paragraphs, at Landlord's option, shall be invalid and of no force or effect and/or shall be an event of default under Section 21.01.

If Landlord shall consent to a sub-lease by Tenant, Landlord may condition such consent upon the payment by Tenant to Landlord of that part of the aggregate of the Minimum Rent and other rent items payable by the sub-tenant to Tenant during each calendar month of the sub-lease term which exceeds the total Rent payable by Tenant to Landlord during the respective

obligations hereunder. Landlord's acceptance of Rent from any party other than Tenant shall not be deemed to have waived any of the provisions of this Section or to be a consent to an assignment or sublease.

In the event a majority percentage of the stock of the Tenant is sold, assigned, encumbered or otherwise transferred by any shareholder(s) of the Tenant, such sale, assignment, encumbrance or transfer shall be deemed an assignment of Tenant's interest in this Lease and shall be subject to Landlord's prior written approval, except as otherwise provided herein.

#### UTILITY SERVICES

15.01 Payment for Utility Services. Commencing on the earlier of the day (i) Landlord delivers possession of the Premises to Tenant or (ii) Tenant commences the performance of Tenant's Work in the Premises, Tenant shall pay all charges for water, sewer, electricity and other utility services and for meters or submeters used or required to be used on or in the Premises or based upon availability even though not used.

15.02 Utility Services by Landlord. Landlord shall have the right to supply utility services to Tenant, for which services Tenant shall reimburse to Landlord, as additional rent, Landlord's actual costs of providing such services. In no event shall Tenant be required to pay with respect to any utility service or service provided or designated by Landlord, an amount in excess of the amount that Tenant would be required to pay if it purchased the service directly from such utility or other company. If Landlord shall furnish any of such services, Landlord shall have the right to terminate same upon ten (10) days notice. Landlord shall not be liable for any interruption of a service provided by it, unless the interruption is the result of the gross negligence of Landlord or its agents or employees.

#### CONDEMNATION

16.01 Taking of Premises. If the whole or any part of the Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, or if title to the Premises shall be conveyed to the condemning authority by private sale in lieu of condemnation, this Lease shall automatically terminate as of the date that Tenant is required to vacate the portion of the Premises taken.

16.02 Non-Termination of Lease. Except as provided in Section 16.01, this Lease shall not be terminated or otherwise affected by any taking or sale in lieu of taking.

16.03 Awards. All compensation awarded or paid upon a total or partial taking of the Premises or the purchase price in lieu of a taking, including the value of the leasehold estate created hereby, shall belong to and be the property of Landlord without any participation by Tenant. Tenant, however, may independently prosecute a claim directly against the condemning authority for loss of business and/or depreciation to, damage to, and/or cost of removal of, and/or for the value of stock and/or Trade Fixtures and other personal property belonging to Tenant, provided that no such claim shall diminish or otherwise adversely affect Landlord's award or the awards of any and all ground and underlying lessors or mortgagees having an interest in the Retail Center.

#### FIRE AND OTHER CASUALTY

17.01 Damage. If the Premises of the Retail Center are damaged by fire or other casualty, but are not thereby rendered untenable or unusable for its intended purpose, Landlord shall, at its own expense, cause such damage to be promptly repaired and the Premises restored. If the Premises shall be damaged by fire or other casualty such that the Premises is rendered untenable or unusable for its intended purpose only in part, Landlord shall, at its own expense, cause the damage to be repaired and, until the Premises are restored, all Rent payments shall abate proportionately as to



purpose, Landlord may elect to terminate this Lease or repair and restore the Premises. In the event Landlord shall elect to terminate this Lease and the tenancy created thereby, Landlord shall provide Tenant, within sixty (60) days following the date of the occurrence, written notice of its intention to terminate this Lease, and in the event of such termination, Rent shall be adjusted as of the date of said occurrence. In the event Landlord shall elect to restore the Premises and such restoration is not completed within six (6) months of the date of the occurrence (the "Restoration Deadline") then, at Tenant's election, Tenant may terminate this Lease if Tenant provides written notice to Landlord of Tenant's election to terminate within fifteen (15) days of the Restoration Deadline, whereby Rent shall be adjusted as of the date of said occurrence (unless Landlord shall complete the restoration within such fifteen (15) day period in which event Landlord's termination of this Lease shall be null and void). Landlord's obligation to restore the Premises shall not include Trade Fixtures, signs, equipment in or serving the Premises, floor covering, lighting system, painting and decorating -- all of which shall be solely Tenant's responsibility; Tenant at its own cost shall complete its work diligently after Landlord delivers the Premises to it. All insurance proceeds with respect to betterments and improvements in the Premises shall belong to and be payable to Landlord; Landlord, however, shall make the betterments and improvements proceeds of Tenant's policies available to Tenant for its repair and restoration work if this Lease is not terminated.

#### SURRENDER OF PREMISES

18.01 Surrender. Tenant, on the last day of the Term, shall vacate and surrender the Premises, broom clean, in good order, condition and repair, together with all alterations, additions, improvements, equipment and fixtures which may have been made in, on, or to the Premises, except Trade Fixtures installed at the sole expense of Tenant which Tenant shall remove at its expense. If prior to the end of the Term Landlord shall notify Tenant that Landlord desires Tenant to remove from the Premises any or all alterations, additions, improvements, equipment and fixtures installed by Tenant therein, Tenant shall do so at Tenant's expense. If Tenant does not remove its Trade Fixtures from the Premises by the last day of the Term, the Trade Fixtures shall be deemed abandoned and Landlord shall have the right to take legal title to same, or to dispose of same, at Tenant's cost and expense, without further notice to Tenant. Tenant, at its expense, shall repair any damage to the Premises caused or revealed by the removal of Trade Fixtures or other installations removed or removable by Tenant.

18.02 Delivery of Keys. Upon surrender of the Premises, Tenant shall deliver the keys to the Premises to Landlord's resident agent (or to such other person as Landlord may designate) together with the combination of any lock or safe in the Premises. Delivery of such keys to an agent or employee of Landlord and acceptance of same prior to the last day of the Term shall not constitute a surrender of the Premises or termination of this Lease, unless Landlord shall consent to said surrender and termination.

18.03 Survival of Obligations. If Tenant shall be in default in the performance of any obligation herein on the last day of the Term, said obligation shall survive the end of the Term and the surrender of the Premises.

18.04 Holding Over. If Tenant shall not surrender the Premises by the last day of the Term, as provided in Section 18.01, it shall pay Landlord as liquidated damages for its use and occupancy of the Premises for each calendar month or partial calendar month subsequent to the last day of the Term a sum equal to two times the monthly installment of Minimum Rent payable during the last twelve calendar months of the Term pursuant to Section 4.02. In addition Tenant shall comply with all of Tenant's obligations under this Lease (except payment of Minimum Rent) as if the Term had not ended.

## MERCHANTS ASSOCIATION AND ADVERTISING

19.01 Merchants Association. Tenant shall join and maintain membership in any Retail Center Merchants Association, if formed ("Association") and shall:

- (a) pay promptly when billed, as additional rent, all dues allocated by the Association to the Premises during the Term, unless Landlord elects to have payments by Tenant in lieu of such dues made to Landlord as provided in the last paragraph of this Section;
- (b) advertise in all special newspaper sections and advertisements sponsored by the Association or Landlord; and
- (c) participate in special sales and promotions sponsored by the Association or Landlord.

If Landlord elects, Tenant shall pay to Landlord during the remainder of the calendar year after written notice from Landlord, a monthly sum equal to the dues (payable monthly or otherwise) last payable by Tenant to the Association; during the ensuing calendar year, Tenant shall pay to Landlord a sum equal to the annual dues last payable by Tenant, increased by one cent for each square foot of the Gross Floor Area of the Premises; such annual sum shall increase during each subsequent calendar year by an additional one cent for each such square foot. Landlord shall use all sums paid to it pursuant to this Section for Retail Center marketing, advertising, promotion and public relations expenses and administrative expenses related thereto.

