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| UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK (MANHATTAN) | | PROOF OF CLAIM | |
| In re: Jennifer Convertibles, Inc. | | Case Number: 10-13779 (ALG) | |
| NOTE: See Reverse for List of Debtors/Case Numbers/ important details. 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. | | <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. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case. | |
| Name of Creditor and Address: the person or other entity to whom the debtor owes money or property JBG/Montgomery Village, L.L.C. c/o Bregman, Berbert, Schwartz & Gilday, LLC 7315 Wisconsin Avenue, Suite 800 West Bethesda, MD 20814 | | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> RECEIVED OCT 22 2010 BMC GROUP </div> | |
| Creditor Telephone Number (301) 656-2707 | | | |
| Name and address where payment should be sent (if different from above): Same as above. | | | |
| Payment Telephone Number () | | If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again. THIS SPACE IS FOR COURT USE ONLY <input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Claim Number (if known): Filed on: | |
| 1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ <u>56,388.54</u> <u>general unsecured claim</u> (including rejection damages claim) and <u>priority claim</u> <small>If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. \$3,894.95 administrative</small> <small>If all or part of your claim is entitled to priority, complete item 5.</small> <small>If all or part of your claim qualifies as an administrative expense under 11 U.S.C. § 503(b)(9), complete item 6.</small> <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges. | | | |
| 2. BASIS FOR CLAIM: Amount due under <u>Lease Agreement</u> (as amended and assigned) for 18306 Contour Road, Gaithersburg, MD 20879. | | 3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: 3a. Debtor may have scheduled account as: | |
| 4. SECURED CLAIM (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of set off and provide the requested information Nature of property or right of setoff: Describe: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Property: \$ _____ Annual Interest Rate: _____ % if any: \$ _____ Basis for Perfection: _____ Secured Claim Amount: \$ _____ Unsecured Claim Amount: \$ _____ Amount of arrearage and other charges as of time case filed included in secured claim, | | | |
| 5. PRIORITY CLAIM <input checked="" type="checkbox"/> Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). Administrative If any portion of your claim falls in one of the following categories, check the box and state the amount. You MUST 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 \$11,725*), 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 \$2,600* 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 checked="" type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (<u>2</u>), (<u>Administrative</u>) <small>* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small> Unsecured Priority Claim Amount: \$ <u>3,894.95</u> Include ONLY the priority portion of your unsecured claim here. | | | |
| 6. AMOUNT OF CLAIM THAT QUALIFIES AS AN ADMINISTRATIVE EXPENSE UNDER 11 U.S.C. § 503(b)(9): \$ _____ <small>See instruction #8 on reverse side</small> | | | |
| 7. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. | | | |
| 8. SUPPORTING DOCUMENTS: <u>Attach redacted copies of supporting documents</u> , such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See instruction 8 and definition of "redacted" on reverse side.) If the documents are not available, please explain. 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. <div style="text-align: right;"> See attached Exhibits A, B and C. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. </div> | | | |
| The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before <u> </u> :00 pm, prevailing Eastern Time on <u> </u> , 2010 for Non-Governmental Claimants OR on or before <u> </u> , 2010 for Governmental Units. | | THIS SPACE FOR COURT USE ONLY Jennifer Convertibles  00261 | |
| BY MAIL TO: BMC Group, Inc Attn: Jennifer Convertibles Claims Processing PO Box 3020 Chanhassen, MN 55317-3020 | | BY HAND OR OVERNIGHT DELIVERY TO: BMC Group, Inc Attn: Jennifer Convertibles Claims Processing 18750 Lake Drive East Chanhassen, MN 55317 | |
| DATE 10/21/2010 | SIGNATURE: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. Laurence H. Berbert, attorney for Landlord/Creditor | | |

**UNITED STATES BANKRUPTCY COURT
For the Southern District of New York**

In re: :
: **JENNIFER CONVERTIBLES, INC.** : **Case No. 10-13779 (ALG)**
: **Debtor** : **Chapter 11**
:

**CALCULATION OF CLAIM OF JBG/MONTGOMERY VILLAGE, L.L.C. (AS
SUCCESSOR-IN-INTEREST) UNDER LEASE AGREEMENT (AS AMENDED AND
ASSIGNED) WITH JENNIFER CONVERTIBLES, INC. (AS ASSIGNEE)**

I. Pre-Petition Claim (through 7/17/10)

| | |
|--|--------------------------|
| Balance due as of 6/30/10 | \$24,995.26 ¹ |
| Rent due for 7/1/10 – 7/17/10 (17/31 mos. x \$7,546.46/mo.) | 4,138.38 |
| Late Charge for 7/1/10 – 7/17/10 (4%) | 165.54 |
| Total Pre-Petition Claim: | \$29,299.18 |

II. Rejection Damages Claim (7/18/10 – 10/31/10 (expiration of Lease term))

| | |
|---|---------------------------------------|
| Rent | |
| 7/18/10 – 7/31/10 (14/31 mos. x \$7,546.46/mo.) | \$3,408.08 |
| 8/2010 – 10/2010 (3 mos. x \$7,546.46/mo.) | 22,639.38 |
| Late Charge | |
| 7/18/10 – 7/31/10 (4%) | 136.32 |
| 8/2010 – 10/2010 (4%) | 905.58 |
| Total Rejection Damages Claim: | \$27,089.36 |
| Total Claim: | <u>\$56,388.54²</u> |

¹ Landlord/Creditor was awarded a judgment based upon this arrearage (rent of \$24,981.26 plus court costs of \$14.00) on 6/30/10 by the District Court of Maryland for Montgomery County (Case No. S.Ej. 17063). See Exhibit C to the Proof of Claim.

² This figure is exclusive of (i) Landlord/Creditor's claim for administrative rent which is due in the amount of \$3,894.95 (\$3,408.08 for "stub" rent for 7/18/10 – 7/31/10 and \$486.87 for 8/1/10 – 8/2/10 (the date that Landlord/Creditor received the keys to the premises)), (ii) attorney's fees, (iii) interest, (iv) utility charges, and (v) any and all other amounts that may be due or come due under the Lease Agreement (as to all of which Landlord/Creditor reserves all claims, rights and remedies).

LEASE

Levitz Furniture Company of Eastern Region, Inc.,
a Florida Corporation

PHASE II
MONTGOMERY VILLAGE PLAZA
GAITHERSBURG, MARYLAND

c/o WESTERN DEVELOPMENT CORPORATION
1204 WISCONSIN AVENUE, N.W.
WASHINGTON, D.C. 20007
(202) 965-3600

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| GUARANTY OF LEASE AGREEMENT | | | |

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LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this 30 day of July, 19 81, by and between Montgomery Village Associates, a Maryland Limited Partnership (hereinafter referred to as "Landlord"), and Levitz Furniture Company of Eastern Region, Inc., a Florida Corporation (hereinafter referred to as "Tenant")

WITNESSETH:

That for and in consideration of the rentals hereinafter reserved and of the mutual covenants and agreements hereinafter set forth, the parties hereto do hereby mutually agree as follows:

ARTICLE I. GRANT AND TERM

SECTION 1.01. DEMISED PREMISES. Landlord, hereby leases to Tenant for the term and upon the covenants hereinafter set forth, approximately Five Thousand Eight Hundred Ninety-Five (5,895) square feet of ground floor area in the shopping center designated as Montgomery Village Plaza, or by such other name as Landlord may from time to time hereafter designate (hereinafter "Shopping Center"). The Shopping Center is described on Exhibit "B" hereto which exhibit is incorporated herein by reference. The leased space shall hereinafter be referred to as the "Demised Premises". The Demised Premises are outlined in red on the site plan of the Shopping Center attached hereto and made a part hereof as Exhibit "A". The exact square footage in the Demised Premises shall be determined by the Landlord's architect after the construction of the building in which the Demised Premises are located is completed. Such square footage shall be measured from the mid-line of interior walls and the exterior part of exterior walls, and shall include the totality of the area within such boundaries, including any mezzanines. The certificate of Landlord's architect as to square footage shall be binding upon both parties hereto. In the event the square footage as determined by Landlord's architect differs from the square footage set forth above, the Minimum Rent to be paid by the Tenant may be adjusted after the exact square footage is determined by multiplying the square footage by *See Following Page Dollars (\$). If this calculation produces a Minimum Rent that is greater or less than that set forth in Article II, the Minimum Rent as determined by this Article shall control.

SECTION 1.02. TERM. The term of this Lease shall be for a period of Five (5) years, commencing either at the expiration of a thirty (30) day period (the "Fixturing Period") after the "Delivery of Possession Date" (herein defined) or the date on which the Tenant shall open the Demised Premises for business, whichever occurs first (hereinafter referred to as the "Commencement Date"), and expiring midnight on the same month and day following the expiration of Five (5) full years after the Commencement Date unless sooner terminated in accordance with the provisions hereof (the "Expiration Date"). The first lease year shall terminate on the 31st day of December next following the Commencement Date. All subsequent lease years shall continue for twelve (12) calendar months thereafter except that the last lease year shall terminate on the date the Lease is terminated. As a condition precedent to Landlord's and Tenant's obligations under this Lease, if the Demised Premises are not substantially completed on or before the expiration of two (2) years after the date of Landlord's execution of this Lease (the "Effective Date"), then either party may cancel and terminate this Lease upon sixty (60) days prior written notice to the other, in which event neither party shall have any further obligation or liability to the other. If requested by Landlord, immediately following delivery of the Demised Premises to Tenant, or at any other time during the term hereof, Tenant shall execute an Opening and Termination Date Declaration in the form attached hereto as Exhibit F, specifying the information called for in said form. ****See Following Page

ARTICLE II. RENT AND DEPOSIT

SECTION 2.01. MINIMUM RENT.

(a) During the entire term of the Lease, the Tenant shall pay annual "Minimum Rent" for the Demised Premises of *See Following Page Dollars (\$) payable to Landlord, without demand, deduction, set-off or counterclaim, in equal installments, in advance, on the first day of each month, at the rate of *See Following Page Dollars (\$) per month. The first installment of Minimum Rent shall be paid upon the Effective Date. If the Commencement Date occurs on other than the first day of a month, the second installment of Minimum Rent shall be prorated on a daily basis on the basis of a thirty-day month.

(b) For the second lease year and for each lease year thereafter (hereinafter referred to as the "Adjustment Year"), Tenant shall pay as Additional Rent (hereinafter referred to as the "Escalation Rent") in addition to the Minimum Rent, in equal monthly installments, in advance, an amount equal to the product obtained by multiplying the Minimum Rent by a fraction whose numerator shall be the difference (but not less than zero) between (a) the Consumer Price Index, as that term is defined in Article XIX below, for the most recent month ending prior to the first day of such Adjustment Year for which the Consumer Price Index is published and (b) the Consumer Price Index for the most recent month ending prior to the Base Date (hereinafter defined) for which the Consumer Price Index is published, and whose denominator shall be the Consumer Price Index for the most recent month ending prior to the Base Date for which the Consumer Price Index is published. For purposes hereof, the "Base Date" shall be the Commencement Date for purposes of computing the Escalation Rent payable for any Adjustment Year during the original term of the Lease. With the first monthly payment of rental during a lease year, which is due at least fifteen (15) days after Tenant's receipt of a statement from Landlord specifying the Escalation Rent payable during such lease year, computed as aforesaid, (the "Escalation Invoice"), Tenant shall pay the monthly installment of Escalation Rent specified therein for such month and, in addition, shall pay the difference for all prior months of such lease year between the monthly installments of Escalation Rent so specified and the

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*Per Square Foot

Years 1 - 5 Twelve and No/100th Dollars ✓ (\$12.00)

OPTION PERIOD:

Years 6 - 10 Thirteen and 50/100th Dollars (\$13.50)

**Annual Minimum Rent

Years 1 - 5 Seventy Thousand Seven Hundred Forty and No/100th Dollars ✓ (\$70,740.00)

OPTION PERIOD:

Years 6 - 10 Seventy-Nine Thousand Five Hundred Eighty-Two and 50/100th Dollars (\$79,582.50)

***Monthly Installment

Years 1 - 5 Five Thousand Eight Hundred Ninety-Five and No/100th Dollars (\$5,895.00)

OPTION PERIOD:

Years 6 - 10 Six Thousand Six Hundred Thirty-One and 87/100th Dollars (\$6,631.87)

****Section 1.02 (continued)

(a) Provided Tenant is not then in default hereof, Landlord does hereby grant Tenant the right to extend the term hereof for one (1) additional period of five (5) years. Said option shall be exercised, if at all, upon at least one hundred eighty (180) days written notice prior to the expiration of the original term. All terms and conditions contained herein shall apply during the option period except the Annual Minimum Rent and Sales Break Point shall be as scheduled in Sections 2.01 (a) and 2.02 hereof and the provisions of 2.01 (b) shall apply during the extended term.

