

UNITED STATES BANKRUPTCY COURT Southern District of New York

PROOF OF CLAIM

Name of Debtor:
JENNIFER CONVERTIBLES, INC.Case Number:
10-13779

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property):
LEESBURG PIKE CENTER LLC, successor-in-interest to SAUL HOLDINGS LIMITED PARTNE☐ Check this box to indicate that this claim amends a previously filed claim.Name and address where notices should be sent:
c/o Karen Halloran, AVP
B.F. Saul Property Compnay
7501 Wisconsin Avenue, Suite 1500, Bethesda, MD 20814-6522

RECEIVED

OCT 25 2010

BMC GROUP

Telephone number:
(310) 986-6385Court Claim Number: _____
(If known)

Filed on: _____

Name and address where payment should be sent (if different from above):

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.☐ Check this box if you are the debtor or trustee in this case.

Telephone number:

1. Amount of Claim as of Date Case Filed: \$ 258,758.62

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.

If all or part of your claim is entitled to priority, complete item 5.

☒ 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.

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).☐ 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).☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).☐ 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).☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().

Amount entitled to priority:

\$ _____

*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.

2. Basis for Claim: commercial lease obligation
(See instruction #2 on reverse side.)

3. Last four digits of any number by which creditor identifies debtor: _____

3a. Debtor may have scheduled account as: _____
(See instruction #3a on reverse side.)

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 setoff and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: \$ _____ Annual Interest Rate _____ %

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: \$ _____ Basis for perfection: _____

Amount of Secured Claim: \$ _____ Amount Unsecured: \$ 258,758.62

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

Date:

10/21/10

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.

Eric F. Schell

Counsel for Leesburg Pike Center LLC

FOR COURT USE ONLY

Jennifer Convertibles



00280

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form**Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if the trustee or another party in interest files an objection to your claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). If the claim is based on the delivery of health care goods or services, see instruction 2. Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS**Debtor**

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is a person, corporation, or other entity owed a debt by the debtor that arose on or before the date of the bankruptcy filing. See 11 U.S.C. §101 (10)

Claim

A claim is the creditor's right to receive payment on a debt owed by the debtor that arose on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

SAUL HOLDINGS LIMITED PARTNERSHIP

7501 Wisconsin Avenue, Suite 1500, Bethesda, Maryland 20814-6522
(301) 986-6200

May 28, 2009

Jennifer Convertibles, Inc.
Attn: Rent Inquiries
417 Crossways Park Drive
Woodbury, NY 11797

Re: Notification of Change In Ownership
Leesburg Pike Center
3500 S. Jefferson Street
Bailey's Crossroads, VA 22041

Dear Tenant,

Please be advised that we have transferred ownership of the above referenced property from Saul Holdings Limited Partnership (old Landlord) to Leesburg Pike Center LLC (new Landlord).

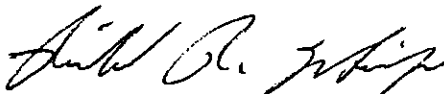
It is important to note that there will be no change to all of your existing contact names and phone numbers. However, effective immediately, you are hereby instructed to make all of your rental payments made payable to Leesburg Pike Center LLC. In addition to your rental payment, all future correspondences and all lease notices to Landlord should be sent to:

Leesburg Pike Center LLC
Saul Centers, Inc. Manager
7501 Wisconsin Avenue, Suite 1500 East
Bethesda, Maryland 20814

You will find enclosed your monthly courtesy statement of your account.

Should you have any questions please contact me at 301-986-6074. Thank you in advance for your cooperation.

Sincerely,



Richard R. Meiburger
Vice President and Controller
By Saul Centers, Inc.
General Partner

10/18/2010

Leesburg Pike Plaza
Jennifer Convertibles
Chapter 11 Bankruptcy

Leesburg Pike Center LLC

PREPETITION RENTS: Prior to 7/18/10

2/1/2010	Pylon Sign Charge	3.09
3/4/2010	Water Billing 2/01/10 - 3/01/10	142.25
4/1/2010	Base Rent Retail 4/10	12,265.00
4/1/2010	Pylon Sign Charge	109.27
4/1/2010	Common Area Maintenance	2,051.35
4/1/2010	Tax Recovery	1,626.46
4/13/2010	Water Billing 3/01/10 - 4/05/10	170.76
4/20/2010	Late Fee	613.25
4/30/2010	Interest Charge	110.04
5/1/2010	Base Rent Retail 5/10	12,265.00
5/1/2010	Pylon Sign Charge	109.27
5/1/2010	Common Area Maintenance	2,051.35
5/1/2010	Tax Recovery	1,626.46
5/7/2010	Water Billing 4/05/10 - 5/03/10	134.40
5/20/2010	Late Fee	613.25
5/26/2010	HVAC Unit Charge 3/24/10	1,020.00
5/31/2010	Interest Charge	361.56
6/1/2010	Base Rent Retail 6/10	12,265.00
6/1/2010	Pylon Sign Charge	109.27
6/1/2010	Common Area Maintenance	2,051.35
6/1/2010	Tax Recovery	1,626.46
6/2/2010	Estimated Excessive Snow Charge	3,972.00
6/3/2010	Water Billing 5/03/10 - 6/01/10	145.83
6/18/2010	Late Fee	613.25
6/30/2010	Interest Charge	622.19
7/1/2010	Base Rent Retail - Prorated through July 17, 2010	6,725.97
7/1/2010	Pylon Sign Charge - Prorated through July 17, 2010	59.92
7/1/2010	Common Area Maintenance - Prorated through July 17, 2010	1,124.93
7/1/2010	Tax Recovery - Prorated through July 17, 2010	891.92
7/6/2010	Water Billing 6/01/10 - 6/28/10	134.99
Total \$		\$65,615.85

POST-PETITION RENTS: 7/18/10 - Present

7/1/2010	Base Rent Retail - Prorated from July 18, 2010	5,539.03
7/1/2010	Pylon Sign Charge - Prorated from July 18, 2010	49.35
7/1/2010	Common Area Maintenance - Prorated from July 18, 2010	926.42
7/1/2010	Tax Recovery - Prorated from July 18, 2010	734.53
7/20/2010	Late Fee	613.25
7/31/2010	Interest Charge	899.14
8/5/2010	Water Billing 6/28/10 - 8/02/10	175.55
10/4/2010	Water Billing 8/30/10 - 9/27/10	151.99
Total \$		\$9,089.26

Attorney Fees Incurred

Total **TBD**

Lease Commenced: 4/01/94

Lease Naturally Expires: 3/31/12

Filed Bankruptcy: Chapter 11 on 7/18/10

Proof of Claim Deadline: 10/25/10

Leesburg Pike Center LLC, successor in interest to:
Saul Holdings Limited Partnership
Jennifer Convertibles
One Year's Rent Reserved

Dates	Base Rent	TAX	CAM	Pylon Sign	Subtotal	Cumulative
7/18/10 - 7/31/10	5,539.03	734.53	926.42	49.35	7,249.33	7,249.33
8/1/2010	12,265.00	1,626.46	2,051.35	109.27	16,052.08	23,301.41
9/1/2010	12,265.00	1,626.46	2,051.35	109.27	16,052.08	39,353.49
10/1/2010	12,265.00	1,626.46	2,051.35	109.27	16,052.08	55,405.57
11/1/2010	12,265.00	1,626.46	2,051.35	109.27	16,052.08	71,457.65
12/1/2010	12,265.00	1,626.46	2,051.35	109.27	16,052.08	87,509.73
1/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	103,561.81
2/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	119,613.89
3/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	135,665.97
4/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	151,718.05
5/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	167,770.13
6/1/2011	12,265.00	1,626.46	2,051.35	109.27	16,052.08	183,822.21
7/1/11 - 7/18/11	7,121.61	944.40	1,191.11	63.45	9,320.56	193,142.77
Column Totals	\$ 68,446.61	\$ 19,569.99	\$ 24,682.37	\$ 1,314.76	\$ 193,142.77	

One Year's Rent Reserved Total: \$ 193,142.77

SHOPPING CENTER LEASE INDEX

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ORIGINAL

Number 3 of
3 executed

counterparts.

SHOPPING CENTER LEASE

SAUL HOLDINGS LIMITED PARTNERSHIP

THIS LEASE is made this 14th day of April, 1994, (the "Lease Date"), by and between (i) B. F. SAUL REAL ESTATE INVESTMENT TRUST (hereinafter "Landlord") and (ii) Leesburg Pike Convertibles, Inc. t/a Jennifer Convertibles, a Corporation (hereinafter "Tenant").

WITNESSETH:

1. DEMISED PREMISES. (a) For and in consideration of the rent hereinafter reserved, payable in lawful money of the United States which shall then be legal tender of all debts, public and private, and the mutual covenants hereinafter contained, Landlord does hereby lease and demise unto Tenant, and Tenant does hereby hire, lease and accept from Landlord, an area containing approximately 4,906 square feet (the "Demised Premises") in the Leesburg Pike Shopping Center (the "Shopping Center"), located at 3501-A S. Jefferson Street, Bailey's Crossroads, Virginia 22041 all upon the terms and conditions hereinafter set forth. The Demised Premises is cross-hatched on the site plan attached hereto as Exhibit "A" and by this reference made a part hereof. Said Exhibit "A" sets forth the general layout of the Shopping Center and location of the building in which the Demised Premises will be situated, and shall not be deemed to be a warranty, representation or agreement on the part of the Landlord that said Shopping Center is or will be exactly as indicated. Landlord reserves the right to change, increase or reduce the number, composition, dimensions or locations of any parking areas, pylon signs, service areas, walkways, roadways, buildings, (including permanent and temporary kiosks) or other common areas in its sole discretion and may make alterations or additions to existing buildings or construct additional buildings within the Shopping Center from time to time.

(b) Except to the extent modified by Landlord's express assumption of construction obligations, if any, in an exhibit attached to this lease, the Demised Premises are being leased "as is", and Landlord makes no warranty of any kind, express or implied, with respect to the Demised Premises.

2. TERM. (a) The term of this lease shall commence on the Lease Date and shall end ten (10) years after the "Rent Commencement Date," as hereinafter defined; provided, however, that in the event the Rent Commencement Date is a date other than the first day of a month, the term of the lease shall continue for the number of months set forth above from the first day of the month following the Rent Commencement Date. The "Rent Commencement Date" shall be the first day of April, 1994, ~~on the date Tenant actually opens for business in the Demised Premises, whichever be earlier.~~

(b) the term "lease year" as used herein shall mean a period of twelve (12) consecutive full calendar months. The first lease year shall begin on the Rent Commencement Date (or on the first day of the calendar month following the Rent Commencement Date if said date is other than the first day of a month), and each succeeding lease year shall commence upon the anniversary date of the beginning of the first lease year.

(c) The parties agree that they shall execute an agreement specifying the Rent Commencement Date and the date of termination of the Lease. Tenant agrees, upon not less than five (5) days' prior written notice by Landlord, to execute and deliver to Landlord said Agreement.

3. RENT; DEPOSIT. (a) Commencing with the Rent Commencement Date, Tenant shall pay "Fixed Minimum Rent" for the Demised Premises in accordance with the schedule set forth below. The Fixed Minimum Rent shall be payable to Landlord or its designated agent in advance, in equal monthly installments, without notice or demand therefor, and without deduction or setoff, with the first monthly installment to be due and payable no later than the Rent Commencement Date and each subsequent monthly installment to be due and payable on the first day of each and every month following the Rent Commencement Date during the term hereof. If the Rent Commencement Date is a date other than the first day of a month, rent (together with all other charges payable hereunder) for the period commencing with and including the Rent Commencement Date until the first day of the following month shall be pro-rated at the rate of one-thirtieth (1/30th) of the fixed monthly rental or charges per day and shall be due and payable upon occupancy.