19.02 Advertising. Tenant covenants and agrees to continuously advertise Tenant's business. Tenant shall use the name of the Retail Center as its advertised business address in lieu of or in addition to the street address, if any, of the Premises. Neither Landlord's name nor that of the Retail Center shall be used in advertising, or any other way, to confuse or mislead the public or others, or in a manner detrimental to Landlord or the Retail Center. The advertising referred to in this Section shall be in newspapers, radio or television or other media approved by Landlord.

## RETAIL CENTER

20.01 Retail Center. Retail Center means the land with improvements (of which the Premises forms a part) designated by Landlord from time to time as the Retail Center. All of said designated land and improvements shall be included as parts of the Retail Center until Landlord revokes such designation; designated land and improvements may be owned by parties other than Landlord.

20.02 Landlord's Obligation. Landlord shall, at its cost and expense, construct the Premises for Tenant's use and occupancy in accordance with plans and specifications prepared by Landlord or Landlord's architect, incorporating in such construction all items of work described in Exhibit B attached hereto and made a part hereof. Any work in addition to any of the items specifically enumerated in said Exhibit B shall be performed by Tenant at its own cost and expense. Any equipment or work other than those items specifically enumerated in said Exhibit B which the Landlord installs or constructs in the Premises on the Tenant's behalf shall be paid for by Tenant, as additional rent, within fifteen (15) days after receipt of a bill therefor at cost, plus fifteen percent (15%) for overhead and supervision.

20.03 Site Plans. Information set forth in any plan of the Retail Center, or any other drawing or written instrument, whether attached hereto or not, with respect to a layout of the buildings, parking areas, drives, curb cuts or any other improvement of the land constituting the Retail Center, or showing specific tenant space or the names of the tenants or other occupants thereof, or building or store dimensions, shall be deemed for informational purposes only and not a warranty or representation by Landlord.

20.04 Parking Facility. Landlord shall construct in the Retail Center

20.05. Financing. [Intentionally Deleted]

20.06 Exterior Improvements. If Landlord shall make exterior improvements to all or part of the buildings of the Retail Center (including the building of which the Premises is a part) after the first (1st) year of Tenant's occupancy, such as the installation of a new canopy over a walkway adjacent to the Premises, the installation of a new building fascia or parapet and/or the painting and/or decoration of an existing canopy and/or fascia and/or appurtenances thereto, such as canopy and fascia supports, Tenant shall pay, upon demand, a share of the costs of such improvements; such share shall be that percentage of the total amount of such costs as the front footage of the Premises bears to the total front footage of all stores upon or adjacent to which said improvements were or are to be made.

20.07 Landlord reserves and shall have the right at any time to:

- (a) make alterations or additions to and to build additional stories on the building of which the Premises is a part or any other building in the Retail Center and to build adjoining the same;
- (b) construct or remove other buildings or improvements in the Retail Center from time to time and make alterations thereof or additions thereto;
- (c) construct multi-deck or elevated parking facilities;
- (d) change building and store dimensions, the number and location of buildings, store dimensions, Common Areas and the identity and types of other stores and tenancies; and
- (e) relocate any tenant to another location in the Retail Center of comparable size prior to occupancy.

DEFAULT

21.01 Events of Default. If Tenant shall:

- (a) discontinue its business operations in the Premises (unless by reason of causes beyond its control); or
- (b) vacate or abandon the Premises; or
- (c) not pay an item of Rent when due; or
- (d) not perform any of its other obligations under this Lease; or
- (e) do any act it is specifically prohibited from doing by this Lease; or
- (f) default under any other lease between Landlord and Tenant or any entity in any way affiliated with Tenant,

such occurrence shall be an event of default. Landlord shall give Tenant notice of such event of default before exercising any remedy of Landlord set forth in Section 21.02.

21.02 Landlord's Remedies. If within seven (7) days after notice from Landlord pursuant to subdivision (c) of Section 21.01 Tenant shall have not paid a past due item of Rent in full, or if, within thirty (30) days after such notice from Landlord pursuant to other subdivisions of Section 21.01, Tenant shall have not, as the case may be:

- (a) recommenced its business operations in the Premises; or
- (b) performed such unperformed obligation(s) of Tenant as shall be stated in Landlord's notice; or

Landlord shall have the right to exercise by notice to Tenant one or more of the following remedies:

- (1) termination of this Lease and the Term on a date selected and specified by Landlord;
- (2) termination of Tenant's right of possession to the Premises without termination of this Lease on a date selected and specified by Landlord;
- (3) any other remedy permitted under law or equity.

The thirty (30) day notice period set forth in the first paragraph of this Section may be reduced by Landlord in its notice to a shorter period required by a governmental notice of violation, or by code, law, rule or regulation, or by an existing emergency. If the nature of an event of default (other than the payment of Rent) is such that it cannot be performed or discontinued by Tenant within thirty (30) days after notice from Landlord, Landlord shall not exercise any remedy permitted under this Section if Tenant commences the performance or discontinuance within such specified thirty (30) day period and diligently prosecutes same to completion.

If Landlord exercises a remedy under this Section and Landlord requires Tenant to do so, Tenant shall immediately vacate and surrender the Premises; if Tenant does not so vacate and surrender, Landlord shall have the right, without further demand or notice, to re-enter the Premises (Tenant hereby waiving any and all right to any statutory notice of re-entry) and remove all persons and property therefrom. Such re-entry shall be allowed by Tenant without interference or hindrance and Landlord shall not be liable in damages for re-entry or be guilty of trespass. Any remedies specifically provided for in this Section are in addition to and not exclusive of any other remedy available to Landlord.

Exercise by Landlord of a remedy set forth in this Section or any other remedy available to Landlord shall not release Tenant from its obligations under this Lease for the remainder of the then current Term (namely the period between the date Landlord exercises its remedy and the date this Lease would have expired but for the event of default and/or Landlord's exercise of its remedy) even though the remedy exercised shall have been the termination of this Lease.

**21.03 Landlord's Obligations After Re-Entry.** After re-entering the Premises Landlord may, but shall not be obligated to, lease all or part of the Premises to third parties. Any re-letting shall not release Tenant from its obligations under this Lease for the remainder of the then current Term, except that Rent collected from a third party for all or part of the Premises for any month of the then current Term shall be applied to Tenant's obligations under this Lease for the month for which payable under the third party lease. The third party lease shall be for such period, at such rent and upon such terms as Landlord, in its sole discretion, shall determine. Landlord shall have the right to alter, add to, repair, decorate and/or make leasehold improvements in the Premises for purposes of re-letting same. The cost of such work, plus any broker's commission or other cost of reletting, payable with respect to a third party lease for all or part of the Premises shall be payable by Tenant to Landlord upon demand as part of Landlord's damages resulting from Tenant's default.