(b) Provided Tenant is not in default hereof, in the event that Landlord fails to deliver possession of the Demised Premises on or before October 15, 1984, then Tenant shall be relieved of its obligation to pay Minimum Rent and Percentage Rent during that portion of the term hereof commencing on the Commencement Date and expiring ~~on February 28, 1985~~ (the "Interim Period"). During the Interim Period, Tenant shall instead pay "Interim Rent" on a monthly basis equal to Three Percent (3%) of Tenant's Gross Sales during such period. Tenant shall pay each monthly installment of Interim Rent together with a monthly statement of its Gross Sales on or before the Twentieth (20th) day of the following month. Tenant shall pay Common Area Maintenance, Taxes, Promotion Fund Contributions and all other charges commencing on the Commencement Date and throughout the term hereof. For the purposes of computing Percentage Rent during the term hereof, Tenant's Gross Sales during the Interim Period shall be included in Tenant's Gross Sales for the lease year.

∟ the date that is one hundred and thirty five (135) days after the Commencement Date

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Notwithstanding the foregoing, in no event shall the CPI increase in each lease year exceed five percent (5%) of the Minimum Rent and Escalation Rent (if any) of the immediately preceding lease year.

monthly installments of Escalation Rent which Tenant paid for such prior months. Thereafter, Tenant shall pay the monthly installments of Escalation Rent specified in the Escalation Statement until the first monthly rental payment due at least fifteen (15) days after Tenant receives the next Escalation Statement, at which time Tenant shall make the payments specified in the preceding sentence.

SECTION 2.02. PERCENTAGE RENT.

(a) During and for each lease year, Tenant shall pay, as Additional Rent, annual percentage rent ("Percentage Rent") equal to Three percent (3 %) of the "Tenant's Gross Sales" in excess of One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) for each lease year. (which sum is hereinafter called the "Sales Break Point"). "Tenant's Gross Sales" is defined to mean the total amount of dollar value of all sales of merchandise or services arising out of or payable on account of the business conducted in, on, or from the Demised Premises by or on account of Tenant or any sublessee, assignee or concessionaire of Tenant for cash or credit including all orders for merchandise taken or sold at or from the Demised Premises, but excluding proceeds from any sales tax, gross receipts tax or similar tax, by whatever name called, bona fide transfers of merchandise from the Demised Premises to any other stores or warehouses of Tenant, refunds given to customers for merchandise returned or exchanged and sales of Tenant's fixtures and equipment not in the ordinary course of Tenant's business.

(b) Tenant shall keep at the Demised Premises or at Tenant's executive offices within the continental United States a full and accurate set of books and records adequately showing the amount of Tenant's Gross Sales in each lease year. Such books shall be kept in accordance with generally accepted accounting principles and shall be retained by Tenant for a period of not less than three (3) years following the end of the lease year to which they have reference. When and as Landlord may reasonably require, Tenant shall also furnish to Landlord any and all statements, information, and copies of sales and income tax reports and returns which separately show financial data for the Demised Premises, and other data evidencing Tenant's Gross Sales. Within ten (10) days following the end of each calendar month Tenant shall submit to Landlord an unaudited statement of Tenant's Gross Sales for such calendar month. Within sixty (60) days after the close of each lease year, Tenant shall furnish to Landlord a statement certified by an ~~accountant and an officer of Tenant and audited by an independent public accountant~~ setting forth the amount of Tenant's Gross Sales during the preceding lease year and showing the amount of Percentage Rent required to be paid by Tenant for such lease year, if any. In addition to the above, within thirty (30) days following the end of each of the first three (3) three-month periods during the lease year, Tenant shall report and certify to Landlord the amount of Tenant's Gross Sales for each such three-month period. With such report, the Tenant shall submit the Percentage Rent computed on one-fourth (1/4) the amount of the Sales Break Point. The Percentage Rent will be adjusted at the end of each lease year; any additional Percentage Rent due shall be paid no later than sixty (60) days after the end of each lease year and any excess Percentage Rent paid shall be credited against Tenant's next due Percentage Rent payment, except for the last lease year wherein any excess shall be refunded to Tenant. Landlord shall have the right, at any time and from time to time, to inspect the sales records of Tenant. If the Tenant's Gross Sales exceed those reported, Tenant shall immediately pay any deficiency. If Tenant's Gross Sales exceed those reported by ~~one percent (1%)~~ or more, the Tenant shall pay Landlord's cost of audit. If Tenant's Gross Sales shall exceed those reported by (i) three percent (3%) or more in any one (1) lease year or (ii) ~~two percent (2%)~~ or more for any two (2) lease years out of any five (5) lease years, then Landlord shall have the right, at its sole option, to terminate this Lease.

(c) In the event that any lease year during the term hereof is less than exactly twelve (12) full calendar months, then, for the purpose of computing the Percentage Rent for any such short lease year, the Sales Break Point for such short lease year shall be adjusted by multiplying the Sales Break Point otherwise applicable for such lease year by a fraction, the numerator of which shall be the actual number of days in such short lease year, and the denominator of which shall be the number "360".

SECTION 2.03. PAYMENTS BY TENANT. Throughout the term of this Lease, Tenant shall pay to Landlord, without demand, deductions, set-offs or counterclaims, the rent, which is hereby defined as the sum of the Minimum Rent, Escalation Rent, Percentage Rent and all Additional Rent, when and as the same shall be due and payable hereunder. Unless otherwise stated, all other sums of money or charges payable to Landlord from Tenant by this Lease are defined as "Additional Rent" and are due ten (10) days after the rendering of an invoice therefor, without any deductions, set-offs or counterclaims, and failure to pay such charges carries the same consequences as Tenant's failure to pay rent. All payments and charges required to be made by Tenant to Landlord hereunder shall be payable in coin or currency of the United States of America, at the address indicated herein. No payment to or receipt by Landlord of a lesser amount than the then amount required to be paid hereunder shall be deemed to be other than on account of the earliest amount of such obligation then due hereunder. No endorsement or statement on any check or other communication accompanying a check for payment of any amounts payable hereunder shall be deemed an accord and satisfaction, and Landlord may accept such check in payment without prejudice to Landlord's right to recover the balance of any sums owed by Tenant hereunder.

SECTION 2.04. DEPOSIT. Tenant, concurrently with the execution of this Lease, has deposited with Landlord the sum of Dollars (\$), which sum shall be held by Landlord as security against a Default by Tenant pursuant to the terms of this Lease. The deposit (which shall not bear interest to Tenant) may be applied by Landlord in order to cure any Default in any of the terms, provisions, or conditions of this Lease. The deposit shall be returned to Tenant by the Landlord, after deducting therefrom any sums owed to Landlord pursuant to provisions of this Lease, upon the termination of this Lease, provided such termination is not caused by Tenant. A mortgagee in possession of the Demised Premises, or any interest therein, through public or private foreclosure or the acceptance of a deed in lieu thereof, shall have no liability to Tenant for return of all or any portion of the deposit, unless, and then only to the extent that, such mortgagee has acknowledged receipt of all or any portion of Tenant's deposit. In the event Landlord applies the deposit in whole or in part against a Default by Tenant, Tenant shall, upon demand by Landlord, deposit sufficient funds to maintain the security deposit in the initial amount. Failure of Tenant to deposit additional funds as security shall constitute a Default hereunder and entitle the Landlord to avail itself of the remedies provided in this Lease for non-payment of Minimum Rent by Tenant. One (1) year prior to the expiration of the term hereof, Tenant shall increase the amount of the security deposit by an amount equal to the sum deposited with Landlord upon the execution hereof. Upon the expiration of the term hereof, Landlord shall retain the deposit, or so much as has not been applied in accordance with the provisions hereof, until such time as all of Tenant's obligations to pay any Additional Rent have been fully paid and satisfied.

SECTION 2.05. LATE CHARGE. In the event any sums required hereunder to be paid are not received on or before the fifth (5th) calendar day after the same are due, then, for each and every late payment, Tenant shall immediately pay, as Additional Rent, a service charge equal to the greater of Fifty Dollars (\$50.00), or Ten Dollars (\$10.00) per day for each day, after the due date of such payment, that such payment has not been received by Landlord, or four percent (4%) per month of the amount required to be paid. Notwithstanding this service charge, Tenant shall be in Default under this Lease if all payments required to be made by Tenant are not made at or before the times herein stipulated, and after the notice set forth in Section 14.01 (f) hereof.

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three percent (3%)

five percent (5%)

four percent (4%)

~~SECTION 2.06. MINIMUM RENT REVIEW. Effective as of the last day of each third (3rd) lease year of the term hereof, the then applicable annual Minimum Rent provided for in Section 2.01 shall be adjusted (upward only) to the greater of: (i) the Minimum Rent for the following lease year in accordance with the provisions of Section 2.01 or (ii) the then applicable annual Minimum Rent plus seventy-five percent (75%) of the average Percentage Rent provided in Section 2.02 payable by Tenant to Landlord during the previous three (3) year period.~~

~~SECTION 2.07. In the event the total rent received for any lease year is less than the Minimum Rent payable during the first full lease year, as increased by one hundred percent (100%) of increases in the Consumer Price Index for each lease year after the first lease through the end of the lease year in question (the "Adjusted Minimum Rent"), Landlord shall at its sole option have the right to either (i) terminate this Lease in which event Landlord shall pay to Tenant as consideration for such termination an amount equal to the Minimum Rent for the full lease year then ended, or (ii) reduce the then applicable Sales Break Point by an amount obtained by subtracting from the Adjusted Minimum Rent the sum of the Minimum Rent plus Percentage Rent payable for the lease year just ended and dividing the difference by the percentage specified in Section 2.02.~~

ARTICLE III. PREPARATION OF DEMISED PREMISES

SECTION 3.01. SITE PLAN. Exhibit "A" sets forth the general layout of development of the Shopping Center. Landlord does not warrant or represent that the Shopping Center will be constructed exactly as shown thereon or that it will be completed by a specific date. Landlord may change or alter any of the stores, common areas or any other aspect in the Shopping Center, or may sell or lease any portions of the Shopping Center all without the consent of or notice to Tenant. Landlord hereby agrees that the relative location and actual size of the Demised Premises shall remain substantially unchanged.

SECTION 3.02. LANDLORD'S WORK. Landlord, at its expense, shall construct the building wherein the Demised Premises are to be located, substantially in accordance with the "Outline Specifications" attached hereto and made a part hereof as Exhibit "C" (hereinafter referred to as "Landlord's Work"). All other work done by Landlord at Tenant's request shall be at Tenant's expense and shall be paid for within five (5) days after the presentation to Tenant of a bill for such work.

SECTION 3.03. DELIVERY OF POSSESSION DATE. Landlord shall give Tenant at least thirty (30) days prior written notice of the projected date on which Landlord's Work will be substantially completed and the Demised Premises will be available to Tenant for the performance of Tenant's Work. On the day when Landlord's Work is substantially completed and the Demised Premises are ready for Tenant to begin its work under Section 3.04, Landlord and Tenant shall execute a Delivery of Possession Date Certificate substantially in the form of Exhibit G attached hereto and made a part hereof. (The date specified in such Certificate as the date on which the Demised Premises have been delivered to Tenant shall be the "Delivery of Possession Date".) Tenant agrees to take physical possession of the Demised Premises on the date Landlord tenders possession of the Demised Premises to Tenant. From and after the Delivery of Possession Date, Tenant agrees to diligently perform Tenant's Work.

SECTION 3.04. TENANT'S WORK. Other than work done pursuant to Section 3.02, all work is to be performed by Tenant at its expense (hereinafter referred to as "Tenant's Work") in accordance with Exhibit "D" attached hereto and made a part hereof and in accordance with the provisions of Section 3.05(b) hereof. All entry into the Demised Premises and work done by Tenant shall be at Tenant's risk. All work performed by Tenant shall be subject to Landlord's prior written approval and shall be in accordance with good construction practices, all applicable laws, insurance requirements, and Landlord's reasonable rules and regulations. Further, Landlord shall have no responsibility or liability for any loss or damage to any property belonging to Tenant. The Tenant agrees to pay for all the utilities used or consumed in the Demised Premises by Tenant on and after the Delivery of Possession Date. Tenant shall obtain at Tenant's sole expense all certificates and approvals which may be necessary so that a certificate of occupancy for the Demised Premises may be issued. Copies of all such certificates shall be delivered to Landlord. Except for Landlord's Work, Tenant shall ready the Demised Premises for the opening of Tenant's business by the Commencement Date.

SECTION 3.05. ALTERATIONS BY TENANT.