(b) (1) Tenant shall pay Fixed Minimum Rent in an amount equal to Ninety-Eight Thousand One Hundred Twenty and No One-Hundredth Dollars (\$ 98,120.00) per year in equal monthly installments of Eight Thousand One Hundred Seventy-Six and Sixty-Seven One-Hundredth Dollars (\$ 8,176.67) each for the period commencing on the Rent Commencement Date and ending on the last day of the first (1st) lease year inclusive; as adjusted pursuant to Article 4 herein.

(2) Tenant shall pay Fixed Minimum Rent in an amount equal to _____ Dollars (\$ _____) per year in equal monthly installments of _____ Dollars (\$ _____) each for the period commencing on the first day of the _____ lease year and ending on the last day of the _____ lease year inclusive; and

(3) Tenant shall pay Fixed Minimum Rent in an amount equal to _____ Dollars (\$ _____) per year in equal monthly installments of _____ Dollars (\$ _____) each for the period commencing on the first day of the _____ lease year and ending on the last day of the _____ lease year inclusive.

(c) (1) Landlord hereby acknowledges receipt of _____ Dollars (\$ _____) which shall constitute prepayment of the first full month's rent, Promotion Fund contribution, Real Estate Taxes and Annual Operating Cost charge as set forth below.

(2) Tenant has deposited with the Landlord the sum of _____ Dollars (\$ _____) to be held by Landlord as security for Tenant's satisfactory performance of the terms, covenants and conditions of this Lease including the payment of Fixed Minimum Rent and additional rent.

(3) Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any Fixed Minimum Rent and additional rent or any other sum as to which Tenant is in default, or any other sum due Landlord under the terms of this Lease, or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease including any damages or deficiency in the re-letting of the Demised Premises or other re-entry by Landlord.

(4) If Landlord uses, applies or retains the whole or any part of the security Tenant shall pay to Landlord, as additional rent, an amount sufficient to replenish the security to its original sum within five (5) days after being notified by the Landlord of the amount due. Tenant shall be in default of this lease if the amount due is not paid within the required time period.

(5) In the event of a sale or leasing of the Real Property or any part thereof, of which the Demised Premises form a part, Landlord shall have the right to transfer the security to the purchaser or lessee and Landlord shall upon transfer be released by Tenant from all liability for the return of said security; and Tenant agrees to look solely to the new Landlord for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord.

(6) Tenant covenants that it shall not assign or encumber the security deposit given to Landlord pursuant to this Lease. Neither Landlord, its successors or assigns shall be bound by any such assignment or encumbrance or any attempted assignment or encumbrance.

(7) In the event that Tenant shall fully and faithfully comply with all the terms, conditions and covenants of this Lease, any part of the security not used or retained by Landlord shall be returned to Tenant after the expiration date of the term of the Lease and after delivery of ~~exclusive possession of the Demised Premises to Landlord.~~

(d) Payment by Tenant of a lesser amount than shall be due shall be deemed to be payment on account, and shall not constitute an accord and satisfaction with respect to the underlying obligation. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which it may have against the Tenant.

~~by the greater of (i) five percent (5%) or (ii)~~
4. COST OF LIVING ADJUSTMENT (a) At the expiration of each lease year, the rent shall be adjusted to reflect any increase in the Consumer Price Index (CPI) as hereinafter defined. Such adjustment shall be accomplished by multiplying the Fixed Minimum Rent in effect from time to time pursuant to Paragraph 3 hereof by ~~the Consumer Price Index for All Urban Consumers (CPI-U) as published monthly in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor ("CPI-U"). If the CPI-U is discontinued, the "Consumer Price Index - Seasonally Adjusted, United States City Average, For All Items For Urban Wage Earners and Clerical Workers (1982-1984 = 100)," published monthly in the "Monthly Labor Review" by the Bureau of Labor Statistics of the United States Department of Labor ("CPI-W"), shall be used. If the CPI-W is discontinued, comparable statistics on the purchasing power of the consumer dollar published by the Bureau of Labor Statistics of the United States Department of Labor shall be used. If the Bureau of Labor Statistics shall no longer maintain statistics on the purchasing power of the consumer dollar, comparable statistics published by a responsible financial periodical or recognized authority selected by the Landlord shall be used. If the base year ("1982-1984 = 100") or other base year used in computing the CPI is changed, the figures used shall be changed accordingly, so that all increases in the CPI are taken into account notwithstanding any such change in a base year.~~
one hundred three percent (103%).

(b) The Consumer Price Index is hereby defined to be the "Consumer Price Index - Seasonally Adjusted, United States City Average, For All Items For All Urban Consumers (1982-1984 = 100)," published monthly in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor ("CPI-U"). If the CPI-U is discontinued, the "Consumer Price Index - Seasonally Adjusted, United States City Average, For All Items For Urban Wage Earners and Clerical Workers (1982-1984 = 100)," published monthly in the "Monthly Labor Review" by the Bureau of Labor Statistics of the United States Department of Labor ("CPI-W"), shall be used. If the CPI-W is discontinued, comparable statistics on the purchasing power of the consumer dollar published by the Bureau of Labor Statistics of the United States Department of Labor shall be used. If the Bureau of Labor Statistics shall no longer maintain statistics on the purchasing power of the consumer dollar, comparable statistics published by a responsible financial periodical or recognized authority selected by the Landlord shall be used. If the base year ("1982-1984 = 100") or other base year used in computing the CPI is changed, the figures used shall be changed accordingly, so that all increases in the CPI are taken into account notwithstanding any such change in a base year.

5. PERCENTAGE RENT. In addition to all other rent payable hereunder, Tenant shall pay to Landlord on account of each lease year during the term hereof, as additional rent, "Percentage Rent" equal to the amount, if any, by which five percent (5%) (the "Percentage") of Tenant's Gross Sales (as hereinafter defined) exceeds the Adjusted Minimum Rent (as hereinafter defined) payable hereunder from time to time. Tenant shall pay Percentage Rent in accordance with the terms and conditions set forth below:

A. The term "Gross Sales", as used herein, shall mean the sum total, for each lease year, or portion thereof, of all sales of all goods, wares, merchandise, services or all other receipts whatsoever of all business conducted in, on, from or about the Demised Premises, (including, but not limited to catalogue sales made at or from the Demised Premises) by Tenant or any sublessee, licensee or concessionaire of Tenant whether for cash, credit or other consideration (without reserve or deduction for inability to collect) including, but not limited to such sales or services (1) as a result of transactions originating in, at or from the Demised Premises, whether delivery or performance is made from the Demised Premises or some other place; (2) pursuant to mail, telephone, telegraph, closed TV circuit, so called "Dial-A-Buy" and other devices, automated or otherwise, whereby orders are received at the Demised Premises. Each sale upon installment or credit shall be treated as a sale for the full price in the month during which such sale shall be made, irrespective of the time when Tenant shall receive payment therefor. Gross Sales shall not include, however: (i) any sales tax, gross receipts tax or similar tax by whatever name called, the amount of which is determined by the amount of the sale made, and which Tenant or any sublessee or concessionaire of Tenant is required to account for, and pay over to, any governmental agency; (ii) transfers of merchandise made by Tenant from the Demised Premises to any other stores or warehouses of Tenant, provided the purpose of such transfer(s) is not to avoid payment of Percentage Rent hereunder; or (iii) credits or refunds given to customers for merchandise which was purchased from the Demised Premises and thereafter returned or exchanged.

B. For purposes of this paragraph 5, the term "Adjusted Minimum Rent" shall mean the amount of Fixed Minimum Rent set forth in paragraph 3 hereof, together with any increases therein calculated pursuant to Article 4 from time to time.

C. Percentage Rent shall be payable ~~quarterly on a cumulative basis, on or before the fifteenth (15th) day after the last day of the first three (3) full calendar months of the first lease year, and thereafter on or before the fifteenth (15th) day after the end of each successive three (3) month period.~~ annually sixtieth (60) each The amount of each payment of Percentage Rent shall be equal to the amount, if any, by which the Percentage of Tenant's Gross Sales for the lease year to date exceeds the total Adjusted Minimum Rent theretofore paid by Tenant in respect of such period, less any amount of percentage rent theretofore paid by Tenant in respect of such period. At the end of each lease year during the term hereof, the aggregate amount of Percentage Rent theretofore paid by Tenant shall be adjusted to the total amount of Percentage Rent required to be paid by Tenant for such lease year, based on the "Year End Report" as defined in paragraph D below. Any amount to be refunded by Landlord to Tenant shall be credited against the next quarterly payment of Percentage Rent due hereunder. For the purpose of computing the Percentage Rent payable hereunder with respect to the first lease year, the Gross Sales received during the first fractional month, if any, of the term hereof shall be added to the Gross Sales for the first quarterly period, and Percentage Rent due, if any, shall be calculated in accordance therewith.

D. Tenant covenants and agrees that (i) not later than the fifteenth (15th) day after the close of each calendar month of the term hereof, it will deliver to Landlord a complete, true and accurate report verified under oath by Tenant or by an authorized officer of Tenant, of all Gross Sales for such month; and (ii) not later than sixty (60) days after the close of each lease year, and after the termination of the lease or any renewal thereof, it will deliver to Landlord a complete, true, accurate fully audited report (the "Year End Report"), certified to be correct by ~~an independent certified public accountant~~ of all Gross Sales for such year. The obligations contained in this paragraph 5 to report Gross Sales and to pay Percentage Rent quarterly shall survive the expiration or other termination of this Lease. If Tenant shall fail to deliver such report and such failure shall continue for ten (10) days after the date of written notice of such failure from Landlord, Landlord shall have the right thereafter to employ a certified public accountant to make such examination of Tenant's books and records as may be necessary to certify the amount of gross sales for said lease year, and the certification so made shall be binding upon Tenant and Tenant shall promptly pay to Landlord the cost of such examination of its books and records, together with the full balance of percentage rent due and payable for said lease year and Tenant shall immediately be deemed to have released any and all options or rights granted or to be granted to Tenant under the terms of this Lease (including, without limitation, rights of renewal, rights to terminate or rights of refusal). In addition Landlord may as its sole option treat such failure to deliver said report within ten (10) days after written notice of such failure from Landlord as an event of default.

E. Tenant will keep, at its principal business offices located at the premises or at such other place as Tenant shall designate in writing, complete, true and accurate records of all sales made on or from the Demised Premises including but not limited to sales tax returns, cancelled checks, bank statements, sales slips, Federal and State income tax returns, and all dated tapes from cash registers and/or any other mechanical device used for sales transactions. Landlord shall have the right to cause an audit (separate and distinct from the audit required to be made by Tenant pursuant to the preceding paragraph) to be made of the records of Tenant relating to its Gross Sales at any and all reasonable times, and Tenant shall retain its records relating to such Gross Sales; provided that an audit with respect to any lease year shall be commenced within two (2) years of the date of receipt by Landlord of the Year End Report of Tenant's Gross Sales for such lease year. If the actual Gross Sales exceed the Gross Sales set forth in the Year End Report by two percent (2%) or more, Tenant shall forthwith also pay the reasonable fees and costs of the audit, and Any Percentage Rent found to be due, and Landlord shall also have the right to declare Tenant in breach of this Lease and avail itself of any and all remedies provided for herein, at law or in equity.

6. **NOT A JOINT VENTURE.** Any intention to create a joint venture or partnership relation between the parties hereto is hereby expressly disclaimed. It is understood and agreed that the provisions of this Agreement pertaining to the payment by Tenant and the acceptance of Landlord of a percentage of the Gross Sales of Tenant and others is a reservation of rent for the use of the Demised Premises.