Landlord may enter the Premises and without further demand, proceed by distress and sale of the goods there found to levy the Rent and all other charges herein payable as Rent and all costs and officer's commissions, including watchmen's wages, and further including all sums chargeable by law by Landlord, shall be paid by the Tenant, and that, in such case, all costs, officers' commissions and other charges shall immediately attach and become a part of the claim of said Landlord for Rent, and any tender of Rent without said costs made after the issue of a warrant of distress shall not be sufficient to satisfy the claim of said Landlord. Tenant hereby expressly waives, to the extent permitted by law, the benefit of all laws now made or that may hereafter be made regarding any limitation in which

V., Section 601, and all supplements and amendments thereto that have been or may hereafter be passed. Tenant authorizes the sale of any goods distrained for Rent at any time after five (5) days from said distraint without any appraisal and/or condemnation thereof. Landlord may re-enter and repossess the demised Premises, breaking open locked doors, if necessary, and may use as much force as necessary to effect such entrance without being liable to any action or prosecution for such entry or the manner thereof, nor shall Landlord be liable for the loss of any property upon the Premises. If the proceeds shall be commenced by Landlord to recover possession under the Acts of Assembly, either the end of a term or upon the occurrence of any event of default, Tenant expressly waives all rights to notice in excess of five (5) days (required in Pennsylvania by any Act of Assembly, including the Act of December 14, 1863, the Act of April 3, 1830 and/or the Act of April 6, 1951) and agrees that in either or any such case five (5) days' notice shall be sufficient. Without limitation of or by the foregoing, the Tenant hereby waives any and all demands, notices of intention and notices of action or proceedings which may be required by law to be given or taken prior to any entry or re-entry by summary proceedings, ejectment or otherwise, by Landlord, except as hereinbefore expressly provided with respect to the five (5) days' notice and provided further that this shall not be construed as a waiver by Tenant of any notices to which this Lease expressly provides Tenant is entitled.

21.04 Damages Upon Default. If, pursuant to Section 21.02, Landlord shall terminate this Lease, or recover possession of the Premises without such termination, the Minimum Rent and other items of Rent payable under this Lease for the remainder of the then current Term (less an amount equal to Landlord's estimate of the fair rental value of the Premises for the remainder of the then current Term) shall at once, at Landlord's option, become due and payable; in making its estimate of the fair rental value for the remainder of the then current Term, Landlord may determine the Premises to have no rental value for the number of months that Landlord shall estimate will elapse before rent shall be received by Landlord from third party tenant(s) for the Premises. Tenant's obligation to pay such sum and the termination of this Lease shall not release Tenant from its obligations under this Lease, which obligations shall survive.

Provisions in this Section notwithstanding, Landlord may, at its sole option, collect any unpaid rent in installments as it comes due.

21.05 Costs Incurred by Reason of Tenant's Default. Tenant shall pay to Landlord upon demand the costs, reasonable charges and expenses, including the reasonable fees and disbursements of attorneys, incurred by Landlord as a result of Tenant's failure to perform one or more of its obligations under this Lease or as a result of an action or proceeding brought against Landlord by Tenant in which Landlord shall prevail.

21.06 Right to Perform Lease Obligations. If Tenant shall not perform one or more of its obligations under this Lease, Landlord, after twenty-one (21) days notice to Tenant, may (but shall not be obligated to) perform such obligation(s) for the account of and at the expense of Tenant; in an emergency, however, no notice shall be required. If Landlord so performs or is compelled to incur any other expense arising out of such failure of Tenant (including, without limitation, attorneys' fees and disbursements in instituting, prosecuting or defending any suits, actions, or proceedings to enforce Landlord's rights under this or any other Section or otherwise) the sum or sums so incurred by Landlord, with all interest, costs and damages, shall be paid by Tenant to Landlord upon demand.

Upon fifteen (15) days written notice to Landlord, Tenant shall have the right to cure any default of Landlord including, but not limited to, any failure of Landlord to perform and/or complete Landlord's Work in accordance with and in the manner required by the provisions of this Lease; in an emergency, however, no notice shall be required.

21.07 Waiver by Landlord. A waiver of Landlord's right to act upon an event of default shall not be implied by Landlord's delay in acting upon same. An express waiver by Landlord of an event of default shall not be construed as a waiver of a subsequent similar event of default. The failure

contained shall not be construed as a waiver or a relinquishment for the future of any such obligation. Receipt by Landlord of Rent or any other payment or the acceptance by Landlord of performance of anything required by this Lease to be performed with knowledge of the breach of an obligation by Tenant shall not be deemed a waiver of such breach. No waiver of any provision or condition of this Lease shall be deemed to have been made unless expressed in writing and signed by the party against whom such waiver is charged.

21.08 Rights of Redemption. Tenant waives any and all rights of redemption granted by or under any present or future laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises by reason of an event of default.

21.09 Bankruptcy or Insolvency. If at any time after the date of this Lease:

- (a) a proceeding in bankruptcy, insolvency or reorganization shall be instituted against Tenant or a guarantor of this Lease pursuant to any Federal or State law now or hereafter enacted; or
- (b) a receiver or trustee of all or any portion of the business or property of Tenant or a guarantor of this Lease shall be appointed; or
- (c) an execution or attachment shall issue against Tenant or a guarantor of this Lease or any of their respective businesses or property or against the leasehold estate created hereby, and such proceeding, process or appointment shall not be discharged and dismissed within thirty (30) days after the date of such institution, appointment or issuance; or if
- (d) Tenant or a guarantor of this Lease shall be adjudged a bankrupt or insolvent; or
- (e) Tenant or a guarantor of this Lease shall make an assignment for the benefit of creditors; or
- (f) Tenant or a guarantor of this Lease shall file a voluntary petition in bankruptcy or petitions for (or enters into an arrangement for) reorganization, composition or any other arrangement with its or their creditors under any Federal or State law or hereafter enacted; or
- (g) this Lease or the estate of Tenant herein shall pass or devolve upon, by operation of law or otherwise, anyone other than Tenant,

Landlord shall have the right to treat such occurrence as an event of default; Landlord, however, shall not be required to give Tenant notice of such event of default before pursuing any remedy provided for in this Lease or by applicable law.

21.10 Trial by Jury. Landlord and Tenant each waives any right to trial by jury of any issue(s) in a summary proceeding or any other suit, action, proceeding or counterclaim at any time brought or instituted by or against the other with respect to or involving the Premises or any matter arising under or connected with this Lease and the relationship of landlord and tenant created hereby.

21.11 Confession of Judgment. If rent or any charges hereby reserved as rent, or liquidated damages or any other sum payable hereunder, shall remain unpaid when the same ought to be paid, Tenant hereby empowers any prothonotary or attorney of any court of record to appear for Tenant in any and all actions which may be brought for rent, liquidated damages or other charges or expenses agreed to be paid by Tenant hereunder and to sign for Tenant an agreement for entering into any competent court an amicable action or actions for the recovery of rent, liquidated damages or other charges or expenses, and in said suits or any part of the Rent including, at Landlord's option, the Rent for the entire unexpired balance of the term of this Lease,

damages, and for attorney's fees, interest and costs together with an attorney's commission of all five (5%) percent thereof. Said authority shall not be exhausted by one exercise thereof, but judgment may be confessed as aforesaid from time to time and as often as any of said Rent or other charges reserved as Rent or liquidated damages shall fall due or be in arrears, and such powers may be exercised as well as after the expiration of the original Term or during any extension or renewal of this Lease.

In the event that, and when, the Lease shall be determined by Term, covenant, limitation or condition broken, as aforesaid, either during the original Term of this Lease, or any extension thereof, and also when and as soon as the Term hereby created, or any extension thereof shall have expired, it shall be lawful for any attorney as attorney for Tenant to sign an agreement for entering in any competent Court an amicable action and judgment in ejectment, without any stay of execution or appeal against Tenant and all persons claiming under Tenant for the recovery by Landlord of possession of the herein demised Premises, without any liability on the part of said attorney, for which this Lease shall be a sufficient warrant, whereupon, if Landlord so desires a writ of possession with clauses for costs may issue forthwith without any prior writ or proceeding whatsoever. If for any reason after such action has been commenced the same shall be determined and the possession of the Premises hereby demised remain in or be restored to Tenant, the Landlord shall have the right in any subsequent default or defaults to bring one or more further amicable actions in the manner and form hereinbefore set forth, to recover possession of said Premises for such subsequent default. No such determination of this Lease nor taking, nor recovering possession of the Premises shall deprive Landlord of any remedies or action against Tenant for Rent or for damages due or to become due for the breach of any condition or covenant herein contained, nor shall the bringing of any such action for Rent, or breach of covenant or condition nor the resort to any other remedy herein provided for the recovery of Rent or damage for such breach be construed as a waiver of the rights to insist upon the forfeiture and to obtain possession in the manner herein provided.