(a) Tenant may not make any exterior or structural alterations to the Demised Premises without the prior written consent of Landlord. In addition, Tenant shall not make, except in an emergency, any interior alterations, except for alterations to the decor of the Demised Premises, provided such alterations affect color or merchandising aspects of the interior only, without giving prior written notice to Landlord and Landlord giving Tenant its consent therefor. Any such alterations shall be performed in a good and workmanlike manner and in accordance with applicable legal and insurance requirements and the terms and provisions of this Lease.

(b) In the event that any mechanic's lien is filed against the Demised Premises or Shopping Center as a result of any work or act of Tenant, Tenant, at its expense, shall discharge or bond off the same within ten (10) days from the filing thereof. If Tenant fails to discharge said mechanic's lien, Landlord may bond or pay without inquiring into the validity of merits of such lien said lien and all sums so advanced shall be paid on demand as Additional Rent.

(c) Prior to the commencement of any work by Tenant, Tenant shall obtain public liability and workmen's compensation insurance to cover every contractor to be employed by Tenant, and shall deliver duplicate originals of all certificates of such insurance to Landlord for written approval.

(d) If, in an emergency, it shall become necessary to make repairs required to be made by Tenant, Landlord may reenter the Demised Premises and proceed to have such repairs made and pay the costs thereof. Tenant shall pay the Landlord the costs of such repairs on demand as Additional Rent.

ARTICLE IV. CONDUCT OF BUSINESS

SECTION 4.01. USE AND TRADE NAME.

(a) Tenant shall use and occupy the Demised Premises for the following purposes only, and for no other purpose:

Retail sale of furniture, home furnishings and related accessories.

(b) Tenant shall operate its business from the Demised Premises under the following trade name only and under no other trade name: Sofa Beds and Such

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expense

as a result of
Tenant's Work

such as painting
or carpeting

except as Tenant may from time to time
designate for similar stores in Tenant's
chain in the Washington, D.C. metropolitan
area:

SECTION 4.02. OPENING; ESTOPPEL CERTIFICATE. Tenant agrees to open for business to the public by the end of the Fixturing Period and thereafter conduct its regular business operations continuously on all days and at all hours during which the Shopping Center is open for business. From time to time and upon ~~four~~ days notice, Tenant agrees to execute and deliver a written acceptance/estoppel certificate confirming that Tenant has accepted the Demised Premises and such other facts relative to this Lease as Landlord or any mortgagee of the Shopping Center may request to be confirmed. If Tenant fails to execute such certificate, Tenant hereby appoints Landlord as its attorney-in-fact, irrevocably, to execute and deliver such certificate for Tenant, or Landlord may elect to terminate this Lease.

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SECTION 4.03. UTILITIES. Tenant, at its expense, shall arrange for and pay all costs of the charges for all utilities and services provided or used in or at the Demised Premises, commencing with the Delivery of Possession Date and throughout the term of this Lease. Tenant shall pay directly to the public utility companies, the cost of any installation not included in Landlord's Work of any and all such utility services. Tenant agrees to indemnify and hold harmless Landlord from and against any and all claims arising from the installation and maintenance of such utility services and from all costs and charges for utilities consumed on or by the Demised Premises.

SECTION 4.04. SIGN. Tenant shall install and maintain one (1) sign affixed to the front of the Demised Premises, subject to the prior written approval of Landlord, and conforming to all applicable legal and insurance requirements. Tenant's sign shall be consistent with the specifications and requirements contained in Exhibit "E" attached hereto. Tenant shall pay for all costs in connection with such sign and shall be responsible for the cost of proper installation and removal thereof and any damage caused to the Demised Premises thereby. In the event Landlord deems it necessary to remove such sign then Landlord shall have the right to do so, provided, however, Landlord shall replace said sign as soon as practicable at Landlord's sole cost. No additional signs, which can be seen from the exterior of the Demised Premises, shall be installed or displayed in, on or about the Demised Premises without the prior written consent of Landlord. Any interior signs must be tasteful and shall be prepared in a professional manner (not hand-lettered). Any sign or display visible from the exterior of the Demised Premises which does not meet the above criteria may be removed at any time by Landlord without Landlord incurring any liability therefor.

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SECTION 4.05. TENANT'S WARRANTIES. Tenant warrants, represents, covenants and agrees to and with Landlord, that throughout the term hereof it shall: (i) keep the Demised Premises and any platform or loading dock used by Tenant in a neat and clean condition; (ii) pay, before delinquent, any and all taxes, assessments and public charges imposed upon Tenant's business or fixtures, and pay when due all fees of similar nature, (iii) observe all rules and regulations established by Landlord for all tenants in the Shopping Center, provided Tenant shall be given at least five (5) days notice thereof, (iv) observe all restrictive covenants of record which are applicable to the Shopping Center, provided the same do not prohibit Tenant's permitted use of the Demised Premises, (v) not use the parking areas or sidewalks or any space outside the Demised Premises for display, sale, storage, or any other similar undertaking, (vi) not use any advertising medium or sound devices inside the Demised Premises which may be heard outside the Demised Premises, or permit any objectionable odors to emanate from the Demised Premises, (vii) keep the Demised Premises sufficiently heated to prevent freezing of water in pipes and fixtures in and about the Demised Premises; (viii) keep the temperature within the Demised Premises at such levels as may be required by any federal, state or local laws, ordinances, or regulations, (ix) maintain a full and complete stock of merchandise so as to attain the highest possible gross sales, and ~~(x) employ only such labor in the performance of any work in and about the Demised Premises as will not cause any conflict or controversy with any labor organization representing trades performing work for Landlord, its contractors or subcontractors.~~

which are not Landlord's responsibility as otherwise provided herein.



SECTION 4.06. LEGAL REQUIREMENTS. Tenant shall, at its own expense, comply with all laws, orders, ordinances and with directions of public officers thereunder, with all applicable Board of Fire Insurance Underwriters regulations and other requirements and with all notices from Landlord's mortgagee respecting all matters of occupancy, condition or maintenance of the Demised Premises, whether such orders or directions shall be directed to Tenant or Landlord. Land Tenant shall hold Landlord harmless from any and all costs or expenses on account thereof. Tenant shall procure and maintain all licenses and permits legally necessary for the operation of Tenant's business and allow Landlord to inspect them on request.

ARTICLE V. COMMON AREA

SECTION 5.01. USE. During the term of this Lease Tenant is granted, subject to Landlord's rules and regulations promulgated by Landlord from time to time, the nonexclusive license to permit its customers and invitees to use the sidewalks, customer parking areas, the entrance and exit ways designated by Landlord for access and egress to and from the Demised Premises from a public street or highway. Notwithstanding anything contained in this Lease to the contrary, Landlord shall have the right, at any time and from time to time, without notice to or consent of Tenant, to change the size, location, elevation and nature of any of the stores in the Shopping Center or of the common areas, or any part thereof, including, without limitation, the right to locate and/or erect thereon kiosks, structures and other buildings and improvements of any type. Subject to any easements and restrictions of record granted or approved by Landlord from time to time, all common areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right, at any time and from time to time, to establish, modify, amend and enforce reasonable rules and regulations with respect to the common areas and the use thereof. Tenant agrees to abide by and conform with such rules and regulations upon notice thereof and to cause its permitted concessionaires, invitees and licensees and its and their employees and agents to do the same.

and provided the same do not prohibit Tenant's permitted use of the Demised Premises,

SECTION 5.02. COMMON AREA MAINTENANCE EXPENSES. Landlord agrees to maintain and keep in good service and repair all common areas. Tenant agrees to reimburse Landlord for its proportionate share of all costs and expenses incurred by Landlord in maintaining and repairing all common areas in the Shopping Center (the "Common Area Maintenance Expenses"). The Common Area Maintenance Expenses shall include, but not be limited to, the following costs and expenses: (i) gas, electricity, water, sewer and other utility charges (including surcharges) of whatever nature, (ii) insurance premiums, (iii) building personnel costs, including, but not limited to, salaries, wages, employment taxes, fringe benefits and other direct and indirect costs of engineers, superintendents, watchmen, porters and any other building personnel, (iv) costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, windows, janitorial and general cleaning, security services, and management fees, (v) all other maintenance and repair expenses and supplies which may be deductible for such calendar year in computing Federal income tax liability, (vi) any other costs and expenses (i.e. items which are not capital improvements) incurred by Landlord in operating the Shopping Center, (vii) the cost of any additional services not provided to the Shopping Center at the Lease Commencement Date but thereafter

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provided by Landlord in the prudent management of the Shopping Center, (viii) the cost of any capital improvements which are made by Landlord after completion of initial construction of the Shopping Center, provided, however, that the cost of such such capital improvement, together with any financing charges incurred in connection therewith, shall be amortized and/or depreciated over the useful life thereof and only that portion thereof attributable to such lease year shall be included in the Common Area Expenses for such lease year, and (ix) deposits into reserve accounts for capital improvements. Common Area Maintenance Expenses shall not include (i) principal payments or interest payments on any mortgages, deeds of trust or other financing encumbrances, (ii) leasing commissions payable by Landlord or (iii) deductions for depreciation of the improvements shown on Exhibit A. Tenant's obligation shall be calculated as follows: (i) Landlord shall aggregate together all Common Area Maintenance Expenses to which shall be added an additional administrative fee in an amount equal to fifteen percent (15%) of such expenses; (ii) from the sum arrived at by the preceding calculations, subtract the amount of all sums paid for such Expenses by any Major Tenant. (For all purposes in this Lease a "Major Tenant" is any tenant occupying more than twenty thousand (20,000) square feet of floor area in the Shopping Center.) The number arrived at by the calculation described in (ii) above shall hereinafter be referred to as the "Adjusted Common Area Expenses"; (iii) divide the Adjusted Common Area Expenses by a number which is the total square footage of the gross leased and occupied floor area in the Shopping Center (and any expansion thereof) less the aggregate number of square feet in the Shopping Center leased to Major Tenants, and (iv) multiply the quotient arrived at through the calculations described in (iii) above by the total square footage of floor area in the Demised Premises. The gross leased and occupied floor area in effect for the whole of any lease year or partial lease year shall be the average of the gross leased and occupied floor area not leased to a Major Tenant on the first day of each calendar month in such lease year or partial lease year. Tenant shall pay Landlord, in advance, Tenant's proportionate share of Landlord's estimate of Common Area Maintenance Expenses, as computed above, in twelve (12) equal monthly installments, with the monthly installment of Minimum Rent. Notwithstanding the above, in the event Landlord at any time determines that the amount of Common Area Maintenance Expenses actually being paid by Landlord exceeds the estimate upon which Tenant's proportionate share of Common Area Maintenance Expenses was computed, Tenant, following a request from Landlord, shall commence to pay with the next monthly installment of rent due an amount sufficient to result in Tenant's paying its full proportionate share of Common Area Maintenance Expenses as computed on the basis of Landlord's revised estimate of Common Area Maintenance Expenses. At the end of each year, there shall be an adjustment if the amount paid by Tenant differs from its proportionate share actually incurred in that year. Any amount due Tenant or any amount due Landlord shall be credited against or paid, respectively, in the next monthly installment of Common Area Maintenance Expenses.

ARTICLE VI. REPAIRS AND MAINTENANCE

SECTION 6.01. LANDLORD'S OBLIGATIONS. Landlord shall keep in good repair the sewer and water lines servicing the Demised Premises, and the structural supports of the Demised Premises.

SECTION 6.02. TENANT'S OBLIGATIONS. Except as stated in Section 6.01, Tenant, at its expense, shall (i) make all repairs and replacements and perform all maintenance work that is necessary in order to keep the Demised Premises in good order and repair and in a safe and dry tenantable condition, (ii) install and maintain such fire protection devices as may be required by any governmental body or insurance underwriter for the Shopping Center, (iii) provide trash storage and removal services regardless of the location of any storage and removal facilities, except that if Landlord, in its sole discretion, shall provide trash services, Tenant shall be obligated to use and pay for the same within ten (10) days of being billed therefor, (iv) change the Tenant's air conditioning filter as necessary but not less often than five (5) times a year and have the Tenant's air conditioner and heater serviced as necessary, but not less often than two (2) times a year and (v) repair any portion of the Shopping Center which is damaged as a result of any act or omission of Tenant. Notwithstanding any contrary provision of this Article VI, Tenant, at its expense, shall make any and all repairs to the Demised Premises as may be necessitated by any break-in, forcible entry or other trespass into or upon the Demised Premises, regardless of whether or not such entry and damage is caused by the negligence or fault of Tenant or occurs during or after business hours.