7. **RESTRICTIVE CLAUSE.** Tenant covenants that it will not own, operate or maintain, or directly or indirectly have any affiliation, investment or interest in, or other business or financial association with, any retail commercial store or establishment for retail sales or merchandise display which is similar to or in competition with the business conducted in the Demised Premises within a radius of five (5) miles from the site of the Demised Premises, except those in operation as of the date hereof as listed on the Exhibit attached, if any. For so long as Tenant shall own or have any interest in such other permitted locations, any change in the name, size, location, or the type of business conducted upon such other locations (within the radius above described) shall be deemed to be a breach of this Lease. In any such event, in addition to any other remedy available to it, Landlord shall have the right to require that any and all amounts received by Tenant in respect of sales and transactions made from any such other location operated in violation of this paragraph shall be included as Gross Sales hereunder for the purposes of calculating Percentage Rent due pursuant to paragraph 5 hereof, to the same extent as though such sale or transactions had been made on or from the Demised Premises.

8. **ANNUAL OPERATING COSTS.** Tenant agrees to pay to Landlord on the first day of each month, in advance, during the term hereof, as additional rent, without notice or demand therefor and without any deduction whatsoever, an annual operating cost charge equal to one-twelfth (1/12th) of its Proportionate Share (as hereinafter defined) of the Annual Operating Cost (as hereinafter defined) of the Shopping Center. Tenant shall pay an estimated minimum annual charge of \$ 12,559.36 per year, in equal monthly installments of \$ 1,046.61 each. At any time during each twelve (12) month period, Landlord may retroactively reestimate Tenant's proportionate share of Landlord's Annual Operating Costs and may bill Tenant for any deficiency which may have accrued during such twelve (12) month period and thereafter Tenant's monthly installments shall also be adjusted. Within one hundred eighty (180) days (or such additional time thereafter as is reasonable under the circumstances), following each September 30th of each year, Landlord shall deliver to Tenant a statement of Landlord's Annual Operating Costs for such twelve (12) month period and the monthly installments paid or payable shall be adjusted between Landlord and Tenant, and Tenant shall pay Landlord or Landlord shall credit Tenant's account (or, if such adjustment is at the end of the term, Landlord shall pay Tenant), as the case may be, within fifteen (15) days of receipt of such statement, the amount of any excess or deficiency in Tenant's proportionate share of Landlord's Annual Operating Costs paid by Tenant to Landlord during such twelve (12) month period. Failure of Landlord to provide the statement called for hereunder within the time prescribed shall not relieve Tenant of its obligations hereunder. The obligation to pay the annual adjustment of the Annual Operating Cost in accordance with this Article 8 shall survive the expiration or other termination of this Lease.

(a) Tenant's Proportionate Share shall be calculated by dividing the total number of square feet of gross leaseable space contained in the Demised Premises by the total gross leaseable retail area contained within all buildings in the Shopping Center from time to time, exclusive of any free-standing buildings the tenants of which are required by the terms of their leases to maintain common areas adjacent to their facilities.

(b) Annual Operating Cost means the total cost and expense incurred by Landlord in maintaining public liability, fire insurance with extended coverage, workers' compensation insurance, property damage or other insurance on the Shopping Center with such policies and companies and in such limits as selected by Landlord and in managing, operating, repairing, replacing and maintaining the Shopping Center, roof and the Common Facilities (as hereinafter defined), and specifically including without limitation, the costs of gardening and landscaping; management, maintenance and service contracts; repairs; line painting; regulation of traffic; utilities; sanitary controls; removal of snow, trash, rubbish, garbage and other refuse; depreciation on equipment and machinery used in such maintenance, the cost of personnel to implement such services; servicing and maintaining the fire sprinkler system; legal, management and accounting fees; cleaning, maintaining, repairing and replacing the Common Facilities; and in providing security protection and an administrative fee equal to fifteen percent (15%) of Annual Operating Costs.

(c) Common Facilities means all areas provided by Landlord, from time to time, for the common or joint use and benefit of the occupants of the Shopping Center and their employees, agents, servants, customers and other invitees, including, without limitation, management offices, community rooms, parking areas, parking decks, access roads, driveways, retaining walls, landscaped areas, truck serviceways, sidewalks and parcel pickup stations.

(d) Landlord hereby reserves the exclusive right at any time and from time to time to install, use, repair, inspect and replace pipes, ducts, conduits and wires leading through or located adjacent to the Demised Premises and serving other parts of the Shopping Center in locations which do not materially interfere with Tenant's use thereof. Landlord's right hereunder may be exercised by Landlord's designees.

(e) Landlord hereby reserves the right at any time to make alterations or additions to, and to build additional stories on, and to build additional stores and buildings adjoining to, the Demised Premises, and Tenant shall have no interest of any kind whatsoever in the said additions or additional stores or adjoining buildings. Landlord also reserves the right to enlarge the area of the Shopping Center by adding additional ground thereto from time to time and, whether or not so enlarged, to construct other buildings or improvements in the Shopping Center at any time and from time to time and to make alterations thereto or additions thereto and to building additional stores on such building or buildings and to build adjoining the same and to construct double-deck elevated or subterranean parking facilities.

(f) If any excavation shall be made or authorized to be made upon land adjacent to the leased premises, Tenant shall afford to the person causing or authorized to cause such excavation license to enter upon the leased premises for the purpose of doing such work as Landlord shall deem necessary to preserve the building located upon the leased premises from injury or damage and to support the same by proper foundations, without any claim for damages or indemnification against Landlord or diminution or abatement of rent.

(g) Landlord shall not be liable in any such case for any inconvenience, disturbance, loss of business or any other annoyance arising from the exercise of any or all of the rights of Landlord in this Article 8.

9. **REAL ESTATE TAXES.** Tenant agrees to pay to Landlord monthly during the term hereof, together with each monthly installment of Fixed Minimum Rent or Adjusted Minimum Rent as additional rent, without notice or demand therefor and without any deduction whatsoever, one-twelfth (1/12th) of its pro-rata share (as defined below) of Real Estate Taxes (as hereinafter defined), for each Tax Year (as hereinafter defined).

(a) Tenant shall pay upon being billed an estimated annual charge of \$ 8,143.96 per year, payable in equal monthly installments of \$ 678.66 each. During the first lease year, in the event the taxing authority having jurisdiction over the Shopping Center bills and requires payment of Real Estate Taxes in advance, Tenant's pro-rata share shall be due and payable upon being billed by Landlord in addition to the monthly payment set forth herein, which payment shall be applied to the following Tax Year. At any time during a Tax Year, Landlord may retroactively reestimate Tenant's pro-rata share of Real Estate Taxes and may bill Tenant for any deficiency which may have accrued during such Tax Year and thereafter Tenant's monthly installment shall also be adjusted. Within one hundred twenty (120) days after Landlord's receipt of tax bills for each Tax Year, or such reasonable (in Landlord's determination) time thereafter, Landlord will notify Tenant of the amount of Real Estate Taxes for the Tax Year in question and the amount of Tenant's pro-rata share thereof. Any overpayment or deficiency in Tenant's payment of its pro-rata share of Real Estate Taxes for each Tax Year shall be adjusted between Landlord and Tenant, and Landlord and Tenant hereby agree that Tenant shall pay Landlord or Landlord shall credit to Tenant's account (or, if such adjustment is at the end of the term, Landlord shall pay Tenant), as the case may be, within fifteen (15) days of the aforesaid certification to Tenant, such amount necessary to effect such adjustment. The failure of Landlord to provide such certification within the time prescribed above shall not relieve Tenant of any of its obligations hereunder. The obligation to pay the periodic adjustment in Real Estate Taxes shall survive the expiration or other termination of this Lease.

(b) Tenant's pro-rata share of Real Estate Taxes shall be determined by multiplying the total amount of Real Estate Taxes paid by Landlord for each full or partial Tax Year (less contributions paid by any tenants operating under ground leases in the Shopping Center and contributions by tenants of any supermarkets, department stores, junior department stores, or other "anchor" or "major" tenants of the Shopping Center) by a fraction, the numerator of which is the total gross leased area ("GLA") contained within the Demised Premises, and the denominator of which is the total GLA contained within all buildings within the Shopping Center, exclusive of (i) any free standing buildings or ground leased areas and (ii) any space occupied by a supermarket, department store, junior department store or other "anchor" or "major" tenant of the Shopping Center.

(c) The term "Real Estate Taxes" means all taxes, rates and assessments, general and special, levied or imposed with respect to the land, buildings and improvements of which the Demised Premises are a part, including all taxes, rates and assessments, general and special, levied or imposed for schools, public betterment, general or local improvements and operations, and taxes imposed in connection with any special taxing district. If the system of real estate taxation shall be altered or varied or any new tax or levy shall be levied or imposed on said land, buildings and improvements, and/or Landlord in substitution for real estate taxes presently levied or imposed on immovables in the jurisdiction where the Shopping Center is located, then any such new tax or levy shall be included within the term "Real Estate Taxes". Should any governmental taxing authority acting under any regulation, levy, assess or impose a tax, excise and/or assessment however described (other than an income or franchise tax) upon against, on account of or measured by, in whole or in part, the rent expressly reserved hereunder, or upon the rent expressly reserved under any other leases or leasehold interests in the Shopping Center, as a substitute (in whole or in part) or in addition to any existing real estate taxes on land and buildings or otherwise, such tax or excise on rents shall be included within the term "Real Estate Taxes". Reasonable expenses, consisting of attorneys' fees, consultant fees, expert witness fees and similar costs, incurred by Landlord in obtaining or attempting to obtain a reduction of any Real Estate Taxes shall be added to and included in the amount of any such Real Estate Taxes. The term "Real Estate Taxes" shall not include taxes, rates or assessments levied against portions of the Shopping Center that are encumbered by leases, from time to time, the terms of which require the tenant to pay the full amount of said charges levied or assessed against the premises leased thereunder. Real Estate Taxes which are being contested by Landlord shall nevertheless be included for purposes of the computation of the liability of Tenant under this paragraph; provided, however, that in the event that Tenant shall have paid any amount of increased rent pursuant to this Article 9 and Landlord shall thereafter receive a refund of any portion of any Real Estate Taxes on which such payment shall have been based, Landlord shall pay to Tenant the appropriate portion of such refund. Landlord shall have no obligation to contest, object to or litigate the levying or imposition of any Real Estate Taxes and may settle, compromise, consent to, waive or otherwise determine in its discretion to abandon any contest with respect to the amount of any Real Estate Taxes without consent or approval of Tenant.

(d) The term "Tax Year" means each twelve (12) month period established as the real estate tax year by the taxing authorities having lawful jurisdiction over the Shopping Center.

10. ADDITIONAL RENT. Any amount required to be paid by Tenant hereunder and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease shall be considered additional rent payable in full at the same time and upon the same terms and conditions as the next succeeding installment of rent reserved hereunder. Any failure on the part of Tenant to pay such additional rent when and as the same shall become due shall entitle Landlord to the remedies available to it for non-payment of rent. Tenant's failure to object to any statement, invoice or billing rendered by Landlord within a period of thirty (30) days after receipt thereof shall constitute Tenant's acquiescence with respect thereto, and such statement invoice or billing shall thereafter be deemed to be correct and shall be an account stated between Landlord and Tenant.

11. UTILITIES. Tenant shall be responsible for and shall promptly pay all water rent, gas, electricity and other utility bills (including sewer charges, tap-ins, hookup and connection charges) used or consumed in the Demised Premises as the same shall become due, it being understood and agreed that Tenant shall promptly make all required deposits for meters and utility services connected with Tenant's use of the Demised Premises. Charges for the foregoing shall commence on the date Landlord delivers possession of the Demised Premises to Tenant. In no event shall Landlord be liable to Tenant or any agent, servant, licensee or assignee of Tenant for damages or otherwise for curtailment or suspension of any utility services, in the event of default by Tenant under this Lease or due to repairs, action of public authority, strikes, acts of God or any other cause, whether similar or dissimilar to the aforesaid.