In any amicable action of ejectment or for Rent in arrears, Landlord shall first cause to be in such action an affidavit made by it or someone acting for it setting forth the facts necessary to authorize the entry of judgment, of which facts such affidavits shall be conclusive evidence, and if a true copy of this Lease be filed in such action, it shall not be necessary to file the original as a warrant of attorney, any rule of court custom or practice to the contrary notwithstanding.

Any judgment, order or decree entered against Tenant by or in any court or Magistrate by virtue of the powers of attorney contained in this Lease, or otherwise, shall be final and Tenant will not take an appeal, certiorari, writ of error, exception or objection to same, or file a motion or rule to strike off or open or to stay execution of the same. Tenant releases to Landlord and to any and all attorneys who may appear for Tenant all errors in said proceedings. Tenant expressly waives the benefits of law, now or hereafter in force, exempting any goods on the Premises, or elsewhere from distraint, levy or sale in any legal proceeding taken by the Landlord to enforce any rights under this Lease. Tenant further waives the right to delay execution on any real estate that may be levied upon to collect any amount which may become due under the terms and conditions of this Lease, and does hereby waive any right to have the same appraised and authorizes the prothonotary to enter a Writ of Execution or other process upon Tenant's voluntary waiver, and further agrees that the said real estate may be sold on a Writ of Execution or other process.

#### CONSTRUCTION

22.01 Landlord's Work. Except as set forth in Exhibit B, Landlord shall have no obligation to make any repairs or improvements in or to the Premises, or the building of which it is a part, or to do any other work to prepare the Premises for the conduct of Tenant's business.

22.02 Tenant's Work. Tenant, at its expense shall do all things



required to do pursuant to Exhibit B; any work in the Premises performed or to be performed by Tenant is hereafter referred to as "Tenant's Work". Notwithstanding the foregoing, Landlord shall contribute to the Tenant (the "Landlord Contribution") the sum of Twenty Five Thousand Four Hundred Eighty and 00/100 Dollars (\$25,480.00) toward Tenant's Work (including so called "soft costs" in connection with Tenant's Work (e.g., architects, engineers' fees, etc.)) provided that (i) the Tenant's Work shall have been completed in the Premises and the Tenant shall provide substantiation to the Landlord that the Tenant's Work shall have been completed; (ii) the Tenant shall be open for business in the Premises and commence payment of Rent; and (iii) the Tenant shall provide to the Landlord waivers of mechanics liens from any contractors, subcontractors and suppliers in connection with Tenant's Work; the Landlord Contribution shall be paid within ten (10) days of the satisfaction by the Tenant of subsections (i), (ii) and (iii) hereinbefore described.

Promptly after Landlord's approval of the Plans referred to in Section 22.03 and delivery of possession of the Premises to Tenant, Tenant shall cause Tenant's Work to commence, be diligently prosecuted and expeditiously completed by persons acceptable to Landlord. All Trade Fixtures, Leasehold Fixtures and Betterments and Improvements and other materials installed in the Premises and work performed therein by Tenant shall be new and of first class quality. Any workmen employed in the Premises by or on behalf of Tenant, whether through contractors or subcontractors, shall work in harmony with other workmen in the Retail Center if labor disputes arise within the Premises or the Retail Center as a result of Tenant's Work, it shall be Tenant's obligation to end same. All Tenant's Work shall comply with applicable codes and other governmental requirements and shall be performed in accordance with the provisions of this Lease, any criteria prepared by Landlord and the working rules of Retail Center Management. Tenant's Work shall include without limitation of generality the securing of all permits and payment of fees required in connection with the store construction, applications and payment of fees and charges for utility services, and the securing of a valid Certificate of Occupancy; two copies of all applications, permits and certificates are to be approved by Landlord.

If at the inception of the Term, or at any time during the Term, Landlord shall deem that Tenant's use or anticipated use of areas outside the Premises (including the exterior faces of exterior walls of the Premises) requires improvements to the specified area(s), Tenant shall make such improvements at Tenant's expense in a manner designated by Landlord.

Trade Fixtures shall mean articles of personal property placed by Tenant within the Premises (excluding those, however, described as Leasehold Fixtures in the next paragraph) to enable Tenant to store, handle, display and sell merchandise, provided such articles are removable without damage to, or with minimum repairable damage to, the Premises.

Leasehold Fixtures (excluding those items to be provided by Landlord in accordance with the provisions of Exhibit B) shall mean articles of personal property placed by Tenant within the Premises, which are removable (albeit with some damage to the Premises) and are included within the following described classifications: (i) heating, ventilating and air-conditioning system, including HVAC components and ductwork; (ii) light fixtures; (iii) plumbing system, including pipes and fixtures (sinks, water closets, etc.); (iv) electric system, including wiring, panel boxes, outlets and all other components; (v) floor coverings; (vi) doors and door hardware; (vii) ceiling tiles and other components; and (viii) Tenant's exterior identification sign(s).

**22.03 Tenant's Plans.** Tenant, at its expense, shall have complete working drawings and specifications describing in all detail Tenant's Work, including the design and construction of its store, prepared by an architect licensed to practice in the state in which the Retail Center is located. Within fifteen (15) days ensuing execution of this Lease, three (3) sets of drawings and specifications, together with Tenant's fixturing drawings and details, shall be submitted to Landlord for Landlord's approval. Landlord will return a set of prints with Landlord's approval and/or comments noted thereon, within ten (10) days after Landlord's receipt thereof. Within five (5) days after



submittal modified pursuant to Landlord's comments, if any, and shall provide Landlord with three (3) sets of prints of the revised final drawings and specifications, which taken together are hereinafter called the Plans and which shall be followed faithfully in the construction of the store. Any loads imposed on the structure pursuant to Tenant's design shall be within limits prescribed by code and recommended by current AISC/CRSI manuals.

In overseeing the design aspects of Tenant's Work, Landlord encourages innovative design which will reflect the individual character of each tenant and produce visually exciting and functionally efficient stores -- habitats for effective merchandising and conduct of business. These goals, together with the requirements that materials and equipment be new, of good quality and easily maintained, will form the general criteria for Landlord's review and approval. Landlord particularly invites diversity and ready tenant identification in the design of Retail Center storefronts, all within the boundaries of good taste and consistent with the aspects of the Retail Center.

The Plans must be approved by Landlord prior to the commencement of any Tenant's Work. Once approved by Landlord, no changes shall be made in the Plans, except with Landlord's consent. A set of the Plans shall be maintained at the Premises during construction for Landlord's inspection. At the conclusion of construction, Tenant shall furnish one set of "as built" sepia's of the Plans to Landlord.

22.04 Signs. Tenant, at its expense, shall install and maintain one identification sign in a sign box or other sign systems to be provided by Landlord, on the exterior of the front wall of the Premises. Tenant may, but shall not be required, to hire Landlord's sign subcontractor to install and maintain the sign. Landlord shall be responsible for the installation of the sign box for the Premises. The expense associated with the installation of the sign box shall be borne by Tenant and Tenant shall be solely responsible for upkeep and maintenance of the sign box and sign after installation. Prior to the installation of any sign or similar advertising material upon the exterior of the Premises (including the exterior and interior of all doors and windows of the Premises), Tenant shall obtain Landlord's approval of the design, size, lettering, appearance, materials, location and method of installation of the sign or advertising material. Signs shall comply with all conditions specified in Landlord's approval, including sign criteria attached hereto as Exhibit F, if any, and all applicable laws, regulations and ordinances. Landlord shall strictly enforce any and all sign criteria set forth above. Any sign installed by tenant in violation of the above paragraph shall constitute a breach of the lease. Landlord, in addition to any other remedies available to it for breach of lease, may remove any non conforming, and replace such non conforming sign with a conforming sign, at Tenant's sole cost and expense.