ARTICLE VII. REAL ESTATE TAXES

SECTION 7.01. LIABILITY. Starting with the Commencement Date and throughout the entire term of this Lease, Tenant shall pay Landlord, as Additional Rent, Tenant's proportionate share of Taxes, as hereinafter defined for each tax year. The term "Taxes" means the total of all taxes and assessments, general and special, ordinary and extraordinary, foreseen and unforeseen, including assessments for public improvements and betterments, assessed, levied or imposed with respect to the land and improvements included within the Shopping Center. The term "Taxes" also includes all costs reasonably incurred in any proceeding brought by Landlord to reduce said Taxes. If at any time during the term of this Lease, the present method of taxation shall be changed so that in lieu of the whole or any part of any Taxes levied, assessed or imposed on real estate and the improvements thereon, there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents for the present or any future building or buildings in the Shopping Center, then all such taxes, assessments, levies or charges, or the part thereof so measured or based, shall be deemed to be included within the term "Taxes" for the purposes hereof. Tenant's proportionate share hereunder shall be calculated as follows: (i) Landlord shall aggregate together all Taxes, (ii) from the sum arrived at by the preceding calculation, subtract the amount of all funds paid to Landlord for Taxes by Major Tenants, (iii) divide the number arrived at by the calculation described in (ii) above by a number which is the total square footage of the gross leased and occupied floor area in the Shopping Center (and any expansion thereof) less the aggregate number of square feet in the Shopping Center leased to Major Tenants, and (iv) multiply the quotient arrived at through the calculations described in (iii) above by the total square footage of floor area in the Demised Premises. The gross leased and occupied floor area in effect for the whole of any lease year or partial lease year shall be the average of the gross leased and occupied floor area not leased to a Major Tenant on the first day of each calendar month in such lease year or partial lease year.

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roof,

and walls except the storefront

~~SECTION 7.02. METHOD OF PAYMENT. Tenant shall pay its share of such Taxes by the following method: one twelfth (1/12) of the taxes estimated to be due by the Landlord, shall be paid each month with the Minimum Rent until the end of the first tax year after the Commencement Date; thereafter, the monthly payments shall be based upon the tax bill for the previous tax year; any adjustments necessary for the amount paid for the previous tax year shall be debited or credited (as the case may be) in the next monthly installment until the liability has been extinguished. Notwithstanding the end of the term hereof, Tenant shall continue to be liable to Landlord for all Taxes incurred by Landlord for the period of Tenant's occupancy, and Tenant shall promptly remit to Landlord any amount due to Landlord upon notice from Landlord to Tenant.~~

*See Following Page

ARTICLE VIII. INSURANCE, INDEMNITY AND LIABILITY

SECTION 8.01. LANDLORD'S OBLIGATIONS. Landlord shall obtain and maintain during the term of this Lease, fire and extended coverage insurance, insuring against all reasonable perils and liabilities, for eighty percent (80%) of the replacement value of the Demised Premises and Landlord's Work. Such insurance shall be issued by an insurance company licensed to do business in the jurisdiction in which the Shopping Center is located. Tenant shall reimburse Landlord for its proportionate share of such insurance cost as a portion of the Common Area Maintenance Expenses described in Article V.

SECTION 8.02. TENANT'S OBLIGATIONS.

(a) Tenant, at Tenant's sole cost and expense, shall obtain and maintain for the term of this Lease, insurance policies providing the following coverage: (i) Tenant's fixtures, equipment, furnishings, merchandise, and other contents in the Demised Premises, for the full replacement value of said items; ~~(ii) one full year Minimum Rent coverage;~~ (iii) all perils included in the classification "fire and extended coverage" under insurance industry practices in effect from time to time in the jurisdiction in which the Shopping Center is located; ~~(iv) plate glass insurance, if available; and (v) comprehensive general liability insurance naming Landlord, any mortgagee and master lessor as additional insureds, which policy is to be in the minimum amount of Five Hundred Thousand Dollars (\$500,000.00) with respect to any one person, in the minimum amount of One Million Dollars (\$1,000,000.00) with respect to any one accident, and in the minimum amount of One Hundred Thousand Dollars (\$100,000.00) with respect to property damage. The minimum limits hereinbefore set forth may, at Landlord's option be increased by not more than ten percent (10%), such increase to occur not more often than once during each two (2) consecutive lease years during the term hereof. Tenant shall deliver to Landlord certificates of insurance, or duplicate originals of each such policy.~~

(b) The policies described in this Section 8.02 shall: (i) be acceptable to Landlord in form and content, (ii) contain an express waiver of any right of subrogation by the insurance company against Landlord, Landlord's agents and employees, and mortgagees and ground lessors, (iii) contain a provision that it shall not be cancelled and that it shall continue in full force and effect unless Landlord has received at least thirty (30) days prior written notice of such cancellation or termination, and (iv) not be materially changed without prior notice to Landlord.

(c) Tenant shall not permit to be done any act which will invalidate or be in conflict with the fire insurance policies covering the Shopping Center or any other insurance referred to in this Lease. Tenant will promptly comply with all rules and regulations relating to such policies. If the acts of Tenant or its employees or agents shall increase the rate of insurance referred to in this Lease, such increases shall be immediately paid by Tenant as Additional Rent.

SECTION 8.03. COVENANTS TO HOLD HARMLESS.

(a) Landlord and Tenant each hereby releases the other, its officers, directors, employees, and agents from any and all liability for responsibility for any loss or damage to property covered by valid and collectable fire insurance with standard and extended coverage endorsement, even if such fire or other casualties shall have been caused by the fault or negligence of the other party, or any one for whom such party may be responsible. Tenant agrees to pay the increased insurance cost, if any, resulting from such release.

(b) Tenant hereby indemnifies and agrees to save harmless Landlord, any mortgagee and master lessor of the Shopping Center, from and against any and all claims that arise from or in connection with the possession, use, occupation, management, repairs, maintenance or control of the Demised Premises, or any portion thereof, and any sidewalks adjoining same. Tenant shall, at its own cost and expense, defend any and all actions which may be brought against Landlord, any mortgagee or master lessor with respect to the foregoing. Tenant shall pay, satisfy and discharge any and all judgments, orders and decrees which may be recovered against Landlord, any mortgagee or master lessor in connection with the foregoing.

SECTION 8.04. LIABILITY OF LANDLORD TO TENANT. Except with respect to any damages resulting from the gross negligence of Landlord, its agents or employees, Landlord shall not be liable to Tenant, its agents, employees or customers, for any damage, loss, compensation, accident or claims whatsoever.

ARTICLE IX. DESTRUCTION OF DEMISED PREMISES



SECTION 9.01. CONTINUANCE OF LEASE. If all or a substantial portion of the Demised Premises shall be damaged by fire or other casualty, this Lease shall not be terminated or otherwise affected; except that if any such fire or other casualty occurs within the last two (2) years of the term of this Lease and the cost of repair exceeds Ten Thousand Dollars (\$10,000.00) as estimated by Landlord, then Landlord shall have the option to terminate this Lease within ninety (90) days following the occurrence of such fire or other casualty by giving written notice to the Tenant during such period. In the event Landlord exercises its option, this Lease shall immediately terminate and the entire proceeds of the insurance provided for in Section 8.01 shall be paid to the Landlord and be the sole property of Landlord.

SECTION 9.02. RECONSTRUCTION; RENT ABATEMENT. If all or any portion of the Demised Premises is damaged by fire or other casualty and this Lease is not terminated in accordance with the above provision, then all insurance proceeds however recovered shall be made available for payment of the cost of repair, replacing and rebuilding. Landlord shall use the proceeds from the insurance as set forth herein, to repair or rebuild the Demised Premises to its condition in

provided, however, that Tenant may self-insure for such coverage

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not covered by Tenant's insurance

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SECTION 7.02. METHOD OF PAYMENT

Tenant's share of Taxes shall be paid monthly together with payments of Minimum Rent so that Landlord shall have sufficient funds to pay Taxes when due without advancing same on behalf of Tenant. On or about the Commencement Date, Landlord shall provide Tenant with a statement of the amount which Tenant must reimburse (where applicable) Landlord for Taxes paid by Landlord in advance respecting Tenant's share of Taxes for the current tax year, or the amount which Tenant shall pay monthly such that by the next tax payment date Tenant will have paid its full share of Taxes for the current tax year, and the amount Tenant shall pay in equal monthly installments following the next tax payment date.

For example, assume the tax year is July 1 through June 30 and the tax payment date is September 30 (three (3) months in arrears and nine (9) months in advance).

If the Commencement Date is October 1, Tenant shall, on or about the Commencement Date, reimburse Landlord for Tenant's share of nine (9) months of Taxes and shall pay monthly 1/12th of Tenant's share of Taxes applicable to the tax year commencing the next July 1.

If the Commencement Date is August 1, Tenant shall, by September 30, pay 11/12ths of Taxes applicable to the Premises for the current tax year and commencing October 1, pay monthly 1/12th of Tenant's share of Taxes applicable to the tax year commencing the next July 1.

If the Commencement Date is January 1, Tenant shall, on or about the Commencement Date, reimburse Landlord for Tenant's share of six (6) months of Taxes and shall also commence making monthly payments of 1/9 of its share of Taxes applicable to the tax year commencing the next July 1.

Monthly payments due after the tax payment date following the Commencement Date shall be based on Landlord's good faith estimate of taxes required to be paid on the second tax payment date following the Commencement Date. Landlord may make adjustments in its estimates as necessary based on billings from the taxing authority and any adjustments necessary shall be paid or credited within ten (10) days of Landlord's statement. Notwithstanding the end of the term hereof, Tenant shall continue to be liable to Landlord for all Taxes incurred by Landlord for the period of Tenant's occupancy, and Tenant shall promptly remit to Landlord any amount due to Landlord upon notice from Landlord to Tenant.

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accordance with the provisions of Exhibit C, and Tenant shall, using the proceeds from the insurance provided for in Section 3.02, repair, restore, replace, or rebuild that portion of the Demised Premises constituting Tenant's Work as defined herein together with any additional improvements installed by Tenant, such that the Demised Premises shall be restored to its condition as of immediately prior to the occurrence of such casualty. All of the aforesaid Tenant's insurance proceeds shall be deposited in escrow and shall be disbursed as work on repair, replacement or restoration progresses upon the certification of Landlord's architect that the balance in the escrow fund is sufficient to pay the estimated costs of completing the repair and restoration. If Tenant's such insurance proceeds shall be less than the Tenant's obligation hereunder, Tenant shall pay the entire excess cost. The Minimum Rent, Tenant's share of Common Area Maintenance Expenses, and Fund (as hereinafter defined) contribution which are payable hereunder during the existence of such damage and until such repair rebuilding is substantially completed, shall be equitably abated. Equitable abatement shall terminate upon the earlier of the date upon which the Tenant commences to use substantially all of the Demised Premises for business with the public or the date upon which Landlord substantially completes its repair or rebuilding work and the expiration of a period equal in duration to the Fixturing Period.

ARTICLE X. CONDEMNATION

SECTION 10.01. EMINENT DOMAIN. If twenty-five percent (25%) or more of the floor area of the Demised Premises shall be taken or condemned by any competent government authority, then either party may elect to terminate this Lease by giving notice to the other party not more than sixty (60) days after the date of which such title shall vest in the authority. If the parking facilities are reduced below the minimum parking requirements imposed by the applicable authorities, Landlord may elect to terminate this Lease by giving Tenant notice within one hundred twenty (120) days after such taking. ~~In addition, if any Major Tenant shall terminate its lease with the Landlord pursuant to a taking of its core, Landlord may terminate this Lease on written notice to Tenant within sixty (60) days after notice to Landlord that a Major Tenant is terminating its lease.~~ In case of any taking or condemnation, whether or not the term of this Lease shall cease and terminate, the entire award shall be the property of Landlord; provided, however, Tenant shall be entitled to any award as may be allowed for fixtures and other equipment which under the terms of this Lease would not have become the property of the Landlord; further provided, that any such award to Tenant shall not be in diminution of any award to Landlord.

SECTION 10.02. RENT APPORTIONMENT. Tenant's obligation to pay Minimum Rent shall be apportioned or ended, as the case may be, as of the date of vesting of title or termination of this Lease. Any purchase of all or a portion of the Shopping Center in lieu of a taking or condemnation under powers of eminent domain shall be a taking or condemnation thereof.