12. ADVERTISING AND PROMOTIONAL SERVICE. (a) Landlord may establish an Advertising and Promotional Service to furnish and maintain advertising and sales promotions for the benefit of the Shopping Center. Contributions paid by Tenant pursuant to this paragraph together with similar contributions Landlord may receive from time to time from other tenants of the Shopping Center shall be used to establish the Promotion Fund. The Promotion Fund shall be used by Landlord to pay costs and expenses associated with the formulation and carrying out by Landlord of an ongoing program for the promotion of the Shopping Center, which program may include, without limitation, special events, shows, displays, signs, decor, seasonal events, and other activities within the Shopping Center designed to attract customers. In addition, Landlord may use the Promotion Fund to defray the costs of administration of the Promotion Fund, including (without limitation) the salary of any promotion and advertising director and related secretarial personnel, rent and insurance.

Immediately upon the execution of this Lease, Tenant shall make a lump sum payment to Landlord equivalent to _____¢ per square foot computed with reference to the square feet of space in the Demised Premises, and, in addition, in each lease year, including the lease year in which the Rent Commencement Date falls, Tenant shall pay to Landlord \$ _____ per year (the "Annual Promotion Fund Contribution"), payable in equal monthly installments of \$ _____. The aforesaid monthly amount shall be payable to Landlord at the same time and place together with the monthly installments of rental required to be paid under this Lease, and shall be considered additional rental and non-payment shall entitle Landlord to the remedies available to it for non-payment of rent. The Annual Promotion Fund Contribution shall be adjusted annually at the expiration of each lease year, to reflect any increase in the CPI (as defined in Article 4 (b) of this Lease). Such adjustment shall be accomplished by multiplying the current Annual Promotion Fund Contribution by a fraction, the numerator of which shall be the CPI applicable to the third month prior to the date of adjustment, and the denominator of which shall be the CPI applicable to the third month prior to the first full calendar month of the term of this Lease. During each lease year, Landlord shall contribute to the Annual Promotion Fund an amount equal to 20% of the aggregate contributions made by the other contributors to the Annual Promotion Fund during the same lease year.

(b) At such time or times as Landlord shall elect not to provide the Advertising and Promotional Service hereinabove set forth, Landlord may cause to be established a Merchants' Association for the tenants of the Shopping Center, and Tenant agrees to become and remain a member of such Merchants' Association for the entire term of this Lease and any renewal or extension thereof. Tenant agrees to pay as dues to said Merchants' Association as additional rental, the amounts hereinabove set forth for the Advertising and Promotional Service, to be payable in the same manner and subject to the same CPI adjustment. Landlord shall contribute during each lease year to such Merchants' Association a sum of money not less than 20% of the total amount paid in such year by Tenant toward the expense of advertising and promotional activities with respect to the Shopping Center of which the Demised Premises are a part. At the option of the Landlord, the Landlord may elect to contribute part or all of the services of a promotion director and/or secretary in lieu of a cash contribution. The promotion director shall be under the exclusive control and supervision of the Landlord who shall have the sole authority to employ and discharge the promotion director. Money so paid by tenants and contributed by Landlord

shall be expended for said activities by or under the direction of Landlord, or by such person, firm, corporation or association to whom Landlord may delegate such authority. Whenever during the term of this Lease, there shall be in existence a Merchants' Association approved by Landlord for the purpose, said Association shall receive and expend such fund for the aforesaid purposes. Tenant agrees to participate in at least six (6) advertising sections scheduled by the Merchants' Association on each lease year. Participation in the advertising sections will be monitored throughout the year and at the end of each year Tenant will be required to pay to the Merchants' Association an amount equal to \$250.00 times the difference between (a) (6) and the number of sections in which the Tenant did participate during the year.

13. USE OF DEMISED PREMISES. The Demised Premises shall be used and occupied by Tenant solely for the purpose of retail sales of bedding, recliners, chairs, furnishings and related products

and for no other purpose whatsoever and Tenant further agrees to conduct its business in the Demised Premises under the name or trade name of Jennifer Convertables. The Demised Premises shall not be used for any illegal purpose or in violation of any valid regulation of any governmental body, or in any manner to (i) create any nuisance or trespass; (ii) annoy or embarrass Landlord or any other tenant of the Shopping Center; (iii) vitiate any insurance carried by Landlord; (iv) alter the classifications or increase the rate of any insurance on the Demised Premises; (v) allow any noise or odors to emanate from the Demised Premises; or (vi) violate the Certificate of Occupancy issued for the Demised Premises.

*10:00 a.m. to 9:00 p.m. Monday through Friday and 10:00 a.m. to 6:00 p.m. Saturday.

14. CONDUCT OF TENANT'S BUSINESS. Tenant shall open for business in the Demised Premises on the Rent Commencement Date, and shall thereafter continuously, actively and diligently operate its said business on the whole of the Demised Premises, in a high quality and reputable manner, from at least * each day of each week including Sundays, if applicable law permits the shopping center to be open on Sundays. Tenant shall maintain a full staff of employees and a full and complete stock of merchandise at all times, shall use a cash register or other similar device for transacting sales, and shall maintain displays of merchandise in the display windows, if any, and keep such display windows and Tenant's store signs well lighted from at least dusk to 9:00 p.m. each day so as to maximize the Gross Sales produced by Tenant's business. Tenant shall warehouse, store or stock only such goods, wares and merchandise as Tenant intends to offer for sale at retail, in or from the Demised Premises, and as permitted under this Lease. Tenant will not place or maintain any merchandise, refuse or other articles in any vestibule or entry of the Demised Premises, on the footwalks or corridors adjacent thereto or elsewhere on the exterior of the Demised Premises so as to obstruct any driveway, corridor, footwalk, parking area, mall or any other common area. Tenant will not conduct or permit to be conducted any auction, fictitious fire sale, going out of business sale, bankruptcy sale or other similar type sale in or connected with the Demised Premises. In any and all of its printed or visual advertising in relation to the Demised Premises, Tenant shall use the insignia or other identifying mark, if any, of the Shopping Center, as designated by Landlord from time to time. In the event that Tenant shall breach any of the obligations to be performed by it pursuant to this paragraph, in addition to all other rights and remedies available to Landlord for breach of this Lease, Landlord shall also have the right to liquidated damages in an amount equal to one hundred percent (100%) of the Minimum Rent and the Percentage Rent, if any, otherwise payable hereunder for the month during which such breach occurred, since the parties hereto agree that it is difficult, if not impossible, to ascertain precisely the damage caused to Landlord by a breach of the obligations contained in this Article, and that this provision for liquidated damages represents a fair and reasonable provision by the parties.

15. ASSIGNMENT; SUBLETTING. (a) Neither Tenant, nor any of its permitted successors or assigns, shall transfer, assign, mortgage, encumber, or, by operation of law or otherwise, pledge, hypothecate, or assign all or any of its interest in the Lease, or sublet or permit the Leased Premises, or any part thereof, to be used by others, including, but not by way of limitation, Concessionaires or licensees of Tenant, without the prior written consent of Landlord, in each instance, which consent Landlord may withhold in its sole and absolute discretion. Any such subletting or assignment shall be referred to as a "Transfer", and the person to whom Tenant's interest is transferred shall be referred to as a "Transferee."

(b) The prohibition against any Transfer without the prior written consent of Landlord shall apply, without limitation, to the following circumstances, each of which shall be deemed a Transfer: (i) if Tenant or any guarantor of this Lease is a corporation (other than a corporation, the outstanding voting stock of which is listed on a "national securities exchange," as defined in the Securities Exchange Act of 1934), and if shares of such corporation are transferred by sale, assignment, bequest, inheritance, operation of law or otherwise (including, without limitation, a transfer to or by a receiver or trustee in federal or state bankruptcy, insolvency or other proceeding), so as to result in or make possible a change in the present control of such corporation; (ii) if Tenant or any guarantor of this Lease is a partnership, any change in control or ownership of such partnership; (iii) any transfer by sale, assignment, bequest, inheritance, operation of law or other disposition of all or substantially all of the assets of Tenant or any guarantor which results in or makes possible a change in the present control of the business of Tenant or any such guarantor; (iv) any other change in ownership of Tenant, any guarantor of this Lease or the business operated by Tenant; or (v) any subletting or assignment which occurs by operation of law, merger, consolidation, or reorganization or any change of Tenant's corporate or proprietary structure. In no event may Tenant assign this Lease, or sublease the Leased Premises, if Tenant is in default under this Lease.

(c) In the event that Tenant desires to effect a Transfer hereunder, Tenant shall give Landlord written notice (the "Assignment Notice") thereof. To be effective, the Assignment Notice shall be accompanied by Tenant's check, payable to the order of Landlord, or Landlord's Agent, in an amount equal to the greater of (i) \$500.00 or (ii) one percent (1%) of the Fixed Minimum Rent to compensate Landlord for the cost of reviewing the proposed Transfer and specify the proposed Transferee, and the proposed terms of the Transfer, and contain such information about the proposed Transferee, its experience, its financial situation, its methods of operation, its contribution to the tenant mix of the Shopping Center, and its impact on the Shopping Center, as a prudent businessman would require in making the Transfer decision. Tenant specifically agrees to apprise Landlord of any adverse or negative information in its possession concerning the proposed Transfer and the proposed Transferee. The Assignment Notice shall also contain a certification by Tenant (or an officer or general partner of Tenant if Tenant is a corporation or partnership) of all "Transfer Consideration" (as defined below) or payable in connection with the proposed Transfer. Within sixty (60) days of the receipt of the Assignment Notice Landlord shall, by written notice to Tenant, elect: (i) to permit the proposed Transfer; (ii) to terminate the Lease; (iii) to sublet with the right to further sublet from Tenant for the balance of the term of the Lease (a) all of the Leased Premises, or (b) only so much of the Leased Premises as Tenant proposed to Transfer, at the same rental as Tenant is obligated to pay to Landlord hereunder; or (iv) to deny consent to the proposed Transfer, in which event Tenant shall continue to occupy the Leased Premises and comply with all of the terms and conditions hereof. In the event that Landlord fails to give Tenant written notice of its election hereunder within the specified sixty (60) day period, Landlord shall be deemed to have denied its consent to the proposed Transfer.

(d) If Landlord consents to a Transfer, the permitted Transferee shall assume by written instrument all of Tenant's obligations under the Lease and such Transferee, at least thirty (30) days prior to the effective date of the permitted Transfer, shall deliver to Landlord the proposed sublease, assignment and assumption agreement or other instrument evidencing the Transfer and the Transferee's undertaking of Tenant's obligations under the Lease. All of such documents shall be subject to Landlord's prior written approval. In the event of a permitted Transfer, Tenant shall continue to be liable hereunder, and shall not be released from performance hereunder. In addition to the Rent reserved hereunder, Tenant shall pay to Landlord all monies, property and other consideration of every kind whatsoever paid or payable to Tenant in consideration of or related to such Transfer and for all property transferred to the Transferee, as all or part of the consideration including, without limitation, fixtures, other Leasehold Improvements, furniture, equipment and furnishings (collectively, all of the foregoing monies, property and other consideration shall be referred to as the "Transfer Consideration"), but excluding bona fide consideration paid for transfer of Tenant's Property. Following a permitted Transfer of this Lease, Landlord shall not be required to send the named Tenant any notice of default by the approved Transferee.