Tenant shall be entitled to place, maintain, and Landlord shall allow to be permitted, placed and maintained, at Tenant's cost and expense, appropriate signage on the interior of the window area. At Landlord's request, Tenant shall promptly remove its exterior sign(s) in connection with the installation, repair, replacement or maintenance of a canopy and/or fascia on or adjacent to the Premises; such sign(s) shall be reinstalled by Tenant after Landlord's work is completed. Tenant shall pay the cost of removal and reinstallation. If Landlord shall install a sign or directory identifying Tenant and other tenants, Tenant shall pay a pro rata share (based upon the number of tenants identified on said sign or directory) of the costs of purchasing, installing, maintaining and replacing said sign or directory, including the component parts thereof.

22.05 Mechanic's Liens. Tenant shall pay all sums of money due for labor, services, materials, supplies and equipment furnished at Tenant's request with respect to the Premises or any other part of the Retail Center. If a mechanic's, materialman's or other lien (or notice of intent to file such a lien) is filed or recorded against the Premises, the Retail Center, or Landlord's interest in either, based upon labor, services, materials, supplies, equipment or the like ordered, or alleged to have been ordered by Tenant, and said lien constitutes an encumbrance upon the fee or

therein, Tenant shall cause such lien to be discharged of record within ten (10) days after Tenant first has knowledge of such lien. If such lien is not discharged within said ten (10) day period, Landlord shall have the right to cause such discharge by payment to the lien or, deposit of substitute security with a court having jurisdiction, bonding, or such other means chosen by Landlord; the entire cost of said discharge, including monies paid to the lienor, into court, as security with a bondsman, or otherwise, and costs of effecting same, including the fees of landlord's attorney, shall be paid to Landlord by Tenant upon demand. Tenant shall, upon request, furnish Landlord with contractor's affidavits, full and final waivers of right to lien and receipted bills covering all labor and materials expended and used in or about the Premises by or at the request of Tenant.

#### MISCELLANEOUS

23.01 Applicable Law. The law of the state in which the Retail Center is located shall govern the validity, performance and enforcement of this Lease.

23.02 Captions. Captions and Section headings are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of this Lease, of individual Sections or Articles or the intent of any provision herein.

23.03 Consents and Approvals. A consent or approval required under this Lease or claimed by Landlord or Tenant to have been given by the other party shall not be effective unless reduced to writing and signed by the party giving the consent or approval.

23.04 Entire Agreement. This Lease and the Exhibits, if any, attached hereto, set forth the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Premises and Retail Center; there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by it.

23.05 Entry by Landlord. Landlord shall have the right to enter the Premises during business hours (or at any time in event of emergency) to inspect the Premises, make repairs, additions or alterations (either to the Lease Premises or the building of which it is a part), exercise any of Landlord's rights or perform any of its obligations herein, or for any other lawful purpose. Landlord may exhibit the Premises to Prospective tenants, purchasers or others and, during the last ninety days of the Term, may display "For Rent" or similar signs on the windows or doors of the Premises. Work performed by Landlord in the Premises or the building of which it is a part shall not constitute constructive eviction, or be the basis for abatement of Rent or damages. Whenever Landlord shall enter, or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent practicable, without materially interfering with the conduct of Tenant's business.

23.06 Exterior of Premises. The exterior faces of the exterior walls of the Premises and the roof of the building of which the Premises is a part are not leased to Tenant. Tenant shall not install without Landlord's consent any equipment or fixtures upon such roof or exterior walls including, without limitations, awnings, canopies, marquees, signs, radio or television antennae, loudspeakers or other sound equipment, lights and hearing, ventilating and air-conditioning equipment. Tenant shall not go upon or permit contractors or others engaged by Tenant to go upon, any roof of the Retail Center without Landlord's permission.

23.07 Imputation. For purposes of this Lease, the negligence, affirmative act or violation of the provisions of this Lease by an employee or agent of Landlord or Tenant, or by a contractor, or employee or agent of a contractor, employed by Landlord or Tenant, shall be the negligence,

23.08 Joint and Several Liability. If more than one individual and/or entity constitutes Tenant, or more than one holder of Tenant's interest has liability hereunder, all such parties, together with any guarantor(s) of this Lease, shall be liable jointly and severally for the performance of Tenant's obligations under this Lease.

23.09 Landlord's Liability. Notwithstanding anything in this Lease to the contrary, Tenant shall look solely to the estate and property of Landlord in the land and buildings comprising the Retail Center for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord to Tenant; no other asset of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim.

23.10 Notices. Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be written and sent by postpaid certified mail, return receipt requested, to Landlord at c/o Wheeler Development Group, Inc., 4520 City Line Avenue, Philadelphia, Pennsylvania 19131, Attn: Mr. Harold B. Wheeler; or to Tenant at J.C. City Centre PA III, Inc., c/o Jennifer Warehouse, 245 Roger Avenue, Inwood, New York 11696, with a copy to Law Office of Bernard Wincig, Attn: Bernard Wincig, Esq., 574 Fifth Avenue, New York, New York 11696 or such other place as either party may designate in writing from time to time. Date of service of such instrument shall be the date on which such instrument is placed in a United States Postal Service mail box or post office.

23.11 Quiet Possession. Tenant, upon paying all Rent and performing all other Tenant's obligations provided for in this Lease, shall have, hold and enjoy quiet possession of the Premises, subject to the terms of this Lease, the rights of the holders of any mortgage or lease or other lien or encumbrance to which this Lease may be subordinate, and to restrictions, easements, zoning laws and governmental or other regulations, if any, now or hereafter affecting or governing the Retail Center.

23.12 Real Estate Broker. Tenant warrants to Landlord, knowing that Landlord relies upon said warranty in entering into this Lease, that Tenant was not introduced to Landlord by a real estate broker, or any other party acting as such other than Richard Brunelli, Inc., and did not conduct any negotiations or discussions with respect to this Lease, the Premises, or any other space in the Retail Center, by or through any such broker other than Richard Brunelli, Inc. If a claim is made against Landlord for compensation or damages based upon any such dealings by Tenant with a real estate broker or any other party acting as such other than Richard Brunelli, Inc., Tenant shall indemnify and hold Landlord harmless against damages resulting from said claim and the costs and expenses of Landlord in defending against same.

23.13 Recording of Lease. Each party agrees not to record this Lease, but each party hereto agrees on request by the other, to execute a Notice or Short Form of this Lease in recordable form in accordance with applicable statutes, and reasonably satisfactory to Landlord's attorneys and Tenant's attorneys. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and it is not intended to vary the terms and conditions of this Lease. The costs and expenses to record such document shall be borne by the party requesting that such document be prepared and executed.

23.14 Relationship of Parties. This Lease shall not create any relationship (such as that of principal and agent, partnership, joint venture, or association) between Landlord and Tenant, other than that of lessor and lessee.

23.15 Representations and Agreements. An agreement or representation made, or alleged to have been made by or on behalf of either party hereto shall be null and void and without effect unless in writing signed by the party to be charged.

23.16 Reservation of Easement. Landlord may install, maintain, repair and use pipes, ducts, conduits, vents and wires leading in, through, over or under the Premises. Any work by Landlord in the Premises pursuant to this Section shall be performed so far as practicable in such a manner as to avoid undue interference with Tenant's business operations.

23.17 Rules and Regulations. For the proper operation of the Retail Center and the Premises, Landlord, from time to time, may establish applicable rules and regulations with which Tenant shall comply. All rules and regulations that Landlord may make shall be uniform, reasonable, and applied equally on a non-discriminatory basis to all of the tenants, and shall not conflict with any provisions of this Lease.