ARTICLE XI. ASSIGNMENT, SUBLETTING AND ENCUMBERING LEASE



(a) Tenant shall not (i) assign or otherwise transfer, or mortgage or otherwise encumber, this Lease or any of its rights hereunder, (ii) sublet the Demised Premises or any part thereof, or permit the use of the Demised Premises or any part thereof by any persons other than Tenant or its agents, or (iii) permit the assignment or other transfer of this Lease or any of Tenant's rights hereunder by operation of law. Any attempted or purported transfer, assignment, mortgaging or encumbering of this Lease or any of Tenant's interest hereunder and any attempted or purported subletting or grant of a right to use or occupy all or a portion of the Premises in violation of the foregoing sentence shall be null and void and shall not confer any rights upon any purported transferee, assignee, mortgagee, sublessee, or occupant. *See Following Page

~~(b) In addition, in the event Tenant desires to assign or transfer this Lease, or sublet (or permit occupancy or use of) the Demised Premises, or any part thereof, Tenant shall give Landlord sixty (60) days prior written notice of Tenant's intention to so assign or transfer or sublet all or any part of the Demised Premises. For sixty (60) days following receipt of said notice, Landlord shall have the right, exercisable by sending written notice to Tenant, either to terminate this Lease or to sublet from Tenant for the balance of the term of this Lease, (i) all of the Demised Premises in the event Tenant notified Landlord of its intention to assign or transfer this Lease, or (ii) only so much of the Demised Premises as Tenant intends to sublet in the event Tenant notified Landlord of its intention to sublet the Demised Premises or a portion thereof, at the same rental per square foot Tenant is obligated to pay to Landlord hereunder. In the event Landlord does not exercise its right to terminate this Lease or sublet such space within sixty (60) days from receipt of said notice, Tenant may assign or transfer or sublet such space if Tenant has obtained the prior written consent of Landlord. In the event that Tenant defaults hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant of Tenant and hereby authorizes each such subtenant to pay said rent directly to Landlord. The consent by Landlord to any assignment, transfer, or subletting to any party shall not be construed as a waiver or release of Tenant under the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any such assignment, transfer or subletting be construed to relieve Tenant from giving Landlord said sixty (60) days notice or from obtaining the consent in writing of Landlord to any further assignment, transfer or subletting.~~

(c) ~~In the event Landlord does not exercise its right to have all or a portion of the Demised Premises, as the case may be, subleased or assigned to it but gives Tenant its written consent to assign, transfer, or sublet all or a portion of the Demised Premises to a third party, any monthly rent or other payment accruing to Tenant as the result of any such assignment, transfer, or sublease, including any lump sum or periodic payment in any manner relating to such assignment, transfer or sublease, which is in excess of the rent then payable by Tenant under the Lease shall be paid by Tenant to Landlord monthly as additional rent. Landlord may require a certificate from Tenant specifying the full amount of any such payment of whatsoever nature.~~

(d) Any costs and expenses, including attorney's fees (which shall include the cost of any time expended by Landlord's in-house counsel) incurred by Landlord in connection with any proposed or purported assignment, transfer or sublease shall be borne by Tenant and shall be payable to Landlord as Additional Rent.

which consent shall not be unreasonably withheld

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Article XI (continued)

(a) It shall be considered reasonable if the proposed assignee or subtenant:
(i) is an experienced retailer in the field of business permitted under Section 4.01 hereof; (ii) has a financial net worth sufficient in Landlord's reasonable judgment for said assignee to perform its financial obligations hereunder; (iii) specifically agrees to operate the Demised Premises pursuant to the use clause contained herein. Further, in the event Tenant receives any consideration in excess of the rentals to be paid to Landlord in return for the assignment of the Lease or sublease of the Leased Premises, then such excess consideration, however characterized, shall be paid to Landlord as additional rent. Notwithstanding the foregoing, Landlord may elect to terminate the Lease and relieve Tenant's obligations hereunder rather than accept any such assignee or subtenant even if such assignee or subtenant meets the standards set forth in i, ii, and iii hereinabove.

(b) It shall be considered reasonable for Tenant to assign or sublet this Lease to an entity which acquires all of the assets of Tenant in a merger.

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ARTICLE XII. SUBORDINATION AND FINANCING

SECTION 12.01. SUBORDINATION. This Lease and Tenant's tenancy hereunder shall be subject and subordinate at all times to the lien of any mortgage or deed of trust now or hereafter placed upon the interest of the Landlord and the Demised Premises. Tenant agrees to execute and deliver such instruments as may be desired by Landlord or by any mortgagee subordinating this Lease to the lien of any present or further mortgage or deed of trust. Tenant hereby appoints Landlord its attorney-in-fact, irrevocably, to execute and deliver any such instrument for Tenant.

SECTION 12.02. ATTORNMENr. If, and so long as this Lease is in full force and effect, then at the option of the mortgagee: (i) this Lease shall remain in full force notwithstanding (A) a default under the mortgage by Landlord, (B) failure of Landlord to comply with this Lease, (C) a defense to which Tenant might be entitled against Landlord under this Lease, or (D) any bankruptcy or similar proceedings with respect to Landlord, (ii) if any such mortgagee shall become possessed of the Demised Premises, Tenant shall be obligated to such mortgagee to pay to it the rentals and other charges due hereunder and to thereafter comply with all the terms of this Lease, (iii) if any mortgagee or purchaser, at a private or public sale shall become possessed of the Demised Premises, Tenant shall, without charge, attorn to such mortgagee or purchaser as its landlord under the Lease.

SECTION 12.03. FINANCING. In the event the construction lender, land lessor, or the permanent lender for the Shopping Center requires as a condition to financing, modifications to this Lease, provided such modifications are reasonable, do not adversely affect Tenant, do not materially alter the approved working plans and do not increase the rentals and other sums to be paid hereunder, the Landlord shall submit to Tenant a written amendment with such required modifications and if Tenant fails to execute and return within ten (10) days thereafter the amendments that have been submitted, then Landlord shall have the right to cancel this Lease, upon written notice to Tenant.

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ARTICLE XIII. ADVERTISING AND PROMOTIONAL FUND

SECTION 13.01. LANDLORD'S CONTRIBUTION. Landlord shall contribute to the Shopping Center Advertising and Promotion Fund (the "Fund") in accordance with the terms of this Article. The object of the Fund shall be to advertise and promote the Shopping Center and the tenants therein. The Fund shall be administered by the Landlord. The Landlord shall contribute to the Fund a dollar amount equal to twenty percent (20%) of the total dollar amount contributed by the tenants in the Shopping Center. Landlord shall upon request furnish Tenant with a written account of Fund Expenses no more than once in any lease year.

SECTION 13.02. TENANT'S CONTRIBUTION. Annual contributions of Tenant shall be seventy-five cents Dollars (\$ 0.75) times the number of square feet of floor area in the Demised Premises. Tenant shall also pay a one-time initial contribution in an amount equal to one year's contribution as computed above. This initial contribution shall be due and payable on the execution of the Lease.

SECTION 13.03. METHOD OF PAYMENT. The contributions shall be paid to Landlord for the account of the Fund in twelve (12) equal monthly installments in the same manner as the monthly installments of Minimum Rent are payable. Landlord, in its sole discretion, may by a notice to all tenants at the end of any lease year, make any or all of the further contributions to the Fund subject to annual adjustments (upward only) by the increase in the Consumer Price Index by multiplying the annual contribution then in effect by a fraction, the numerator of which shall be the Consumer Price Index as of the most recent date prior to such adjustment, and the denominator of which shall be the Consumer Price Index as of the Commencement Date. The Consumer Price Index is defined in Article XIX. Landlord shall pay over such contributions to the Fund within ten (10) days after receipt thereof or upon the formal formation of the Fund, whichever event occurs last.

ARTICLE XIV. DEFAULTS

SECTION 14.01. ELEMENTS OF DEFAULT. If any one or more of the following events occur, said event or events shall hereby be classified as a "Default":

(a) if Tenant, or any guarantor of Tenant's obligations hereunder, shall make an assignment for the benefit of creditors or file a petition, in any state court, in bankruptcy, reorganization, composition, or make an application in any such proceedings for the appointment of a trustee or receiver for all or any portion of its property;

(b) if any petition shall be filed under state law against Tenant, or any guarantor of Tenant's obligations hereunder in any bankruptcy, reorganization, or insolvency proceedings, and said proceedings shall not be dismissed or vacated within thirty (30) days after such petition is filed;

(c) if a receiver or trustee shall be appointed under state law for Tenant, or any guarantor of Tenant's obligations hereunder, for all or any portion of the property of either of them, and such receivership or trusteeship shall not be set aside within thirty (30) days after such appointment;

(d) if Tenant refuses to take possession of the Demised Premises at the Delivery of Possession Date, or fails to open its doors for business at the expiration of the Fixturing Period as required herein, vacates the Demised Premises and permits the same to remain unoccupied and unattended or substantially ceases to carry on its normal activities in the Demised Premises;

(e) if the Tenant is a corporation, if any part or all of its stock representing effective voting control of Tenant, shall be transferred so as to result in a change in the present effective voting control of Tenant and such change is not consented to in writing by Landlord, provided, however, this provision shall not apply if Tenant is a publicly traded corporation;

(f) if Tenant fails to pay Minimum Rent, Percentage Rent, Fund Contributions, its share of the Common Area Maintenance Expenses, Taxes, Additional Rent or any other charges required to be paid by Tenant when same shall become due and payable and such failure continues for five (5) days after written notice thereof;

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(g) if Tenant shall fail to perform or observe any terms and conditions of this Lease, and such failure shall continue for ten (10) days after written notice from Landlord (except that such ten (10) day period shall be automatically extended for such additional period of time as is reasonably necessary to cure such Default, if such Default cannot be cured within such period, provided Tenant commences the process of curing the same within said ten (10) day period and diligently pursues such cure);

(h) if Tenant shall be given three (3) notices of Default under Section 14.01 (f) or (g), ~~notwithstanding any subsequent cure of the Default identified in such notices; or~~

(i) if any execution, levy, attachment or other legal process of law shall occur upon Tenant's goods, fixtures, or interest in the Demised Premises, provided the same is not paid or bonded off within thirty (30) days;

SECTION 14.02. LANDLORD'S REMEDIES. Should a Default occur under this Lease, Landlord may pursue any or all of the following:

(i) Landlord may terminate this Lease, by giving five (5) days' written notice of such termination to Tenant, whereupon this Lease shall automatically cease and terminate and Tenant shall be immediately obligated to quit the Demised Premises. Any other notice to quit or notice of Landlord's intention to re-enter the Demised Premises is hereby expressly waived. If Landlord elects to terminate this Lease, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice, subject, however, to the right of Landlord to recover from Tenant all rent and any other sums accrued up to the time of termination or recovery of possession by Landlord, whichever is later.

(ii) Upon termination of this Lease pursuant to Section 14.02(i), Landlord may proceed to recover possession of the Demised Premises under and by virtue of the provisions of the laws of the jurisdiction in which the Shopping Center is located, or by such other proceedings, including re-entry and possession, as may be applicable.

(iii) Should this Lease be terminated before the expiration of the term of this Lease by reason of Tenant's default as hereinabove provided, or if Tenant shall abandon or vacate the Demised Premises before the expiration or termination of the term of this Lease without having paid the full rental for the remainder of such term, Landlord shall have the option to relet the Demised Premises for such rent and upon such terms as are not unreasonable under the circumstances and, if the full rental reserved under this Lease (and any of the costs, expenses or damages indicated below) shall not be realized by Landlord, Tenant shall be liable for all damages sustained by Landlord, including, without limitation, deficiency in rent, reasonable attorneys' fees, brokerage fees and expenses of placing the Demised Premises in first class rentable condition. Landlord, in putting the Demised Premises in good order or preparing the same for rental may, at Landlord's option, make such alterations, repairs, or replacements in the Demised Premises as Landlord, in its sole judgment, considers advisable and necessary for the purpose of reletting the Demised Premises, and the making of such alterations, repairs, or replacements shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall in no event be liable in any way whatsoever for failure to relet the Demised Premises, or in the event that the Demised Premises are relet, for failure to collect the rent under such reletting, and in no event shall Tenant be entitled to receive the excess, if any, of such net rent collected over the sums payable by Tenant to Landlord hereunder.

(iv) If Tenant shall fail to pay any monthly installment of rent pursuant to the terms of this Lease, or any Additional Rent due under this Lease, when each such payment is due, for two (2) consecutive months, or three (3) times in any period of six (6) consecutive months, then Landlord may, by giving written notice to Tenant, exercise any of the following options as a conditions of Tenant's curing such Default: (A) declare the rent reserved under this Lease for the next six (6) months (or at Landlord's option for a lesser period) to be due and payable within ten (10) days of such notice; or (B) require an additional security deposit to be paid to Landlord within ten (10) days of such notice, in an amount not to exceed six (6) months rent. Landlord may invoke any of the options provided for herein at any time during which Default remains uncured.

(v) Any damage or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or at Landlord's option in a single proceeding deferred until the expiration of the term of this Lease (in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of said term) or in a single proceeding prior to either the time of reletting or the expiration of the term of this Lease.