(e) Any Transfer without Landlord's consent, whether as a result of any act or omission of Tenant, or by operation of law or otherwise, shall not be binding upon Landlord, and shall confer no rights upon any third person. Each such unpermitted Transfer shall, without notice or grace period of any kind, constitute a default by Tenant under this Lease. The acceptance by Landlord of the payment of Rent following any Transfer prohibited by this Article 15 shall not be deemed to be a consent by Landlord to any such Transfer, an acceptance of the Transferee as a tenant, a release of Tenant from the performance of any covenants herein contained, or a waiver by Landlord of any remedy of Landlord under this Lease, although amounts actually received shall be credited by Landlord against Tenant's Rent obligations. Consent by Landlord to any one Transfer shall not constitute a waiver of the requirement for consent to any other Transfer. No reference in this Lease to assignees, concessionaires, subtenants or licensees shall be deemed to be a consent by Landlord to the occupancy of the Leased Premises by any such assignee, concessionaire, subtenant or licensee. See Special Stipulation #56(c).

16. **REPAIRS BY LANDLORD.** Landlord agrees to make all necessary repairs during the term of this Lease or any extension thereof, to the roof of the Demised Premises and all necessary structural repairs to the exterior walls and foundations, (exclusive of doors, door frames, door checks, other entrances, windows and window frames) provided such repairs are not made necessary through misuse of the same by the Tenant or the negligence of Tenant, its agents, servants, contractors or employees, and provided that Tenant shall give Landlord written notice of the necessity for such repairs. Landlord shall not be liable to Tenant for any damage caused to the person or property of Tenant, its agents, employees or invitees, due to the Demised Premises or any part or appurtenances thereof being improperly constructed or being or becoming out of repair, or arising from the leaking of gas, water, sewer or steam pipes, or from electricity, or from any other cause whatsoever. Tenant agrees to report immediately in writing to Landlord any defective condition in or about the Demised Premises known to Tenant which Landlord is required to repair, and failure to so report shall make Tenant liable to Landlord for any expense, damage or liability resulting from such defects.

17. **MAINTENANCE AND REPAIRS BY TENANT.** Tenant covenants and agrees:

(a) That it shall maintain the interior of the Demised Premises (including necessary and periodic repainting) together with all electrical, plumbing and sewage facilities (including free flow up to the main sewer line and grease traps, if any), heating, air conditioning and other mechanical installations therein, exterior and interior of all doors, door frames, door checks, other entrances, windows and window frames in good condition and surrender same at the expiration of this term, in the same good order in which they are received, damaged by reasonable wear and tear and acts of God excepted. Landlord shall be under no liability for repair, maintenance, alteration or any other action with reference to the Demised Premises or any part thereof, or repair, maintenance, alteration, replacement or any other action with respect to any exterior doors, plumbing, heating, electrical, air conditioning, or other mechanical installation therein. Tenant shall promptly repair at its own expense any damage (whether structural or otherwise) to the Demised Premises caused by any construction or alterations performed by Tenant or bringing into the premises any property for Tenant's use, or by the installation or removal of such property, regardless of fault or by whom such damage shall be caused, unless caused solely by the negligence of Landlord or its employees, officers or agents.

(b) That it shall be responsible for the removal and disposition of Tenant's refuse and rubbish from the Demised Premises and the Shopping Center. In order to facilitate the systematic and orderly removal of such refuse and rubbish, and in order to coordinate the hours during which such service is performed for the various tenants and the use of the loading areas, Landlord shall have the right, from time to time, to select one or more independent contractors for the removal of refuse and rubbish. Upon request by Landlord, Tenant agrees to employ the contractor designated for the area in which the Demised Premises is located for the removal of refuse and rubbish. Landlord agrees that the rate to be charged for such service shall be computed upon sound business practices and consistent with industry practice. The removal and disposition of Tenant's refuse and rubbish as aforementioned shall be subject to constant supervision and approval by Landlord. If at any time Landlord in its sole discretion, determines that removal and disposition is less than satisfactory, Landlord or its agent or an independent contractor selected by Landlord may contract to have removal and disposition completed to its satisfaction. Any charges under such circumstances shall be Tenant's responsibility due within ten (10) days as additional rent. Tenant shall not permit the unsightly accumulation or placing of rubbish, trash, garbage, debris, boxes, cans or other articles of any kind or description whatsoever in the Demised Premises, or in the area immediately surrounding the Demised Premises, or in any other part of the Shopping Center. Tenant shall store all rubbish, trash, garbage, debris, boxes, cans or other such items, in fireproof containers approved by Landlord during such time that elapses between removals from Demised Premises.

18. **CHANGES TO THE SHOPPING CENTER.** (a) Exhibit A sets forth the general layout of the Shopping Center. Exhibit A is not and shall not be deemed Landlord's representation or agreement that all or any part of the Shopping Center is, will be, or will continue to be, configured as indicated therein.

(b) Landlord shall have the right, at any time and from time to time, to (i) make alterations or additions to, any buildings or other improvements in or about the Shopping Center; (ii) build other buildings or improvements in or about the Shopping Center; (iii) construct deck or elevated parking facilities in or about the Shopping Center or the Common Area; (iv) change or consent to a change in the shape, size, location, number, height or extent of all or any of the buildings or other improvements in or about the Shopping Center; and (v) convey to others or withdraw portions of the Shopping Center.

(c) In the event that Landlord renovates or remodels the front exterior of the Demised Premises or the Shopping Center, Tenant agrees at its sole risk and expense to: (i) upon request of Landlord, remove its then existing signage to facilitate the remodeling work; (ii) upon direction of Landlord, re-install such signage (or if Landlord's signage criteria for the Demised Premises has changed, install such signage as is appropriate under the new criteria and consistent with such exterior remodeling); (iii) promptly remodel the interior of the Demised Premises, as appropriate, to be consistent with and accommodate any change in location or design of the said exterior; (iv) if Landlord's renovation plan includes the installation of new storefronts, Tenant agrees to promptly replace its storefront in accordance with Landlord's plan; (v) pay to Landlord, commencing upon the first day of the first full calendar month after the date of notice from Landlord to Tenant that said improvement program has been substantially completed, and for the duration of the term of this Lease, an annual sum equal to Two Dollars (\$2.00) multiplied by the number of square feet of floor area of the Demised Premises and said sum shall be deemed a part of the Fixed Minimum Rent; (vi) otherwise cooperate with Landlord to facilitate such renovation and remodeling. Tenant's interior remodeling shall be undertaken and performed, subject to Landlord's prior written approval, in accordance with the provisions of the Lease. Tenant consents to the performance of all work deemed appropriate by Landlord to accomplish any of the foregoing, and to any inconvenience caused thereby.

19. **PERSONAL PROPERTY TAXES.** Tenant shall be responsible for and shall pay before delinquency all municipal, county, or state taxes assessed during the term of this Lease against any leasehold interest or personal property of any kind, owned by or placed in, upon or about the Demised Premises by the Tenant.

and for interior painting and installation of carpets.

20. **ALTERATIONS.** Tenant shall make no alterations or changes, structural or otherwise, to any part of the Demised Premises, either exterior or interior, without Landlord's written consent, except as otherwise provided herein. In the event of any such approved changes, tenant shall have all work done at its own expense. Request for such consent shall be accompanied by plans stating in detail precisely what is to be done. Tenant shall comply with all building codes, regulations and laws now or hereafter to be made or enforced in the municipality, county and/or state in which said Demised Premises are located and which pertain to such work. Any additions, improvements, alterations and/or installations made by Tenant (except only movable office furniture and fixtures) shall become and remain a part of the Demised Premises and be and remain Landlord's property upon the termination of Tenant's occupancy of said Demised Premises; provided, however, that if Landlord gives written notice to Tenant at the expiration or other termination of this Lease to such effect, it may require Tenant to restore said Demised Premises to their original condition at Tenant's sole cost and expense. Tenant shall keep the Demised Premises and all other parts of the Shopping Center free from any and all liens arising out of or in connection with any work performed, materials furnished or obligations incurred by or on behalf of Tenant, and agrees to bond against or discharge any mechanics', materialmen's or other such liens within ten (10) days after written request therefor by Landlord. Tenant shall save Landlord harmless from and against all expenses, liens, claims or damages to either property or person which may or might arise by reason of the making of any such additions, improvements, alterations and/or installations.

21. **TENANT'S IMPROVEMENTS.** Any improvements made by Tenant shall immediately become the property of Landlord and shall remain upon the Demised Premises in the absence of agreement to the contrary. Tenant further will not cut or drill into or secure any fixture, apparatus, or equipment of any kind to any part of the Demised Premises without first obtaining Landlord's written consent. Tenant agrees to accept delivery of the Demised Premises in an "as is" condition. Upon delivery of the Demised Premises to Tenant, Tenant shall, and hereby agrees at its sole cost and expense, remodel, refurbish and redecorate the interior thereof, including the making of all interior improvements, alterations and changes to said premises including, but not limited to, new ceiling, new lighting, new flooring, new wall coverings and new storefront, necessary to place same in a first class, modern and attractive condition and to enable Tenant to properly use said premises for the purposes set forth in this Lease.

It is expressly understood and agreed that any such alterations, changes or improvements shall in no way harm the structure of the Demised Premises or diminish the value of same or of the Shopping Center.

All work to be performed by Tenant hereunder shall be in accordance with detailed plans and specifications for same to be prepared by Tenant and submitted to Landlord, within fifteen (15) days of the mutual execution of this Lease, for Landlord's written approval. It is expressly agreed that Tenant shall not commence any such work until said plans and specifications have been approved by Landlord.

All work to be performed by Tenant shall be performed in a good and workmanlike manner, in accordance with all rules, regulations, codes and ordinances of any local, municipal, state and/or Federal authorities having jurisdiction thereof. Permits, licenses or approvals required for said work from such authorities shall be obtained by Tenant at its sole cost and expense.

Tenant agrees that it shall fully complete the remodeling of the Demised Premises as above set forth before the Rent Commencement Date. Tenant expressly agrees to protect, indemnify and save Landlord harmless from any liability to any person or estate for damage to person or property occurring during the work proposed hereunder, whether before or after the commencement of the term of this Lease.

22. PROPERTY AT TENANT'S RISK. (a) It is understood and agreed that all personal property in the Demised Premises, of whatever nature, whether owned by Tenant or any other person, shall be and remain at Tenant's sole risk and Landlord shall not assume any liability or be liable for any damage to or loss of such personal property, arising from the bursting, overflowing, or leaking of the roof or of water, sewer or steam pipes, or from heating or plumbing fixtures or from the handling of electric wires or fixtures or from any other cause whatsoever, ~~except for Landlord's negligence.~~

(b) All trade fixtures hereafter installed by Tenant in the Demised Premises shall be new and subject to the provisions of Section 29 (a) herein, shall remain the property of Tenant and shall be removable by Tenant at the expiration or earlier termination of the term of this Lease provided that (i) Tenant shall not at such time be in default under this Lease, and (ii) in the event of the removal of any or all of such trade fixtures Tenant shall promptly restore the damage done to the premises by the installation and/or removal thereof. Should Tenant fail to so remove Tenant's trade fixtures and/or to so restore the premises, Landlord may do so, collecting, at Landlord's option, the cost and expenses thereof, as additional rent, upon demand. Any such trade fixtures which are not removed and those which by the terms of the Lease are not removable by Tenant at or prior to any termination of this Lease including, but not limited to, a termination by Landlord pursuant to this lease, shall, unless Landlord gives Tenant notice to remove any or all of such trade fixtures, be and become the property of Landlord (without any obligation by Landlord to pay compensation for such trade fixtures). In the event Landlord gives Tenant such notice to remove any or all of such trade fixtures, Tenant shall promptly remove such of the trade fixtures as may be specified by Landlord in such notice. Notwithstanding anything herein contained to the contrary or any decision of any court to the contrary, the term "trade fixtures" shall not include any air-conditioning, heating, lighting, electrical and plumbing equipment installed by Tenant in the Demised Premises, nor any wiring or other apparatus related thereto.