23.18 Successors and Assigns. The provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. "Landlord" and "Tenant", when used in this Lease, shall be deemed to refer to the holders from time to time of the interests of the lessor and lessee under this Lease without releasing previous holders of the Tenant's interest from liability resulting from the execution of this Lease or the subsequent assumption of the Tenant's obligations hereunder. Nothing in this Section shall be construed to authorize or permit Tenant to assign or otherwise transfer its interest in this Lease without Landlord's consent. Any person occupying all or any portion of the Premises as a result of an assignment or transfer without Landlord's consent shall be bound by all the obligations of Tenant but shall not be entitled to any benefit of Tenant hereunder.

23.19 Transfer by Landlord. If Landlord conveys, assigns or otherwise transfers its interest in the Retail Center or this Lease, except as collateral security for a loan, upon such transfer Landlord shall be released and relieved from all liability with respect to the performance of all obligations on the part of Landlord to perform hereunder from and after the date of such transfer. It is intended that the obligations on the part of Landlord to be performed hereunder shall be binding on each holder of Landlord's interest hereunder only during and in respect of its respective period of ownership of a fee or leasehold interest in the Retail Center or in this Lease. This provision shall not be deemed, construed or interpreted to be or constitute an agreement, express or implied, that Landlord's interest hereunder and in the Retail Center or any part thereof shall be subject to impressment of an equitable lien.

23.20 Options to Renew. Subject to the conditions listed below and provided that the Tenant has not sublet the Premises or assigned the Lease, the Tenant shall have, and is hereby granted, the option to renew this Lease for two (2) terms of five (5) years each (the "Option Terms") following the expiration of the original Term or the first Option Term, as the case may be. The Tenant may exercise each option to renew if, and only if:

- (a) Tenant notifies Landlord in writing not less than nine (9) months prior to the expiration of the original Lease Term or the first Option Term, as the case may be, of its exercise of said option;
- (b) The Minimum Rent to be paid by Tenant to the Landlord during the first Option Term shall be payable according to the following schedule:

<u>Lease Year</u>	<u>Annual Minimum Rent</u>	<u>Monthly Installment</u>
1	\$99,121.37	\$8,260.11
2	\$99,121.37	\$8,260.11
3	\$99,121.37	\$8,260.11
4	\$99,121.37	\$8,260.11
5	\$99,121.37	\$8,260.11

- (c) The Minimum Rent to be paid by Tenant to the Landlord during the second Option Term shall be payable according to the following schedule:

<u>Lease Year</u>	<u>Annual Minimum Rent</u>	<u>Monthly Installment</u>
1	\$113,989.57	\$9,499.13
2	\$113,989.57	\$9,499.13
3	\$113,989.57	\$9,499.13
4	\$113,989.57	\$9,499.13
5	\$113,989.57	\$9,499.13

(d) Tenant is not then in default, this Lease is in full force and effect and Tenant is in possession of the Premises.

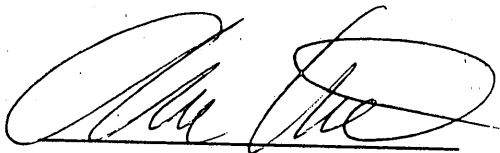
Except as aforesaid, all other terms and provisions of this Lease shall be applicable during each Option Term.

23.21 Force Majeure. Except as otherwise specifically provided herein, in any case where either party hereto is required to do any act (except for payment of Rent or procurement of insurance), delays caused by or resulting from acts of God, war, civil commotion, fire or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, or other causes beyond such party's reasonable control, shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time". The foregoing shall not apply to the prompt payment of Rent by Tenant and the procurement by Tenant of insurance required by the terms of this Lease.

23.22 Authority. The individuals executing this Lease hereby represent that they are empowered and duly authorized to so execute this Lease on behalf of the parties they represent.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date set forth on the cover page hereof.

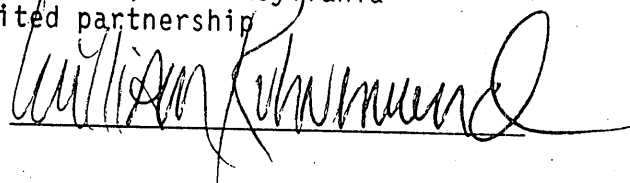
WITNESS:



LANDLORD:

CITY CENTRE ASSOCIATES LIMITED  
PARTNERSHIP, a Pennsylvania  
limited partnership

By:



ATTEST:

TENANT:

J.C. CITY CENTRE PA III, INC., a  
Pennsylvania corporation

By:

Harley Greenfield, President

[CORPORATE SEAL]

ATTACHMENTS:

Exhibit A	Plan
Exhibit B	Building Standard Work Letter
Exhibit C	Rules and Regulations
Exhibit D	Commencement Letter
Exhibit E	Exclusive Uses Not Allowed to Tenant
Exhibit F	Tenant Sign Criteria
Exhibit G	Guaranty of Lease

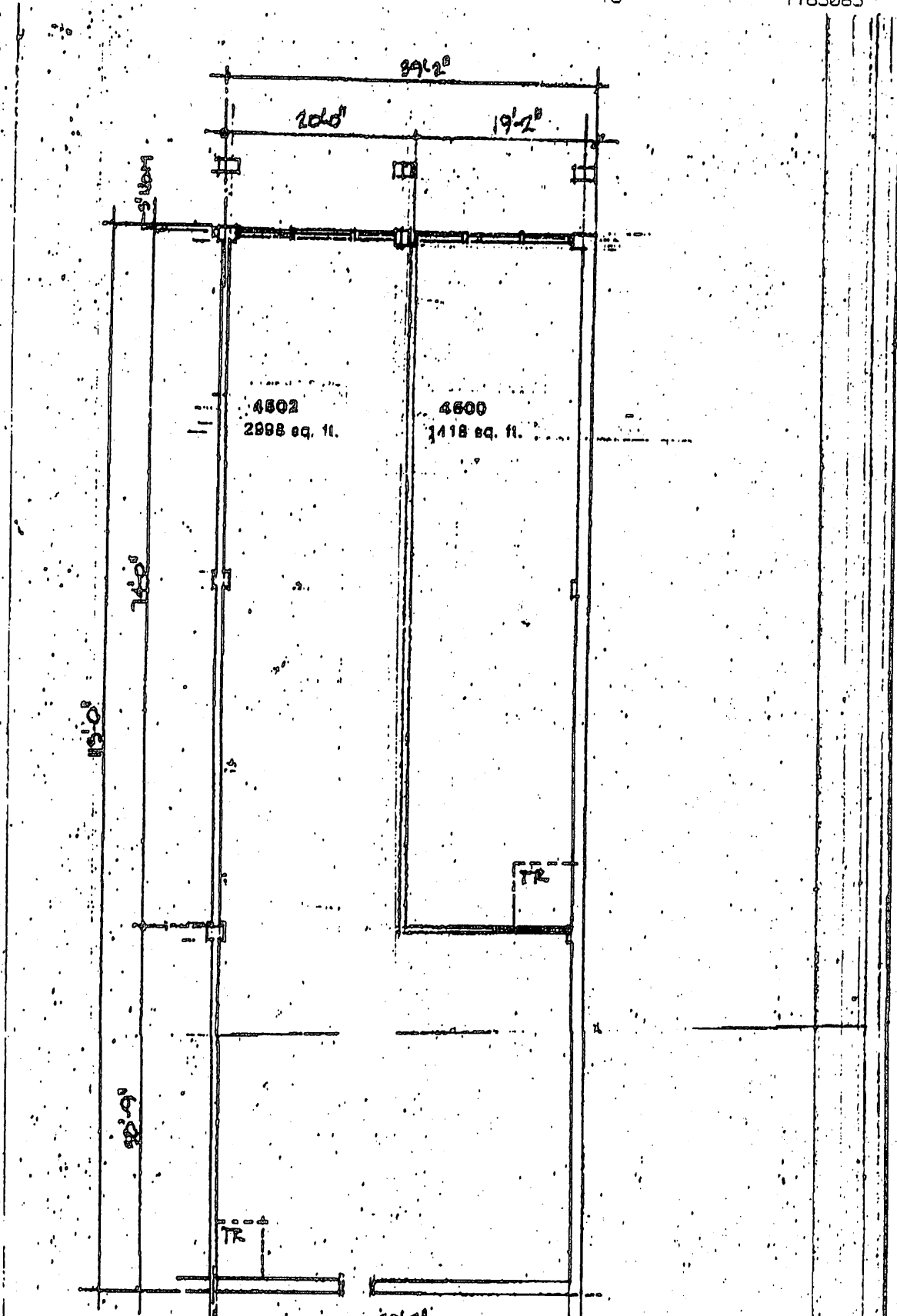
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FROM