(vi) Nothing contained herein shall prevent the enforcement of any claim Landlord may have against Tenant for anticipatory breach of the unexpired term of this Lease. In the event of a breach or anticipatory breach by Tenant of any of the covenants or provisions hereof, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not provided for herein. Mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises, by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

SECTION 14.03. PERCENTAGE RENT AFTER DEFAULT. For the purpose of computing Percentage Rent for each year after a Default, Tenant's Gross Sales shall be deemed to be the average of Tenant's Gross Sales during all of the lease years preceding the lease year during which the Default occurred, ~~but in no event shall such Percentage Rent be deemed to be less than fifteen percent (15%) of the Minimum Rent during the lease year during which the Default occurred.~~ increased by ten percent (10%) for each subsequent year.

SECTION 14.04. ADDITIONAL REMEDIES AND WAIVERS. The rights and remedies of Landlord set forth herein shall be in addition to any other right and remedy now or hereinafter provided by law, and all such rights and remedies shall be cumulative. No action or inaction by Landlord shall constitute a waiver of a Default and no waiver of Default shall be effective unless it is writing, signed by the Landlord.

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within any one (1)
lease year,

SECTION 14.05. CURE OF DEFAULT. If Tenant shall be in Default hereunder, Landlord shall have the option, upon ten (10) days written notice to Tenant, to cure said Default for the account of and at the expense of the Tenant. No such notice shall be required for emergency repairs. Tenant agrees to pay Landlord interest, at a rate equal to two percent (2%) in excess of the prime rate of interest announced from time to time by The Chase Manhattan Bank N.A. but not in excess of the maximum legal rate, for all sums paid by Landlord pursuant to the terms of this Article, and for all sums due and owing to Landlord more than five (5) days after the date such sums are due.

ARTICLE XV. RIGHT OF ACCESS

Landlord may, upon prior notice to Tenant, enter upon the Demised Premises for the purpose of inspecting, making repairs, replacements, or alterations, and showing the Demised Premises to prospective purchasers, lenders or lessees. During the last six (6) months of the term, Landlord shall have the right to display one or more "For Rent" signs on or about the Demised Premises.

ARTICLES XVI. DELAYS

If Landlord or Tenant is delayed or prevented from performing any of their respective obligations during the term of this Lease because of acts of God or other cause beyond their control, then the period of such delays shall be deemed added to the time herein provided for the performance of any such obligation and the defaulting party shall not be liable for losses or damages caused by such delays; provided, however, that this Article shall not apply to the payment of any sums of money required to be paid by Tenant hereunder or any obligation of Landlord or Tenant that can be satisfied by the payment of money.

ARTICLE XVII. END OF TERM

SECTION 17.01. RETURN OF DEMISED PREMISES. Upon the expiration or termination of this Lease, Tenant shall quit and surrender the Demised Premises, in good order, broom clean, normal wear and tear and acts of God excepted, to the Landlord. Subject to the other terms of this Lease, Tenant shall, at its expense, remove all property of Tenant, all alterations to the Demised Premises not wanted by Landlord, and repair damage caused by such removal and return the Demised Premises to the condition in which they were prior to the installation of the article so removed. Upon the expiration or termination of this Lease, Tenant shall execute and acknowledge a quit-claim deed to Tenant's interest in the Demised Premises, in recordable form, in favor of the Landlord ten (10) days after written notice and demand thereof by Landlord, and Tenant hereby appoints Landlord its attorney-in-fact, irrevocably to execute and deliver such quit claim deed.

SECTION 17.02. HOLDING OVER. If Tenant shall hold possession of the Demised Premises after the expiration or termination of this Lease, at Landlord's option (i) Tenant shall be deemed to be occupying the Demised Premises as a tenant from month-to-month, at double the Minimum Rent and Percentage Rent in effect during the last least year immediately preceding such hold over and otherwise subject to all of the terms and conditions of this Lease, or (ii) Landlord may exercise any other remedies it has under this Lease or at a law or in equity including an action for wrongfully holding over. No payment by Tenant, or receipt by Landlord, of a lesser amount than the correct rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or letter accompanying any check for payment of rent or any other amounts owed to Landlord be deemed to effect or evidence an accord and satisfaction, and Landlord may accept such check or payment without preclude to Landlord's right to recover the balance of the rent or other amount owed or to pursue any other remedy provided in this Lease.

ARTICLE XVIII. COVENANT OF QUIET ENJOYMENT

Landlord covenants that if and so long as Tenant pays the rent and all other charges provided for herein, and performs all of its obligations provided for herein, Tenant shall at all times during the term hereof peaceably, have hold and enjoy the Demised Premises, without any interruption or disturbance from Landlord, or any one claiming through or under Landlord, subject to the terms hereof.

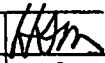
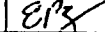
ARTICLE XIX. MISCELLANEOUS

(a) This Lease contains the entire agreement between the parties hereto and there are no promises, agreements, conditions, undertakings, or warranties, or representations, oral or written, between them or other than as herein set forth. If any provision of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(b) No notice or other communications given under this Lease shall be effective unless the same is in writing and is delivered in person or mailed by registered or certified mail, return receipt requested, first class, postage prepaid, addressed:

(1) If to Landlord, to Western Development Corporation, 1204 Wisconsin Avenue, N.W., Washington, D.C. 20007, with a copy to or to such other address as Landlord shall designate by giving notice thereof to Tenant.

(2) If to Tenant, to 3317 Northwest 167th Street
Miami, Florida 33169 attn: Legal Dept
or such other address as Tenant shall designate by giving notice thereof to Landlord. The date of service of any notice given by mail shall be the date on which such notice is deposited in the U.S. mails.

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(c) It is the intent of the parties hereto that all questions with respect to the construction of the Lease and the rights and the liabilities of the parties hereto shall be determined in accordance with the laws of the jurisdiction in which the Shopping Center is located.

(d) This Lease shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

(e) There shall be no personal liability on Landlord, Landlord's beneficiaries or any successor in interest with respect to any provisions of this Lease. Tenants shall look solely to the equity of the then owner of the Demised Premises for the satisfaction of any remedies of the Tenant in the event of a breach by Landlord of any of its obligations hereunder.

(f) Tenant warrants and represents that there was no broker or agent instrumental in consummating this Lease. Tenant agrees to indemnify and hold Landlord harmless against any claims for brokerage or other commissions arising by reason of a breach by Tenant of this representation and warranty.

(g) Landlord hereunder shall have the right to freely assign this Lease without notice to or the consent of Tenant.

(h) The terms of this Lease shall not be interpreted to mean that Landlord and Tenant are partners or joint venturers.

(i) Tenant hereby expressly waives for itself and all persons claiming by or through it, any right of redemption or for the restoration of the operation of this Lease under any present or future law in case Tenant shall be dispossessed for any cause.

(j) Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on or in respect of any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant hereunder, Tenant's use or occupancy of the Demised Premises, and/or any claim of injury or damage.

(k) If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(l) No failure by Landlord to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease to be kept, observed or performed by Tenant, and no failure by Landlord to exercise any right or remedy consequent upon a breach of any such term, covenant, agreement, provision, condition or limitation of this Lease, shall constitute a waiver of any such breach or of any such term, covenant, agreement, provision, condition or limitation.

(m) As used herein, Consumer Price Index shall mean the Revised Consumer Price Index for Wage Earners and Clerical Workers for the Metropolitan D.C./Md./Va. area (all items, 1967 = 100) promulgated by the Bureau of Labor Statistics of the United States Department of Labor.

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IN WITNESS WHEREOF, and intending that this Lease be a sealed instrument, Landlord and Tenant have executed this Lease under seal on the dates indicated below.

WITNESS:

Lido S. Engh (Seal)

LANDLORD:

Montgomery Village Associates II
Limited Partnership, a Maryland
Limited Partnership

By: [Signature] (Seal)
Herbert S. Miller
General Partner

Date of Execution August 1, 1984

WITNESS or ATTEST:

61 Edward P. Zimmer (Seal)
ASSISTANT SECRETARY

TENANT:

Levitz Furniture Company of Eastern Region, Inc.
a Florida Corporation

By: [Signature] (Seal)
Name: GEORGE H. BLANDIER
Title: MANAGER

Date of Execution July 30, 1984

AMENDMENT OF LEASE

THIS AMENDMENT OF LEASE (hereinafter "Amendment") is made this ~~10th~~ day of ~~November~~, 1994 by and between Combined Properties Limited Partnership, successor-in-interest to Montgomery Village Associates II Limited Partnership ("Landlord") and Contour Road Convertibles, Inc., successor-in-interest to Levitz Furniture Company of Eastern Region, Inc. ("Tenant").

WHEREAS, by Lease Agreement dated July 30, 1984 (hereinafter referred to as "Lease"), Landlord leased to Tenant a portion of certain real property situated in Gaithersburg, Maryland and more particularly known as Store No. 2 in the Montgomery Village Shopping Center containing approximately 4,895 square feet of store space (hereinafter referred to as "Premises" or "Demised Premises"); and

WHEREAS, Tenant's original five (5) year lease term expired October 27, 1989; and

WHEREAS, pursuant to Section 1.02 of the Lease, Tenant exercised the option to extend the term of the Lease for one (1) additional period of five (5) years, which period commenced October 28, 1989 and shall end October 27, 1994; and

WHEREAS, Tenant desires to extend the lease term for an additional ten (10) year period; and

WHEREAS, Landlord is willing to grant Tenant such ten (10) year extension upon the terms and conditions hereinafter set forth; and

WHEREAS, the parties desire to amend the Lease as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto intending to be legally bound, hereby agree that the Lease is hereby amended, effective as of the date hereof, as follows:

FIRST: Tenant's lease term shall be extended for an additional period of ten (10) years commencing October 28, 1994 and ending October 31, 2004 upon the same covenants and conditions as provided in the Lease except as may otherwise be provided in this Amendment; it being understood by the parties hereto that, as of the date of this Amendment, the Expiration Date as referred to in Section 1.02 of the Lease shall be changed to October 31, 2004.

SECOND: For the period commencing October 28, 1994 and ending October 31, 1997, Tenant hereby covenants and agrees to pay to Landlord annual Minimum Rent, as called for in Section 2.01 of the Lease, of Eighty-Four Thousand Three Hundred Forty and 85/100 Dollars (\$84,340.85), payable in equal monthly payments of Seven Thousand Twenty-Eight and 40/100 Dollars (\$7,028.40); and the Sale Break Point, as called for in Section 2.02 of the Lease, shall be the sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00). Commencing as of November 1, 1997 and thereafter as of each third (3rd) anniversary of said day throughout the lease term (said day and each third (3rd) anniversary thereof being a "date of adjustment"), the Minimum Rent and the Sales Break Point shall be increased by nine percent (9%).

THIRD: The first sentence of Section 1.01 Demised Premises shall be deleted in its entirety and replaced by the following:

Landlord hereby leases to Tenant for the term and upon the covenants hereinafter set forth, approximately Four Thousand Eight Hundred Ninety-Five (4,895) square feet of ground floor area in the shopping center designated as Montgomery Village Shopping Center or by such other name as Landlord may from time to time hereafter designate (hereinafter "Shopping Center").

FOURTH: Section 4.01(b) of Article IV of the Lease shall be deleted in its entirety and replaced by the following:

(b) Tenant shall operate its business from the Demised Premises under the following trade name only and under no other trade name except as Tenant may from time to time designate for similar stores in Tenant's chain in the Washington, D.C. metropolitan area: Jennifer Convertibles.

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FIFTH: The first sentence of Section 13.02 Tenant's Contribution shall be deleted in its entirety and replaced by the following:

Annual contributions of Tenant shall be One and 00/100 Dollars (\$1.00) times the number of square feet of floor area in the Demised Premises.

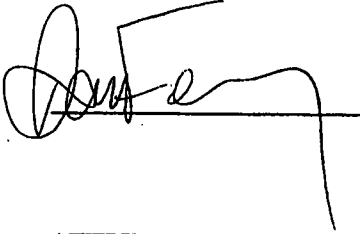
SIXTH: In consideration of Landlord agreeing to the terms and conditions of this Amendment, Tenant covenants and agrees that it shall maintain, throughout the term of the Lease, an interior decor, which shall, in its manner of design, reflect an "upscale" retailing image.

SEVENTH: Except as modified by this Amendment of Lease, the Lease shall continue in full force and effect in accordance with the terms thereof.

EIGHTH: All the rights and obligations of the parties under this Amendment of Lease shall bind and inure to the benefit of their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the date first above written.

WITNESS:



ATTEST:

[Corporate Seal]

Karen Sanders
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October 19, 1994

LANDLORD:
COMBINED PROPERTIES
LIMITED PARTNERSHIP

By:  (Seal)
Ronald S. Haft
General Partner

TENANT:
CONTOUR ROAD CONVERTIBLES, INC.