23. INSURANCE. (a) Tenant agrees to indemnify and save Landlord and Landlord's Managing Agent harmless from any and all liabilities, damages, causes of action, suits, claims, judgments, costs and expenses of any kind (including attorneys fees): (i) relating to or arising from or in connection with the possession, use, occupancy, management, repair, maintenance or control of the Demised Premises, or any portion thereof; (ii) arising from or in connection with any act or omission of Tenant or Tenant's agents, employees or invitees; or (iii) resulting from any default, violation or injury to person or property or loss of life sustained in or about the Demised Premises. To assure such indemnity, Tenant shall carry and keep in full force and effect at all times during the term of this Lease for the protection of Landlord and Landlord's Managing Agent and Tenant herein, public liability and property damage insurance with combined single limits of not less than One Million Dollars (\$1,000,000.00) per occurrence; with not less than a Two Million Dollar (\$2,000,000.00) aggregate per location.

(b) Tenant shall be and remain liable for the maintenance, repair and replacement of all plate glass in the Demised Premises with glass of like kind and quality. ~~If requested by Landlord, Tenant shall keep the same insured under a policy of plate glass insurance.~~

(c) Tenant shall obtain and at all times during the term hereof maintain, at its sole cost and expense, policies of insurance covering its fixtures, equipment and inventory installed and located on the Demised Premises, in an amount of not less than eighty percent (80%) of the replacement cost of said items. Such insurance shall cover any peril included under insurance industry practice in the state in which the Shopping Center is located, with the classification "Fire and Extended Coverage" together with insurance against vandalism, malicious mischief, and sprinkler leakage or other sprinkler damage, boiler and pressure vessel insurance, and any proceeds of such insurance so long as this Lease shall remain in effect, shall be used only to repair or replace the items so insured. Tenant may self-insure in lieu of providing insurance as required by this Article 23(c) if Tenant's net worth, as shown on an audited financial*

(d) Said public liability and property damage insurance policies and any other insurance policies carried by Tenant with respect to the Demised Premises shall: (i) be issued in form acceptable to Landlord by good and solvent insurance companies qualified to do business in the state in which the Demised Premises is located and reasonably satisfactory to Landlord; (ii) be endorsed to name Landlord, Landlord's Managing Agent, Tenant and any other parties in interest from time to time designated in writing by notice from Landlord to Tenant as Additional Insureds; (iii) be written as primary policy coverage and not contributing either to or in excess of any coverage which Landlord may carry; (iv) provide for 30 days' prior written notice to Landlord of any cancellation or other expiration of such policy or any defaults or material changes thereunder; and (v) contain an express waiver of any right of subrogation by the insurance company against Landlord and Landlord's Managing Agent. Such insurance policies shall be obtained from an approved insurance company and Tenant shall deliver a copy of said policy or an original Certificate of Insurance to Landlord, before Tenant takes occupancy of the Demised Premises, showing the same to be in full force and effect. Neither the issuance of any insurance policy required hereunder, nor the minimum limits specified herein with respect to Tenant's insurance coverage shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

(e) In addition to the indemnity and insurance provision stipulated in this Article 23, the Tenant shall also obtain and at all times during the term of this Lease maintain the following additional insurance of the type marked below with an "X":

_____ Gradual Pollution and/or Contamination Liability
_____ Umbrella Liability in limits of not less than Two Million Dollars (\$2,000,000.00)
_____ Products Liability
_____ Liquor Liability

24. DAMAGE. If the Demised Premises shall be damaged by fire or other cause, without the fault or neglect of Tenant, its employees, agents, contractors, visitors or licensees, the damage shall be repaired by and at the expense of Landlord and the rent until such repairs shall have been made shall abate pro-rata according to the part of the Demised Premises which is unusable by Tenant. However, if such damage was caused by the negligence of Tenant, its employees, agents, contractors, visitors or licensees, then all rentals shall be payable by Tenant during such period. Due allowance shall be made for reasonable delay which may arise by reason of adjustment of fire insurance on the part of Landlord and/or Tenant, and for personal delay on account of "labor troubles" or any other cause beyond Landlord's control. If, however, the Demised Premises are rendered wholly untenable by fire or other cause, or Landlord shall decide not to rebuild the same, Landlord may, at its option, cancel and terminate this Lease by giving Tenant, within sixty (60) days from the date of such damage, notice in writing of its intention to cancel this Lease, whereupon the term of this Lease shall cease and terminate upon the third day after such notice is given, and Tenant shall vacate the Demised Premises and surrender the same to Landlord, but in neither of the certain contingencies in this paragraph mentioned shall there be any liability on the part of Landlord to Tenant covering or in respect of any period during which the occupation of said Demised Premises by Tenant may not be possible because of the matters hereinabove stated.

25. CONDEMNATION. (a) If the Demised Premises or any part thereof shall be taken by any governmental or quasi-governmental authority pursuant to the power of eminent domain, or by deed in lieu thereof, Tenant agrees to make no claim for compensation in the proceedings, and hereby assigns to Landlord any rights which it may have to any portion of any award made as a result of such taking. In the event of any such taking, this Lease shall terminate as to the portion of the Demised Premises taken by the condemning authority and rental shall be reduced in proportion to the portion of the Demised Premises so taken as of the date of such taking; provided, however, that in the event more than twenty percent (20%) of the floor area contained within the Demised Premises is taken, Tenant shall have the option, to be exercised within thirty (30) days of the date of such taking of terminating this Lease, whereupon the term of this Lease shall cease and terminate on the date of title vesting in the condemning authority. The foregoing notwithstanding, Tenant shall be entitled to claim, prove and receive in the condemnation proceedings such awards as may be allowed for relocation expenses and for fixtures and other equipment installed by it which shall not, under the terms of this Lease, be or become the property of Landlord at the termination hereof, but only if such awards shall be made by the condemnation court in addition to and stated separately from the award made by it for the land and the building or part thereof so taken.

*statement, exceeds \$100,000,000.00.

(b) If any part of the parking area in the Shopping Center shall be acquired or condemned as aforesaid, and if, as a result thereof the ratio of parking spaces to building area does not meet the requirements of applicable codes, then the term of this Lease shall cease and terminate upon the vesting of title in such condemning authority unless the Landlord shall take immediate steps toward increasing the parking ratio in excess of three or more spaces to each one thousand square feet, in which event this Lease shall be unaffected and remain in full force and effect without any reduction or abatement of rent. In the event of any termination of this Lease as provided in this Article 25, Tenant shall have no claim against Landlord nor the condemning authority for the value of any unexpired term of this Lease and rentals shall be adjusted to the date of said termination.

(c) If the nature, location or extent of any proposed condemnation affecting the Shopping Center is such that Landlord elects in good faith to demolish or abandon the use of the Shopping Center, then Landlord may terminate this Lease by giving at least sixty (60) days' written notice to Tenant at any time after such condemnation and this Lease shall terminate on the date specified in such notice.

26. RULES AND REGULATIONS. Tenant shall at all times comply with the rules and regulations set forth on Exhibit "B" attached hereto, and with any additions thereto and modifications thereof adopted from time to time by Landlord, and each such rule or regulation shall be deemed to be a covenant of this Lease to be performed and observed by Tenant.

27. PARKING AREAS AND OTHER FACILITIES. All parking areas and facilities furnished by Landlord in or near the Shopping Center, including employee parking areas, parking decks, the truckway or ways, pedestrian sidewalks and ramps, landscaped areas, exterior stairways, and other areas and improvements provided by Landlord for the general use, in common, of tenants, their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Landlord and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations therefor. Landlord grants to Tenant, during the term hereof, the non-exclusive right to use, in common with others, all automobile parking area within the Shopping Center for the accommodation and parking of passenger automobiles of Tenant, its officers, agents, employees and customers. Tenant agrees that it will cause its officers, agents, and employees to park their automobiles only in such areas as Landlord may from time to time designate as employee parking areas.

28. PERFORMANCE BY TENANT. Tenant covenants and agrees that it will perform all agreements herein expressed on its part to be performed, and that it will, upon receipt of written notice specifying action desired by Landlord in connection with any such covenant (including the payment of money other than the rent reserved hereunder), promptly comply with such notice; and further that if Tenant shall not promptly comply with such notice to the satisfaction of Landlord, then Landlord may, at its option, make any payments so specified on behalf of Tenant or enter upon the Demised Premises and do the things specified in said notice, and Landlord shall have no liability to Tenant for any loss or damage resulting in any way from such action by Landlord, and Tenant agrees to pay promptly upon demand any expense incurred by Landlord in taking such action. Any and all such costs or expenses shall constitute additional rent hereunder.

and if such failure continues for seven (7) days after written notice to Tenant thereof

29. LANDLORD'S REMEDIES UPON DEFAULT. In the event Tenant shall fail to pay any installment of rent, additional rent or other charges or money obligation to be paid by Tenant hereunder within five (5) days after the same shall become due (all of which monetary obligations of Tenant shall bear interest at the highest rate allowable by law, not to exceed 18% per annum from the date due until paid); or if Tenant shall default in the performance of any of the covenants, terms or provisions of this Lease (other than the payment, when due, of any of Tenant's monetary obligations hereunder) or any of the Rules and Regulations now or hereafter established by Landlord to govern the operation of this Shopping Center and fails to cure such default within twenty (20) days after written notice thereof from Landlord; or if Tenant shall abandon the Demised Premises or shall fail to keep the Demised Premises continuously and uninterruptedly open for business; or if Tenant shall file a voluntary petition in bankruptcy, or file any similar petition seeking relief under any present or future federal, state or other bankruptcy or insolvency statute or law; or if a proceeding under any present or future federal, state or other bankruptcy or insolvency statute or law shall be filed against Tenant or any asset of Tenant, and such proceeding shall not have been dismissed or vacated within thirty (30) days of the date of such filing; or if Tenant shall make an assignment for the benefit of its creditors; then, and in any of said events, Landlord, at its option may pursue any one or more of the following remedies without any notice or demand whatsoever: or if a longer time is necessary to cure such default, if Tenant fails to diligently pursue such cure,

(a) Landlord, at its option, may at once, or at any time thereafter, terminate this Lease by written notice to Tenant, whereupon this Lease shall end. Upon such termination by Landlord, Tenant will at once surrender possession of the Demised Premises to Landlord and remove all of Tenant's effects therefrom, and Landlord may forthwith re-enter the Demised Premises and repossess itself thereof, and remove all persons and effects therefrom, using such force as may be necessary, without being guilty of trespass, forcible entry, detainer or other tort. In addition to all other remedies provided for in this Article 29, Landlord shall have a security interest in all tangible personal property of Tenant on or about the Demised Premises to the extent of all monies owed by Tenant to Landlord, including but not limited to, inventory, furniture, trade fixtures, equipment, etc., and Tenant agrees, upon the request of Landlord, to execute any and all documents which Landlord deems necessary or desirable in order to perfect such security interest, including but not limited to, a U.C.C.-1 financing statement and a security agreement.

(b) Landlord may, without terminating this Lease, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, without being liable for prosecution or any claim for damages therefor, and, if Landlord so elects, make such alterations and repairs as, in Landlord's judgment, may be necessary to relet the Demised Premises, and relet the Demised Premises or any part thereof for such rent and for such period of time and subject to such terms and conditions as Landlord may deem advisable and receive the rent therefor. Upon each such reletting, the rent received by Landlord in respect of such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord, including interest thereon; second, to the payment of any loss and expenses of such reletting, including brokerage fees, attorneys' fees and the cost of such alterations and repair; third, to the payment of rent due and unpaid hereunder, together with interest thereon as herein provided; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Tenant agrees to pay to Landlord, on demand, any deficiency that may arise by reason of such reletting. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such prior default.