TO

7783063

P.02



## EXHIBIT B

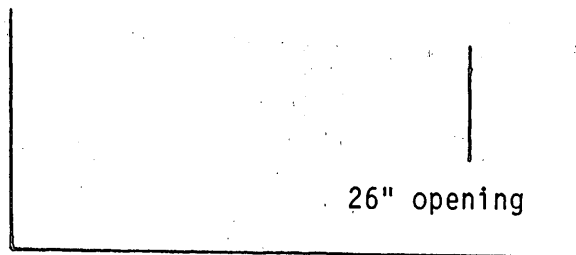
### LANDLORD'S WORK LETTER

Landlord shall provide at its sole cost and expense a standard store consisting of the following:

- 1) Concrete Floor - Concrete floor slab smooth and acceptable for tenant floor finish if demolition is required, store floor slab shall be patched and ground smooth and level.
- 2) Demising Partitions - Studs and gypsum board taped and sanded smooth ready for paint finish. (The interior back wall must be finished.) Plans to be reviewed and approved by Landlord.
- 3) Interior Partitions - Studs and gypsum board taped and sanded ready for paint finish. Interior partitions shall be installed for stockroom (when applicable) and toilet per tenant's plans to be reviewed and approved by Landlord.
- 4) Ceiling - As is.
- 5) Paint - Benjamin Moore 1479 flat latex. Bathroom walls, doors and trim matching color semi gloss latex.
- 6) Flooring - Commercial 20 ounce carpeting throughout entire location, color Charcoal Gray. Bathroom floor to have gray tile. Front entrance way to have gray ceramic tile (where applicable).
- 7) Floor Base - 4" rubber cove base around perimeter of store, stockroom and toilet to be black.
- 8) Lighting - Track lighting single circuit track black, style Halo L704 MB. Bulbs 90 watts Par 38 Cap Halogen, rows of lighting should extend 6 feet from the front of the store to 2 feet from the back wall. Individual track should run across the front of the showroom in order to illuminate the showcase windows (2' off glass). Individual heads should be 2.5 feet apart alternating in opposite directions (lighting plan to be provided). Rows of track approximately 6 feet to 8 feet apart. Subject to review and approval of plans by Landlord.
- 9) Electrical - Electrical outlets placed every 6 feet on all walls. 120/208 AMPS/Voltage/Panel distribution. Electricity to run to exterior sign. Two pole electric time clock needed; for exterior sign and for front track lights. Designated circuit for alarm system. Quad outlet near desk area run through ceiling and dropped to location (separate circuit).
- 10) Telephone System - 4 modules/4 lines.
- 11) HVAC - 12½ tons - as is.
- 12) Roof - Structure to be guaranteed.

- 13) Toilet - One handicapped toilet complete with lavatory, toilet, mirror, light, toilet paper dispenser, soap dispenser, paper towel dispenser and all handicapped grab bars in accordance with all local building codes.
- 14) Plumbing - Sewer service and hot and cold running water. Must meet all local building and health codes.
- 15) Store Front - Glass storefront in an anodized color aluminum frame with double front entry doors complete with hardware per local building codes.
- 16) Rear Service or Exit Door - 3'x7' x 1-1/4" Fire rated (if required) hollow metal door and frame, complete with lockset and all hardware per all local building codes.
- 17) Interior Column - Finish all exposed columns visible in Tenant's sales area.
- 18) Illuminated Exit Signs - Provide all illuminated exit signs and lighting as required by local building codes.
- 19) Half Wall Spaces (FORTRESS)
  - Area to be 10' x 10'
  - Wall to be framed out with 2' x 4' lumber
  - Wall height to be 42"
  - Sheetrocked both sides with 5/8" sheetrock
  - 4 3/4" Pine to be placed on the top of half wall
  - 2 1/4" Finger joint Clam Shell molding to be placed on both sides of half wall to finish off 3/4" Pine edge.

DIAGRAM:



- Wall to be painted as follows: Top - Semi gloss black, remainder Benjamin Moore 1479 flat latex
  - Base of wall all the way around to have 4" black cove base
- 21) Platforms - Platforms are to be built in window areas where applicable. These are to have steps for easy access. (Plans to be provided; subject to review and approval by Landlord).



## EXHIBIT C

### RULES AND REGULATIONS

#### CITY CENTRE RETAIL CENTER

Tenant agrees as follows:

1. All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances, designated for such purposes by Landlord.
2. The delivery or shipping of merchandise, supplies and fixtures to and from the leased premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the leased premises of the Retail Center.
3. All garbage and refuse shall be deposited in the kind of container specified by Owner, and shall be prepared for collection in the manner and at the times and places specified by Landlord. If the Landlord shall provide or designate a service for picking up refuse and garbage, Tenant shall use same at Tenant's cost. Tenant shall pay the cost of removal of any of Tenant's refuse or rubbish.
4. No radio or televisions or other similar device shall be installed without first obtaining in each instance Landlord consent, in writing. No aerial shall be erected on the roof or exterior walls of the premises, or on the grounds, without in each instance, the written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time.
5. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the premises without the prior written consent of Landlord.
6. If the leased premises are equipped with heating facilities separate from those in the remainder of the Retail Center, Tenant shall keep the leased premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
7. The outside areas immediately adjoining the premises shall be kept clean and free from snow, ice, dirt and rubbish by Tenant to the satisfaction of Landlord, and Tenant shall not place or permit any obstructions or merchandise in such areas.
8. The plumbing facilities shall not be used for any other purpose than that for which they were constructed, and no foreign substances of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Tenant, who shall, or whose employees, agents or invitees shall have caused it.
9. Tenant shall use at Tenant's cost such pest extermination contractor as Landlord may direct at such intervals as Landlord may require.
10. Tenant shall not burn any trash or garbage of any kind in or about the leased premises, the Retail Center, or within one (1) mile of the outside property line of the Retail Center.

EXHIBIT D

CERTIFICATE OF COMMENCEMENT

CITY CENTRE RETAIL CENTER

THIS CERTIFICATE OF COMMENCEMENT ("Certificate") is made this \_\_\_\_\_ day of \_\_\_\_\_, 1992 by and between CITY CENTER ASSOCIATES LIMITED PARTNERSHIP, a Pennsylvania limited partnership ("Landlord") and J.C. CITY CENTRE PA III, INC., a Pennsylvania corporation ("Tenant").

WHEREAS, Landlord and Tenant have entered into a Lease dated \_\_\_\_\_, 1992 ("Lease"); and

WHEREAS, Landlord and Tenant now desire to specify certain significant dates pursuant to the Lease,

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant warrant and represent each to the other as follows:

1. The Substantial Completion Date is \_\_\_\_\_, 19\_\_.
2. The commencement date of this Term is \_\_\_\_\_, 19\_\_.
3. The Minimum Rent Commencement Date is \_\_\_\_\_, 19\_\_.
4. The expiration date of the Term is \_\_\_\_\_.