By:  (Seal)

Its: _____

rls

LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") made this 16th day of July, 2002 by and between COMBINED PROPERTIES LIMITED PARTNERSHIP, a Maryland limited partnership, successor in interest to Montgomery Village Associates II Limited Partnership ("Landlord"); CONTOUR ROAD CONVERTIBLES, INC., a Maryland corporation, sometimes formerly referred to as Jennifer Convertibles, Inc., successor in interest to Levitz Furniture Company of Eastern Region, Inc., t/a Jennifer Convertibles ("Assignor"); and JENNIFER CONVERTIBLES, INC., a Delaware corporation ("Assignee").

WITNESSETH:

WHEREAS, Landlord and Assignor entered into that certain Lease Agreement dated July 30, 1984, as amended by that certain Letter dated September 22, 1987, Letter dated March 22, 1988, Letter dated April 28, 1989, Letter dated July 31, 1990, and Amendment of Lease dated November 10, 1994 (hereinafter collectively referred to as the "Lease"), pursuant to which Assignor leased from Landlord approximately four thousand eight hundred ninety-five (4,895) square feet of space, commonly known as Store #2 located at 18306 Contour Road, Gaithersburg, Maryland 20879 ("Premises"), in a shopping development known as Montgomery Village Plaza ("Shopping Center"); and

WHEREAS, the term of the Lease expires on October 31, 2004; and

WHEREAS, Assignor now desires, with the consent of Landlord, to assign to Assignee all of Assignor's estate, right, title and interest in and to the Lease; and

WHEREAS, Landlord is willing to consent to such assignment of the Lease subject to the following express conditions.

NOW, THEREFORE, in consideration of the foregoing and the sum of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained herein, the parties hereto, intending to be legally bound, agree as follows:

1. Recitals. All of the foregoing recitals and representations form a material part of this Agreement and are incorporated herein by this reference.

2. Assignment. Effective May 1, 2001 ("Assignment Date"), Assignor hereby assigns, transfers, sets over and conveys to Assignee all of its estate, right, title and interest in and to the Lease, including specifically, and subject to, all of the obligations and burdens of Assignor thereunder and all of the benefits and rights relating thereto.

3. Assumption by Assignee. Effective as of the Assignment Date, Assignee hereby assumes and agrees to be bound by the provisions of the Lease and expressly undertakes and assumes each and every one of Assignor's obligations thereunder, including specifically, the payment of Minimum Rent, Additional Rent, and all other charges and payments to be made under the Lease, inclusive of all charges which have accrued but as yet have not been billed, all with the same force and effect as if Assignee was originally named as "Tenant" in the Lease.

4. Assignor's Continuing Liability. Assignor hereby expressly covenants and agrees that, notwithstanding this Agreement and the assignment consented to herein, it shall continue at all times to be and remain liable to Landlord under the Lease for the timely payment of all Minimum Rent, Additional Rent and other sums due under the Lease and for the performance of all covenants and conditions of the Lease to be performed by "Tenant" thereunder. Assignor hereby covenants and agrees that its obligations hereunder and under the Lease shall remain in full force and effect without

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regard to, and the obligations of the Assignor shall not be affected or impaired by, any bankruptcy, insolvency, reorganization or similar proceeding involving or affecting Assignee. Assignor hereby agrees that it may be joined in any action or proceeding commenced by Landlord against Assignee in connection with or based upon the Lease, this Agreement or any provision thereof, and that recovery may be had against Assignor in any such action or proceeding without any requirement that Landlord first assert, prosecute or exhaust any remedy or claim against Assignee. The obligations of Assignor hereunder and under the Lease shall continue in full force and effect and shall extend to any amendments or modifications of the Lease (including, specifically, those made hereby) and to any successor or assignee of "Tenant's" interest in and to the Lease, whether or not Assignor shall have had notice thereof.

5. Landlord's Consent. Landlord hereby consents to the present assignment of the Lease upon the terms and conditions herein set forth. Such consent is expressly limited to this particular assignment and is not a consent to any other or further assignment of "Tenant's" interest in and to the Lease.

6. Tenant Defined. Effective as of the Assignment Date the term "Tenant" as used hereinafter in this Agreement and the Lease shall be deemed to mean Assignee.

7. Tenant's Address For Notices. Effective as of the Assignment Date, Tenant's Address for Notices shall be:

Jennifer Convertibles, Inc.
419 Crossways Park Drive
Woodbury, New York 11797

8. Defined Terms. Unless otherwise defined herein, terms that are defined in the Lease shall have the same meanings when such terms are used in this Agreement.

9. Time is of the Essence. Time is of the essence with respect to each and every obligation arising under this Agreement and the Lease.

10. Binding Effect. All of the covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns.

11. Confirmation of Terms. All of the terms, covenants and conditions of the Lease, except as are herein specifically modified and amended, shall remain in full force and effect, and are hereby adopted and reaffirmed by the parties hereto.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and date set forth above.

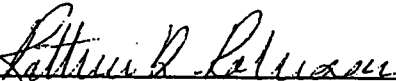
WITNESS/ATTEST:



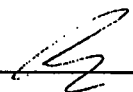
Name:
Title:

LANDLORD:
COMBINED PROPERTIES LIMITED
PARTNERSHIP, a Maryland limited
partnership

By: CPLP GP CORP., a Delaware
corporation, Its Managing
General Partner

By: 

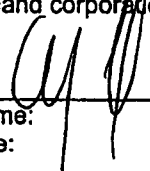
Katherine D. Roberson
Vice President




Name:
Title:

[corporate seal]

ASSIGNOR:
CONTOUR ROAD
CONVERTIBLES, INC.,
a Maryland corporation

By: 

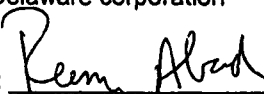
Name:
Title:



Name:
Title:

[corporate seal]

ASSIGNEE:
JENNIFER CONVERTIBLES, INC.,
a Delaware corporation

By: 

Name:
Title:

*Jennifer
Convertibles*

LEASE EXTENSION AGREEMENT

THIS LEASE EXTENSION AGREEMENT ("Agreement") made this 7th day of May, 2004, by and between COMBINED PROPERTIES LIMITED PARTNERSHIP, a Maryland limited partnership, successor in interest to Montgomery Village Associates II ("Landlord") and JENNIFER CONVERTIBLES, INC., a Delaware corporation, successor in interest to Levitz Furniture Company of Eastern Region, Inc. v/a Jennifer Convertibles ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant, by and through their respective predecessors in interest, entered into that certain Lease Agreement dated July 30, 1984, as amended by that certain Amendment of Lease dated November 10, 1994 and that certain Lease Assignment and Assumption Agreement dated July 16, 2002 (hereinafter collectively referred to as the "Lease"), pursuant to which Tenant leased from Landlord approximately 4,895 square feet commonly known as Store #2 ("Premises"), located at 18306 Contour Road, Gaithersburg, MD 20879, in a shopping development known as Montgomery Village Plaza;

WHEREAS, the term of the Lease ("Original Term") expires on October 31, 2004;

WHEREAS, Tenant has no remaining option to extend the Original Term; and

WHEREAS, the parties hereto desire to extend the term and amend the Lease, all as hereinafter provided.

NOW THEREFORE, in consideration of the foregoing and the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual promises contained herein, the parties hereto, intending to be legally bound, agree as follows:

1. Recitals. Each of the foregoing recitals and representations are a material part of this Agreement and are incorporated herein by reference.
2. Extension of Original Term. The Original Term shall be extended for a period of five (5) years, commencing on November 1, 2004 and expiring on October 31, 2009 ("Extended Original Term"), subject to all of the terms, covenants and conditions contained in the Lease as modified hereby. Accordingly, the Expiration Date as defined in Section 1.02 of the Lease shall be October 31, 2009.
3. Deletion of Renewal Option. Tenant's renewal option is hereby deemed null and void and Section 1.02(a) of the Lease is hereby deleted in its entirety.
4. Minimum Rent During Extended Original Term. Notwithstanding any provision to the contrary contained in the Lease, Minimum Rent during the Extended Original Term shall be in the following amounts for the periods respectively set forth below:

| <u>Lease Year</u> | <u>Annually</u> | <u>Monthly</u> |
|-------------------|-----------------|----------------|
| 11/01/04-10/31/05 | \$105,242.50 | \$8,770.21 |
| 11/01/05-10/31/06 | \$105,242.50 | \$8,770.21 |
| 11/01/06-10/31/07 | \$105,242.50 | \$8,770.21 |
| 11/01/07-10/31/08 | \$110,137.50 | \$9,178.13 |
| 11/01/08-10/31/09 | \$110,137.50 | \$9,178.13 |

5. Percentage Rent During Extended Original Term. Notwithstanding any provision to the contrary contained in the Lease, the Sales Break Point as defined in Section 2.02(a) of the Lease during the Extended Original Term shall be in the following amounts for the periods respectively set forth below:

| <u>Lease Year</u> | <u>Sales Break Point</u> |
|-------------------|--------------------------|
| 11/01/04-10/31/05 | \$1,942,543.50 |
| 11/01/05-10/31/06 | \$1,942,543.50 |
| 11/01/06-10/31/07 | \$2,117,372.42 |
| 11/01/07-10/31/08 | \$2,117,372.42 |
| 11/01/08-10/31/09 | \$2,117,372.42 |

6. **Rent Payments.** Rent payments due under the Lease shall continue to be paid in the intervals and manner required under the Lease and shall be made payable to Landlord at:

Via regular mail:
Bank of America
CPLP Montgomery Village Shopping Center
P.O. Box 402947-#003
Atlanta, GA 30384-2947

Via express courier:
Bank of America
CPLP Montgomery Village Shopping Center
Lockbox 402947-#003
6000 Feldwood Road
Atlanta, GA 30384-2947

7. **Brokers.** Each of the parties hereto represents and warrants that there are no brokerage commissions or finder's fees of any kind due to anyone in connection with the execution of this Agreement, and agrees to indemnify the other against, and hold it harmless from, all liabilities arising from any and all claims of any persons or entities for any brokerage commissions or finder's fees of any kind arising out of this Agreement (including the cost of counsel fees in connection therewith).

8. **Defined Terms.** Unless otherwise defined herein, terms that are defined in the Lease shall have the same meanings when such terms are used in this Agreement.

9. **Time is of the Essence.** Time is of the essence with respect to each and every obligation arising under this Agreement and the Lease.

10. **Binding Effect.** All of the covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns.

11. **Confirmation of Terms.** All of the terms, covenants and conditions contained in the Lease, except as are herein specifically modified and amended, shall continue and remain in full force and effect, and are hereby adopted and reaffirmed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals effective as of the date first hereinabove written.


WITNESS:

LANDLORD:

COMBINED PROPERTIES LIMITED PARTNERSHIP, a Maryland limited partnership
By: CPLP GP CORP., a Delaware corporation, its Managing General Partner




Will B. Pottersveld
Real Estate Attorney

By: 


Katherine D. Roberson
Vice President

TENANT:

JENNIFER CONVERTIBLES, INC., a Delaware corporation



Name: BERNARD WINCIG
Title: ASSISTANT SECRETARY

By: 

Name: EDWARD B. SETLOW
Title: EXECUTIVE V.P.

[corporate seal]

THIRD LEASE AMENDMENT AND EXTENSION OF LEASE

THIS THIRD LEASE AMENDMENT AND EXTENSION OF LEASE ("Amendment") is entered as of the 6th day of November, 2009, by and between JBG/MONTGOMERY VILLAGE, L.L.C., a Delaware limited liability company, hereinafter referred to as "Landlord", and JENNIFER CONVERTIBLES, INC., a Delaware corporation, d/b/a Jennifer Convertibles, hereinafter referred to as "Tenant."

RECITALS:

A. Landlord's predecessor-in-interest and Tenant's predecessor-in-interest entered into a Lease Agreement dated July 30, 1984 (the "Original Lease"), as amended by that certain Amendment of Lease dated November 10, 1994 (the "First Amendment"), that certain Lease Assignment and Assumption Agreement dated July 16, 2002 (the "Assignment"), and as further amended by that certain Lease Extension Agreement dated May 7, 2004 (the "Second Amendment") (collectively the "Lease"), to which certain documents, notices and letters relate, including, but not limited to, that certain letter agreement dated September 22, 1987, that certain letter agreement dated March 22, 1988, that certain notice dated April 28, 1989, that certain notice dated August 21, 1990, and that certain notice dated September 10, 2004, whereby said Tenant let those certain premises, containing approximately four thousand eight hundred ninety-five (4,895) square feet ("Demised Premises") located in the Montgomery Village Plaza, Gaithersburg, Maryland ("Shopping Center"), for a period expiring on October 31, 2009. As used in this Amendment, the term "Lease" shall mean the "Lease, as amended hereby," unless its context expressly requires it to mean the Original Lease, the First Amendment, the Assignment, or the Second Amendment; and

B. Landlord and Tenant desire to extend the term and amend said Lease in certain respects as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby reciprocally acknowledged, Landlord and Tenant agree as set forth below.