(c) In the event Landlord shall re-enter the Demised Premises and/or terminate this Lease in accordance with the provisions of this Article 29, Landlord may, in addition to any other remedy it may have, recover from Tenant all damages and expenses Landlord may suffer or incur by reason of Tenant's default hereunder, including without limitation, the cost of recovering the premises, reasonable attorneys' fees and in the event of termination, Tenant shall also pay to Landlord "Liquidated Damages" for the failure of Tenant to observe and perform the covenants of this Lease, which at the election of Landlord, shall be either: (A) the sum of (i) the minimum monthly rent, (ii) the average monthly percentage rent paid hereunder for the two (2) lease years immediately preceding the date of termination (or for the entire preceding portion of the lease term if less than two (2) lease years) and (iii) the additional rent payable hereunder for the month immediately preceding such re-entry or termination, less the net amount, if any, of the rents collected on account of the lease or leases of the Demised Premises for each month of the period which would otherwise have constituted the balance of the term of this Lease, all of which sums shall become due and payable by Tenant to Landlord upon the first day of each calendar month during the otherwise unexpired portion of the term hereof; or (B) the whole of said Liquidated Damages set forth in (A), discounted to the date of termination at a rate of not more than ten percent (10%) per annum; provided, however, that in the event Landlord shall relet the Demised Premises and the rent received by Landlord in respect of such reletting together with the discounted Liquidated Damages paid by Tenant shall exceed the rent reserved hereunder for that period which would otherwise have constituted the remainder of the term hereof, then Landlord shall, upon the expiration of such period, refund to Tenant the lesser of the amount of such excess or the Liquidated Damages theretofore paid by Tenant.

(d) If the rent agreed to be paid, including all other sums of money which under the provisions hereto are declared to be rent, shall be in arrears in whole or in part for five (5) or more days, Landlord may at its option (if such arrearage remains unpaid after ten (10) days' written notice to Tenant) declare the tenancy hereunder converted into a tenancy from month to month, and upon giving written notice to Tenant of the exercise of such option, Landlord shall forthwith be entitled to all provisions of law relating to the summary eviction of monthly tenants in default in rent.

Pursuit of any of the foregoing remedies shall not preclude Landlord from pursuing any other remedies herein or at law or in equity provided, nor shall pursuit of any remedy by Landlord constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to Landlord by reason of Tenant's violation of any of the covenants and provisions of this Lease.

(e) Anything in this Lease to the contrary notwithstanding, in order to cover the extra expense involved in handling delinquent payments, Tenant shall pay a "late charge" in an amount equal to the greater of (i) 5% of any delinquent payment, or (ii) \$150.00, when any installment of rent (basic or other, as may be considered additional rental under this Lease) is paid more than five (5) days after the due date thereof. It is hereby understood that this charge is for extra expenses incurred by the Landlord in processing the delinquency.

(f) Tenant hereby appoints as its agent to receive service of all dispossessory or other proceedings and notices thereunder and under this Lease the person apparently in charge of the Demised Premises at the time, and if no person then appears to be in charge of the Demised Premises, then such service or notice may be made by attaching the same to the main entrance of the Demised Premises, provided that a copy of any such proceedings or notice shall be mailed to Tenant in the manner set forth in paragraph 36 hereof. Tenant hereby waives any right to assert or maintain any counterclaims against Landlord in any action brought by Landlord to obtain possession of the Demised Premises.

(g) Tenant shall be considered in "Habitual Default" of this Lease upon (i) Tenant's failure, on two (2) or more occasions during any lease year, to pay, when due, any installment of Rent or any other sum required by the terms of this Lease, or (ii) Tenant's repeated violation of, or failure to comply with, any term, covenant or condition of this Lease after written notice of such violation or failure to comply has been given by Landlord to Tenant. Upon the occurrence of an event of Habitual Default on the part of Tenant, Tenant shall immediately be deemed to have released any and all options or rights granted, or to be granted, to Tenant under the terms of this Lease (including, without limitation, rights of renewal, rights to terminate, or rights of first refusal).

30. LAWS AND ORDINANCES. Tenant will, at its own cost, promptly comply with and carry out all orders, requirements or conditions now or hereafter imposed upon it by the ordinances, laws and/or regulations of the municipality, county and/or state in which the Demised Premises is located, whether required of Landlord or otherwise, in the conduct of Tenant's business, except that Landlord shall comply with any orders affecting the roof, structural walls and columns unless such compliance is due to Tenant's particular business or use of the Demised Premises. Tenant will indemnify and save Landlord harmless from all penalties, claims and demands resulting from Tenant's failure or negligence in this respect.

31. ROOF RIGHTS. Landlord shall have the exclusive right to use all or any portion of the roof of the Demised Premises for any purpose, and shall have the right to erect additional stories or other structures over all or any part of said Demised Premises.

32. SIGNS. Tenant shall not place or permit to be placed on the exterior of the Leased Premises, on the door, window or roof thereof, in any display window space, or within five (5) feet behind the storefront of the Leased Premises if visible from the Common Areas, any sign, placard, decoration, lettering, advertising matter or descriptive material without Landlord's prior written approval. Tenant may, however, utilize such material within the leased Premises on a temporary basis to advertise special sales or promotions without Landlord's consent, provided that the material is professionally made, is in good taste, and is not taped or attached to any window of the Leased Premises.

and (iii) Sign Criteria attached hereto and made a part hereof as Exhibit "C". Additionally, any sign, advertising matter, or any other thing of any kind placed upon the exterior of the Demised Premises shall be approved in writing by Landlord and shall conform to (i) any and all applicable laws, ordinances or regulations of any governmental authorities, any sign criteria adopted by Landlord, and (ii) any insurance requirements. Any such approved signs shall be maintained by Tenant in good condition and repair and in accordance with the standards of the Shopping Center, and Landlord shall have the right to require Tenant to upgrade or replace any such signs. Tenant shall obtain and pay for all permits and licenses required in connection with any such approved sign(s), and shall be responsible for the proper installation thereof. In no event shall Tenant place or maintain any sign, decoration, letter or advertising matter of any kind on the glass of any windows or doors of the Demised Premises.

Landlord shall have the right, without notice to Tenant and at Tenant's sole risk and expense, to remove any items displayed or affixed in or to the Leased Premises which Landlord in good faith determines to be in violation of the provisions of this Article 32. All signs installed by Tenant shall be insured, and shall be maintained by Tenant at all times in first class condition, operating order and repair. Tenant shall commence to repair any of Tenant's signs which have been damaged within five (5) days after such damage occurs. Tenant shall perform such other maintenance to its signs and canopies as Landlord shall reasonably request. In the event Tenant fails to repair any of its signs as specified above, Landlord shall have the right to make such reasonable repairs as Landlord deems necessary at Tenant's sole cost and expense.

33. SUBORDINATION. (a) This Lease is subject and subordinate to the lien of any ground leases and to all mortgages or deeds to secure debt which may now or hereafter affect or encumber the Shopping Center or the real property of which the Demised Premises form a part, and to all renewals, modifications, consolidations, replacements or extensions thereof. This paragraph shall be self-operative and no further instrument of subordination shall be required. In confirmation of any such subordination, Tenant shall execute within five (5) days after receipt, any certificate that Landlord may reasonably so request. Tenant covenants and agrees to attorn to Landlord or to any successor to Landlord's interest in the Demised Premises, whether by sale, foreclosure or otherwise.

(b) Notwithstanding the foregoing, in the event any ground lessor, mortgagee or the holder of any deed to secure debt shall elect to make the lien of this Lease prior to the lien of its ground lease or mortgage, then, upon such party giving Tenant written notice to such effect, this Lease shall be deemed to be prior in lien to the lien of such ground lease or mortgage, whether dated prior or subsequent thereto.

34. ESTOPPEL CERTIFICATES. Tenant agrees, at any time and from time to time, upon not less than five (5) days' prior written notice by Landlord, to execute, acknowledge and deliver to Landlord or to such person(s) as may be designated by Landlord, a statement in writing (i) certifying that Tenant is in possession of the Demised Premises, has unconditionally accepted the same and is currently paying the rents reserved hereunder, (ii) certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (iii) stating the dates to which the rent and other charges hereunder have been paid by Tenant and (iv) stating whether or not to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which notice to Landlord should be sent. Any such statement delivered pursuant hereto may be relied upon by any owner, prospective purchaser, mortgagee or prospective mortgagee of the Shopping Center or of Landlord's interest therein, or any prospective assignee of any such mortgagee.

35. HOLD-OVER. If Tenant shall not immediately surrender the Demised Premises the day after the end of the term hereby created, then Tenant shall, by virtue of this agreement, become a tenant by the month at twice the rental agreed by said Tenant to be paid as aforesaid, commencing said monthly tenancy with the first day next after the end of the term above demised; and said Tenant as a monthly tenant, shall be subject to all of the conditions and covenants of this Lease as though the same had originally been a monthly tenancy. Each party hereto shall give to the other at least thirty (30) days' written notice to quit the Demised Premises (any right to a longer notice period being hereby expressly waived), except in the event of non-payment of rent in advance or of the other additional rents provided for herein when due, or of the breach of any other covenant by the said Tenant, in which event Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being expressly waived; provided, however, that in the event that Tenant shall hold over after expiration of the term hereby created, and if Landlord shall desire to regain possession of said Demised Premises promptly at the expiration of the term aforesaid, then at any time prior to the acceptance of the rent by Landlord from Tenant, as monthly tenant hereunder, Landlord at its election or option, may re-enter and take possession of the Demised Premises forthwith, without process, or by any legal action or process in force in the state in which the Demised Premises is located.

36. NOTICES. All notices, rent or other payments required or desired to be given hereunder by either party to the other shall be sent by first class mail, postage prepaid, and by certified or registered mail, return receipt requested. Notices to the respective parties, and any amounts required to be paid hereunder, shall be addressed and sent as follows:

If to Landlord: NOTICES AND CORRESPONDENCE
% Windham Management Company
8401 Connecticut Avenue
Chevy Chase, Maryland 20815
cc: Legal Department

If to Tenant:

RENT, PAYMENTS, ETC.
% Saul Holdings Limited Partnership
P.O. Box 64288
Baltimore, Maryland 21264-4288
245 Rogers Avenue
Inwood, New York 11696

Either party may designate a substitute address, from time to time, by notice in writing sent in accordance with the provisions of this paragraph 37.

37. LANDLORD'S LIABILITY. Any agreement, obligation or liability made, entered into or incurred by or on behalf of B. F. Saul Real Estate Investment Trust binds only its real property and no shareholder, trustee, officer or agent of the Trust assumes or shall be held to any liability therefor. Tenant agrees that Landlord shall have no personal liability with respect to any of the provisions of this Lease and Tenant shall look solely to the estate and property of Landlord in the land and buildings comprising the Shopping Center of which the Demised Premises forms a part for the satisfaction of Tenant's remedies, including, without limitation, the collection of any judgment or the enforcement of any other judicial process requiring the payment or expenditure of money by Landlord, subject, however, to the prior rights of any holder of any Mortgage covering all or part of the Shopping Center, and no other assets of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim and, in the event Tenant obtains a judgment against Landlord, the judgment docket shall be so noted. This Section shall inure to the benefit of Landlord's successors and assigns and their respective principals.