IN WITNESS WHEREOF, Landlord and Tenant do hereby execute this Certificate under seal on the day and year first above written.

WITNESS:

LANDLORD:

CITY CENTRE ASSOCIATES LIMITED  
PARTNERSHIP, a Pennsylvania limited  
partnership

By: \_\_\_\_\_

ATTEST:

TENANT:

J.C. CITY CENTRE PA III, INC., a  
Pennsylvania corporation

By: \_\_\_\_\_  
Harley Greenfield, President

EXHIBIT E

EXCLUSIVE USES NOT ALLOWED TO TENANT

CITY CENTRE RETAIL CENTER

Tenant agrees to recognize any "exclusives" now or hereafter granted by the Landlord to other tenants of the Retail Center, including, without limitation, the following:

1. Tenant will not operate a business whose primary business is:

(a) A store (i) selling or displaying for sale imported furniture; (ii) selling or displaying for sale adult clothing and/or accessories similar in style and/or design to that presently carried by Pier 1 Imports referred to as "Passports", or (iii) selling or displaying for sale advertised imports similar to those sold in the majority of Pier 1 Imports stores located in Philadelphia, Pennsylvania. The aforesaid restrictions shall not apply to incidental sales of such items in connection with the overall business of Tenant in the Retail Center. As used herein, "incidental sale" shall mean a product line which does not exceed ten percent (10%) of Tenant's Gross Sales. A store in the business of selling "advertised imports" shall mean any store that holds itself out primarily as a business importing goods into the United States for retail sale (by way of example, but not of limitation, Pier 1 Imports, World Bazaar and Cost Plus).

2. Tenant further agrees that it shall not, under any circumstances:

sell, or display for sale, "Big and Tall" (i.e., oversized) clothing as part of its primary business. Notwithstanding the foregoing, Tenant shall be permitted to sell clothing and related accessories.

EXHIBIT F

TENANT SIGN CRITERIA  
CITY CENTRE RETAIL CENTRE

SECTION 1

(To Be Provided)

## EXHIBIT G

### GUARANTY

FOR VALUE RECEIVED, the undersigned, JENNIFER L.P. III, a Delaware partnership (hereinafter designated as "Guarantor") hereby unconditionally guarantees to CITY CENTRE ASSOCIATES LIMITED PARTNERSHIP (the "Landlord"), its successors and assigns the full and prompt performance and observance by J.C. CITY CENTRE PA III, INC. (the "Tenant") and its successors or assigns of all the terms and conditions of the Agreement of Lease dated \_\_\_\_\_, 1992, between Landlord and Tenant, (hereinafter the "Lease") on the part of the Tenant thereunder to be performed or observed, and if at any time default shall be made by said Tenant or its successors or assigns in the full and prompt performance or observance of any of the terms or conditions of said Lease on Tenant's part to be performed or observed, Guarantor will thereupon perform and observe the same, as the case may be, in place and stead of Tenant without demand or notice. No waiver, modification, amendment, indulgence, forbearance, release or discharge granted or permitted by Landlord as to any of the terms or conditions of said Lease shall release or modify the obligations of Guarantor hereunder, nor shall Landlord be required to give any notice thereof to Guarantor.

The obligations of Guarantor hereunder shall not be relieved by Landlord's receipt, application or release of any security given for the performance and observance of any terms and/or conditions in said Lease on Tenant's part to be performed or observed.

The liability and obligation of the Guarantor hereunder to Landlord and its successors and assigns shall not be diminished, released or in any way affected by (a) the release or discharge of Tenant in any creditors' receivership, bankruptcy, insolvency, or other proceedings; (b) the impairment, limitation or modification of the liability of Tenant or its estate in bankruptcy; (c) the existence or exercise of any remedy for enforcement of Tenant's liability under the Lease; (d) the limitation or discharge of Tenant's liability under the Lease by reason of the operation of any present or future provision of any Bankruptcy Statute of the United States of America or any Rules with respect thereto or any state law and/or statute of any decision of any court, and/or the rejection or disaffirmance of the Lease in any such proceedings; (e) any assignment or transfer of the Lease by Tenant; (f) any disability or other defense of Tenant; or (g) the release from any cause whatsoever of the liability of Tenant under the Lease.

Until all the covenants and conditions of the Lease on Tenant's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payments or performance by Guarantor as to or under this Guaranty; (b) waives any right to enforce any remedy which it now or hereafter has against Tenant by reason of any payment or performance by Guarantor hereunder; (c) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under said Lease; and (d) waives any right to a trial by jury in any action brought under this Guaranty.

In the event that any amounts due hereunder shall remain unpaid when the same ought to be paid, Guarantor hereby empowers any prothonotary or attorney of any court of record to appear for Guarantor in any and all actions which may be brought for the sums and other charges or expenses agreed to be paid by Guarantor hereunder and to sign for Guarantor an agreement for entering into any competent court an amicable action or actions for the recovery of said sums or other charges or expenses, and in said suits or in said amicable action or actions to confess judgment against Guarantor for all or any part of the sums due hereunder and any other charges, payments costs or any part of the sums due hereunder and any other charges, payments, costs and expenses agreed to be paid by Guarantor, and for an attorney's fee, interests and costs, together with an attorney's

commission of five percent (5%) thereof. Said authority shall not be exhausted by one exercise thereof but judgment may be confessed as aforesaid from time to time and as often as any of said amounts or other charges to be paid hereunder shall fall due or be in arrears, and such powers may be exercised as well after the expiration of the original term of the Lease or during any extension or renewal of the Lease.

Any judgment, order, decree entered against Guarantor by or in any court or magistrate by virtue of the powers of attorney contained in this Guaranty, or otherwise, shall be final and Guarantor shall not take an appeal, certiorari, writ or error, exception or objection to same, or file motion or rule to strike offer open or to stay execution of the same. Guarantor releases to Landlord and to any and all attorneys who may appear for Guarantor all errors in said proceedings.

Notwithstanding anything contained herein to the contrary, Guarantor's liability hereunder shall not exceed the sum of Forty Eight Thousand Seven Hundred Seventeen and 00/100 Dollars (\$48,717.00). The Guarantor's aggregate liability hereunder shall be reduced by the sum of Nine Thousand Seven Hundred Forty Three and 40/100 Dollars (\$9,743.40) upon the immediate expiration of the first Lease Year, and each annual anniversary thereof, provided that on each such anniversary the Tenant is not in default under the Lease (following the giving of any required notice of default and the failure of the Tenant to cure such default within any applicable grace period). By way of examples and not of limitation, provided that the Tenant is not default under the Lease beyond any applicable cure period, the Guarantor's aggregate liability hereunder shall not exceed Thirty Eight Thousand Nine Hundred Seventy Three and 60/100 Dollars (\$38,973.60) upon the immediate expiration of the first Lease Year; and shall not exceed Twenty Nine Thousand Two Hundred Thirty and 20/100 Dollars (\$29,230.20) upon the immediate expiration of the second Lease Year, etc.

This Guaranty shall apply to said Lease and to any and all renewals or extensions thereof.

This instrument may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and the Landlord.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty under seal as of the 8 day of August, 1992.

WITNESS:

JENNIFER L.P. III, a Delaware Limited partnership

By: Jennifer Management III, Ltd.

By:  (SEAL)  
Harley Greenfield, President

**City Centre Philadelphia, Pa. Limited Partnership**

*270 Commerce Drive, Rochester, New York 14623*

*(585)359-3000, Fax (585)359-4690*

September 8, 2010

Re: Case number 10-13779

Dear Sirs,

Enclosed is an original and a copy of the Amended Proof of Claim Filing form regarding the above referenced case. Please have the copy date stamped to indicate filing and return it to me in the enclosed self-addressed stamped envelope. Thank you.

Sincerely,

*Kristin Ellsworth*

Kristin Ellsworth