1. Recitals. The foregoing recitals and representations form a material part of this Amendment and are incorporated herein by this reference.

2. Term. The term of the Lease is hereby extended and revised so that the expiration date shall be October 31, 2010 instead of October 31, 2009. The period from November 1, 2009 through October 31, 2010 is hereafter referred to as the "Fourth Extended Term". Any provision in the Lease, whether express or implied, which could be construed as providing Tenant a further right to extend the term of the Lease past October 31, 2010, shall no longer be applicable.

3. Minimum Rent. During the Fourth Extended Term, Minimum Rent shall be as follows:

| <u>Period</u> | <u>Annually</u> | <u>Monthly</u> |
|-------------------------|-----------------|----------------|
| 11/1/2009 to 10/31/2010 | \$90,557.52 | \$7,546.46 |

Notwithstanding anything to the contrary contained in the Lease, it is the intention of the parties that the Minimum Rent for the Fourth Extended Term includes payments of Tenant's proportionate share of the Common Area Maintenance Expenses, Tenant's proportionate share of Taxes, and Tenant's contribution to the Fund, if any, and the same will not be billed in addition to the Minimum Rent. Landlord, in Landlord's sole discretion, shall have the right to apportion any part (or none) of the Minimum Rent, as Landlord deems advisable, toward Common Area Maintenance Expenses, Taxes, and the Fund, if any.

4. Broker. Each of the parties hereto represents and warrants that, other than the brokerage commission payable by Landlord to JBG/Rosenfeld Retail Properties LLC pursuant to a separate agreement, there are no other brokerage commissions or finders' fees of any kind due in connection with this Amendment, and each of the parties hereto agrees to indemnify the other against, and hold it harmless from, any and all liabilities, damages, costs, claims and obligations arising from any such claim (including, without limitation, the cost of attorneys' fees in connection therewith).

5. Landlord's Option to Terminate. Landlord shall have the right at any time during the Fourth Extended Term to terminate the Lease upon giving Tenant at least sixty (60) days' prior written notice. On the date set out as the effective date of lease termination in Landlord's notice of termination, Tenant shall vacate and surrender possession of the Demised Premises in accordance with the terms of the Lease.

6. Percentage Rent. Tenant shall have no obligation to pay Landlord Percentage Rent during the Fourth Extended Term.

7. Waiver of Subrogation. Section 8.03(a) of the Original Lease is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"Notwithstanding anything in the Lease to the contrary, Tenant and Landlord hereby waive and release any and all rights of recovery, whether arising in contract or tort, against the other, including their employees, agents and contractors, arising during the term of the Lease for any and all loss or damage to any property located within or constituting a part of the Shopping Center (inclusive of the Demised Premises), which loss or damage arises from the perils that could be insured against under the ISO Causes of Loss-Special Form Coverage (formerly known as "all-risk"), including any deductible thereunder (whether or not the party suffering the loss or damage actually carries such insurance, recovers under such insurance or self insures the loss or damage) or which right of recovery arises from any loss or damage that could be

insured under time element insurance, including without limitation loss of earnings or rents resulting from loss or damage caused by such a peril. This mutual waiver is in addition to any other waiver or release contained in the Lease. If there is a conflict between this paragraph and any other provision of the Lease, this paragraph shall control. Landlord and Tenant shall cause each property insurance policy carried by either of them insuring the Demised Premises, the contents thereof, or the Shopping Center, to provide that the insurer waives all rights of recovery by way of subrogation or otherwise against the other party hereto in connection with any loss or damage which is covered by such policy or that such policy shall otherwise permit, and shall not be voided by the releases provided for above."

8. Landlord's Notice and Rent Payment Addresses. The Lease is hereby modified to provide that notices and rent payments to Landlord shall be sent to the respective addresses set forth below:

Notice Address:
c/o JBG/Rosenfeld Retail Properties LLC
4445 Willard Avenue, Suite 700
Chevy Chase, Maryland 20815

Rent Payment Address:
P.O. Box 791373
Baltimore, Maryland 21279-1373

TENANT'S NOTICE ADDRESS:

JENNIFER CONVERTIBLES, INC.,
417 CROSSWAYS PARK DRIVE
WOODBURY, NEW YORK 11797

WITH A COPY TO:

LAW OFFICE OF WINCIG & WINCIG
137 FIFTH AVENUE, 9TH FLOOR
NEW YORK, NEW YORK 10010
ATTN: OWEN WINCIG, ESQ.

9. Defined Terms. Terms that are defined in the Lease shall have the same meanings when such terms are used in this Amendment.

10. Confirmation of Terms. All of the terms, covenants and conditions of the Lease, except as are herein specifically modified and amended, shall remain in full force and effect and are hereby adopted and reaffirmed by the parties hereto.

11. Landlord's Liability. In no event shall Landlord (or any of Landlord's officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders, or other principals or representatives, disclosed or undisclosed) ever be liable for consequential damages.

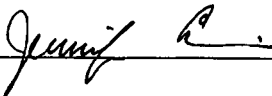
IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Amendment under their respective seals on the day and year first above written.

WITNESS:

LANDLORD:

JBG/MONTGOMERY VILLAGE, L.L.C.,
a Delaware limited liability company

By: JBG/Rosenfeld Retail Properties LLC, Its Agent



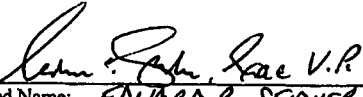
By:  (SEAL)
Name: JAMES J. CARLSBERG, JR.
Title: Authorized Principal

ATTEST:

TENANT:

JENNIFER CONVERTIBLES, INC., a Delaware
corporation, d/b/a Jennifer Convertibles

By: _____
Typed Name: _____
Title: _____

By:  (SEAL)
Typed Name: EDWARD B. SEIDNER
Title: EXECUTIVE V.P.
FEIN: _____

[CORPORATE SEAL]



DISTRICT COURT OF MARYLAND FOR MONTGOMERY COUNTY

Located at 27 Courthouse Square, Rockville, MD 20850

JBG/MONTGOMERY VILLAGE, L.L.C., successor-in-interest

to Montgomery Village Associates II L.P., et al.

Affixed on Premises

Landlord/Agent (Plaintiff)

4445 Willard Avenue, #700

Date

Chevy Chase, MD

State

20815

Zip

☐ Mailed to Tenant

JENNIFER CONVERTIBLES, INC., as assignee

① Name of Tenant (Defendant)

Constable/Sheriff

② Name of Tenant (Defendant)

Served on Party:

18306 Contour Road

Address of Tenant

Gaithersburg, MD

State

20879

Zip

Date

Date

FAILURE TO PAY RENT — LANDLORD'S COMPLAINT FOR REPOSSESSION OF RENTED PROPERTY
UNDER REAL PROPERTY § 8-4011. The property is described as: 18306 Contour Road, Gaithersburg Maryland,
Montgomery Village Plaza2. The property ☐ is affected property under § 6-801, Environment Article ☒ is not affected property under § 6-801, Environment Article.The property ☐ is MD Dept. of the Environment registered. ☐ is not MDE registered.Owner is unable to state Certificate No. because: ☐ property is exempt ☐ tenant refused access or to relocate/vacate during remedial work.

3. The Tenant rents from the Landlord who asks for possession of the property and a judgment for the amount determined to be due.

4. The rent is \$7,546.46/mo. due on the 1st of the ☐ week ☒ month which has not been paid or reduced to judgment.As of today, rent is due for the ☐ weeks ☒ months of through 6/2010 in the total amount of \$24,075.68*Late charges accruing in or prior to the month in which the complaint was filed for the ☐ weeks ☒ months

of 4/2010 - 6/2010 are due in the amount of \$301.86/mo. * \$ 905.58

The total amount of rent and late fees due at the date of this complaint is \$24,981.26*

5. ☒ The Landlord requests future rent between the date of complaint and date of judgment the amount of \$ 7,546.46/mo.

6. Total including future rent for 7/2010 \$32,527.72*

7. The Landlord requests the Tenant's right of redemption be foreclosed due to prior judgments. List the case numbers and judgment dates within the past 12 months:

- ☒ All the Tenant(s) on the lease are listed above. Case Numbers & Judgment Dates
- ☐ At least one Tenant is in the military service. *exclusive of attorney's fees, utilities, and accrued but as of yet unbilled amounts (as to all of which Landlord reserves all**
- ☒ No Tenant is in the military service and the facts supporting this statement are: Tenant is a corporation

Specific facts must be given for the Court to conclude that each Tenant who is a natural person is not in the military.

☐ I am unable to determine whether or not any Tenant is in the military service. *claims rights and remedies).8. ☐ The Tenant is deceased, intestate (not having made a legal will), and without next of kin.

I do solemnly declare and affirm under the penalty of perjury that the matters and facts set forth above are true to the best of my knowledge and belief.

Laurence H. Berbert

6/4/10

Print Name of Landlord/Attorney/Agent

Sregman, Berbert, Schwartz & Gilday, LLC, 7315 Wisconsin Ave., #800, Bethesda, MD 20814 301-556-32707

Address

Reason of

Reason

Telephone

DISTRICT COURT OF MARYLAND #06-01

27 COURTHOUSE SQUARE

ROCKVILLE, MARYLAND 20850

Clerk P K

Description

Amount

Civil Case # 17063

STATE OF MARYLAND. TO WIT;
TO Sheriff of this County/Constable of this Court, Greetings;
You are hereby ordered to notify by first class mail, the Defendant or if the Defendant is deceased, (if paragraph 8 above is checked) notify by personal service the occupant or next of kin of the deceased tenant named in this Complaint to appear before the District Court to answer the Landlord's complaint to show cause why the prayer of the Landlord should not be granted, and you shall proceed to serve the Summons upon the Defendant in the property or upon Defendant's known or authorized agent, but if for any reason neither the Defendant, nor his agent or if the Defendant is deceased neither the occupant nor next of kin can be found, then you shall affix an attested copy of the Summons conspicuously upon the property.

Judge/Clerk

Date

BREGMAN, BERBERT, SCHWARTZ & GILDAY, LLC

ATTORNEYS AT LAW
7315 WISCONSIN AVENUE
SUITE 800 WEST

BETHESDA, MARYLAND 20814-3244

TELEPHONE: (301) 656-2707

FACSIMILE: (301) 961-6525

www.bregmanlaw.com

VIRGINIA OFFICE
5529 LEE HIGHWAY
ARLINGTON, VIRGINIA 22207

EDWARD WEISS (DC)
OF COUNSEL

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GEOFFREY T. HERVEY (MD, DC, VA)
KEVIN B. McPARLAND (MD, DC)
DANIEL P. RIGTERINK (MD, DC)
KAY B. SCHWARTZ (MD)
HEATHER LIBMAN KAFETZ (MD, DC)
DANIELLE T. ERKMANN (VA)
MARC W. BOLAND (MD, DC, VA)
CATHERINE B. HARRINGTON (MD, DC)
MARC B. BERGOFFEN (MD, DC, VA, FL)
WENDY D. PULLANO (MD, DC)
CHRISTOPHER B. BOWMAN (DC, VA)
CHRISTINE E. SINDALL (MD, DC)
GWENDOLYN M. ALLEN (MD)

October 21, 2010

lberbert@bregmanlaw.com

Via FEDERAL EXPRESS

BMC Group, Inc.

Attn: Jennifer Convertibles Claims Processing

18750 Lake Drive East

Chanhassen, MN 55317

Re: Debtor: Jennifer Convertibles, Inc.
Case No: 10-13779(ALG)
Chapter 11

Dear Sir/Madam:

Enclosed you will find the following:

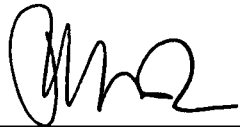
1. An original Proof of Claim (and attached Exhibits A, B and C) for my client, JBG/Montgomery Village, L.L.C, to be filed in case no. 10-13779 (ALG) (Jennifer Convertibles, Inc.).
2. A copy of the Proof of Claim to be stamped and returned to my office.
3. A self-addressed stamped envelope.

BMC Group, Inc.
October 21, 2010
Page 2

Thank you for your help.

Sincerely yours,

BREGMAN, BERBERT, SCHWARTZ & GILDAY, LLC

By: 

Laurence H. Berbert

Enclosures

cc: Ms. Izquierdo (via e-mail)

F:\KAREN\WLHB\BGMONTGOMERY VILLAGE\JENNIFER CONVERTIBLES\BMC GROUP LTR 10-21-10.DOC