38. DELAY. In the event Landlord, for any reason is unable to deliver possession of the Demised Premises to Tenant on or before the Rent Commencement Date, this Lease shall remain in full force and effect and Tenant shall have no claim against Landlord by reason of any such delay but no rent shall be payable during the pendency of any such delay. The expiration date of the term of this Lease shall be extended for a period equal to the period of such delay. If Landlord shall fail to deliver possession of the said Demised Premises to Tenant within ninety (90) days after the Rent Commencement Date, then either party may terminate this Lease upon thirty (30) days' prior written notice.

39. QUIET ENJOYMENT. Landlord warrants that it has the right to make this Lease for the term aforesaid and that it will put Tenant into complete and exclusive possession of the Demised Premises. Landlord covenants that if Tenant pays the rent and all other arrearages provided for herein, performs all of its obligations provided for hereunder and observes all of the other provisions, Tenant shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Demised Premises, without any interruption or disturbance from Landlord, or anyone claiming through or under Landlord, subject to the terms hereof.

40. APPLICABLE LAW. This Lease shall be construed under the laws of the state in which the Demised Premises is located.

41. WAIVERS. Landlord and Tenant each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either party against the other on any matters arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant and/or Tenant's use or occupancy of the Demised Premises. Tenant hereby expressly waives (to the extent legally permissible) for itself and all persons claiming by, through or under it, any right of redemption or right for the restoration of the operation of this Lease under any present or future law in case Tenant shall be dispossessed for any cause, or in case Landlord shall obtain possession of the Demised Premises as provided in this Lease. Tenant understands that the Demised Premises are leased exclusively for business, commercial and mercantile purposes and therefore shall not be redeemable under any provision of law.

42. INTENTIONALLY DELETED.

43. REMEDIES CUMULATIVE; NO WAIVER. All rights and remedies given hereby and/or by law or in equity to Landlord are separate, distinct and cumulative, and no one of them, whether exercised by Landlord or not, shall be deemed to be in exclusion of any of the others. No failure of Landlord to exercise any power given Landlord hereunder, or to insist upon strict compliance by Tenant with its obligations hereunder; and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof.

44. NO OPTION. The submission of this Lease for examination does not constitute a reservation of or option for the Demised Premises, and this Lease becomes effective only upon execution and delivery thereof by Landlord.

45. HEADINGS. Captions and headings are for convenience and reference only.

46. PARTIES; ASSIGNS AND SUCCESSORS. Feminine or neuter pronouns may be substituted for those of the masculine form, and the plural may be substituted for the singular number, in any place or places herein in which the context may require such substitution or substitutions. The term "Landlord" as used in this Lease, means only the owner for the time being of the Landlord's interest in this Lease; and, in the event of the sale, assignment or transfer by such owner of the Landlord's interest in this Lease, such owner shall thereupon be released and discharged of all covenants, and obligations of Landlord hereunder thereafter accruing. Except as provided in the preceding sentence, all of the covenants, agreements, terms, conditions, provisions and undertakings in this Lease shall inure to the benefit of, and shall extend to and be binding upon, the parties hereto and their respective heirs, executors, legal representatives, successors and assigns, to the same extent as if they were in every case named and expressed. If two or more individuals, corporations, partnerships, or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay rent and perform all other obligations hereunder shall be deemed to be joint and several and any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. In like manner, if the Tenant named in this lease shall be a partnership or other business association, the members of which are, by virtue of statute or general law, subject to personal liability, the liability of each such member shall be joint and several.

47. MODIFICATION. This writing is intended by the parties as the final expression of their agreement and as a complete and exclusive statement of the terms thereof. All negotiations, considerations and representations, and all prior and/or contemporaneous agreements between the parties have been fully incorporated herein. No course of prior dealings between the parties or their affiliates shall be relevant or admissible to supplement, explain or vary any of the terms of this Lease. No acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their affiliates shall be relevant or admissible to determine the meaning of any of the terms of this Lease. No representations, understandings or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein. This Lease can only be modified by a writing signed by all of the parties hereto or their duly authorized agents. It is understood that any bills, statements of account or rent statements presented by Landlord, or its agent, to Tenant are supplied for convenience only and shall not constitute a waiver of Landlord's right to collect additional amounts provided for herein in respect of any period(s) covered by such bill or statement.

48. SEVERABILITY. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent be held invalid or unenforceable, the remainder of this Lease or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this Lease shall be valid and enforced to the fullest extent permitted by law.

49. ATTORNEYS' FEES. ~~Tenant shall reimburse Landlord upon demand for any costs or expenses, including attorney's fees, incurred by Landlord in connection with the enforcement of Tenant's obligations hereunder. Any and all costs or expenses incurred by Landlord pursuant to the provisions hereof shall be considered as additional rent hereunder.~~ In the event of any litigation arising hereunder, or in the event an attorney is retained to demand the payment of money due hereunder, the*

50. MORTGAGEE PROTECTION CLAUSE. Tenant agrees to give any Mortgagees and/or Trust Deed Holders, by Registered Mail, a copy of any Notice of Default served upon the Landlord, provided that prior to such notice Tenant has been notified, in writing, (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of such Mortgagees and/or Trust Deed Holders. Tenant further agrees that if Landlord shall have failed to cure such default within the term provided for in this Lease, then the Mortgagees and/or Trust Deed Holders shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days, any Mortgagee and/or Trust Deed Holder has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

*prevailing party shall be entitled to recover reasonable attorney's fees and necessary costs and expenses from the losing party.

51. **CORPORATE TENANTS.** If Tenant is a corporation, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that: Tenant is a duly constituted corporation qualified to do business in the state where the Demised Premises are located; all Tenant's franchise and corporate taxes have been paid to date; all future forms, reports, fees and other documents necessary for Tenant to comply with applicable laws will be filed by Tenant when due; and such persons are duly authorized by the board of directors of such corporation to execute and deliver this Lease on behalf of the corporation.

52. **SURRENDER OF PREMISES.** At the expiration of or earlier termination of the term of this Lease, Tenant shall peacefully surrender the Demised Premises to Landlord, in the same condition as the Demised Premises were upon the commencement of the term of this Lease, ordinary wear and tear excepted to the extent the Demised Premises is not required to be repaired and/or maintained by Tenant. Tenant shall surrender all keys for the Demised Premises to Landlord and shall notify Landlord in writing of all combinations of locks, safes, and vaults, if any, in the Demised Premises. Tenant shall comply with the provisions of Article 22 hereof respecting the removal of trade fixtures. Tenant's obligations to observe and perform the covenants set forth in this Article 52 shall survive the expiration or earlier termination of this Lease.

53. **SURVIVAL.** Notwithstanding anything to the contrary contained in the Lease, the expiration of the Term of the Lease, whether by lapse of time or otherwise, shall not relieve Tenant from Tenant's obligations accruing prior to the expiration of the Term.

54. **LANDLORD'S SELF-HELP.** In addition to Landlord's rights of self-help set forth elsewhere in the Lease or as provided by law or by equity, if Tenant at any time fails to perform any of its obligations under the Lease in a manner satisfactory to Landlord, Landlord shall have the right but not the obligation, to perform or cause to be performed such obligations on behalf and at the expense of Tenant and to take all such action Landlord deems appropriate to perform such obligations. In such event, Landlord's costs and expenses incurred with respect thereto shall, upon demand, be paid for by Tenant as additional Rent. In performing or causing the performance of any such obligations of Tenant, Landlord shall incur no liability for any loss or damage that may accrue to Tenant, the Demised Premises or Tenant's Property by reason thereof. The performance by Landlord of any such obligation shall not constitute a release or waiver of any of Tenant's obligations under the Lease.

55. **SHOWING OF DEMISED PREMISES AND LANDLORD ACCESS.** Landlord shall have the right to enter upon the Demised Premises for purposes of showing the Leased Premises to prospective tenants during the last six (6) months of the Term. During such period, Landlord shall have the right to post the Demised Premises with "For Rent" or other offering signs, as Landlord may deem appropriate. Landlord may enter the Demised Premises at reasonable hours to exhibit the same to prospective purchasers, mortgagees, or tenants, to inspect the Demised Premises to see that Tenant is complying with all its obligations hereunder, or to make required repairs.

56. **SPECIAL STIPULATIONS.** If any of the following stipulations supplement or conflict with any of the foregoing provisions hereof, the following provisions shall control: See Special Stipulations to Lease attached hereto and made a part hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal on the day and year (irs) above written.

ATTEST/MAY 1999:

TENANT: LEEBURG-ORKE CONVERTIBLES, INC

ATTEST:

Harley Greenfield, President (SEAL)

LANDLORD: SAUL HOLDINGS LIMITED PARTNERSHIP

By: SAUL CENTERS, INC., GENERAL PARTNER

(SEAL)

Assistant Secretary

By:

Philip D. Caraci,

President

Special Stipulations To Lease By and Between Saul Holdings
Limited Partnership and Leesburg Pike Convertables, Inc. t/a
Jennifer Convertables, a _____ Corporation

56. (a) INTENTIONALLY DELETED

(b) PREMISES "AS IS". Tenant shall accept the Demised Premises "as is" in its existing condition and will be solely responsible for all necessary renovation, replacements, remodeling and fixturing it requires and/or desires and will conduct same in compliance with Article 20 herein.

(c) ASSIGNMENT; SUBLETTING. Landlord will not unreasonably withhold its consent to an assignment of this Lease or sublease of the Demised Premises provided, however, that Landlord shall have the following options:

(1) Upon receipt from Tenant of written request for Landlord's consent to such an assignment or sublease, Landlord may cancel this Lease as of the date the requested assignment or subletting is to be effective. This option shall be exercised, if at all, within ninety (90) days following receipt by Landlord of the request for consent including financial information on proposed tenant and such other information concerning the proposed assignment or sublease as the Landlord may request, by delivering to Tenant a written notice of Landlord's intention.

(2) Landlord may lease the whole or any portion of the Demised Premises directly, in which event, notwithstanding the third (3rd) sentence of paragraph 15(c) hereof, Tenant shall be released from all liability with respect to the portion of the Demised Premises so leased.

(3) Upon the Landlord granting its consent to the aforementioned assignment or sublease, all rental amounts and any additional payments arising hereunder and all rental amounts and any additional payments arising under the assignment or sublease, shall be payable to Landlord, it being the express intent of this subparagraph that Tenant shall not profit by any such assignment or sublease.

(d) DISCONTINUANCE OF TENANT'S BUSINESS. Should Tenant at any time elect to discontinue the operation of its business in the Demised Premises on a permanent basis (as distinguished from a temporary discontinuance on account of remodeling, inventory, casualty or otherwise), Tenant shall give to Landlord notice in writing ("Tenant's Discontinuance Notice") of Tenant's intention so to do, after which time Tenant shall be entitled to discontinue the operation of its business in the Demised Premises. In such event, Landlord shall have the option at any time to be exercised by written notice ("Landlord's Termination Notice") to Tenant, to cancel and terminate this lease as of the date that is thirty (30) days after receipt by Tenant of Landlord's Termination Notice. For the purposes of this provision, either party shall be deemed to have received notice on the earlier of (i) the date that is three (3) days after the date postmarked on the envelope containing the notice, or (ii) the date a receipt for delivery of such notice shall have been signed by recipient.

Should Landlord fail to exercise the above option to cancel and terminate this Lease, and should Tenant discontinue the operation of Tenant's business in the Demised Premises in accordance with this provision then, anything in this Lease to the contrary notwithstanding, it is hereby mutually agreed that the rent that Tenant shall pay to Landlord during such portion of the remainder of the term of this Lease as the operation of Tenant's business in the Demised Premises is discontinued shall be the rent more particularly set forth in Articles 3, 8, and 9 of this Lease, and the words "Fixed Minimum" in said Article 5 and Article 14 of this Lease shall be of no further force and effect, but for such

periods of time as Tenant is again operating its business in the Demised Premises, such covenants and provisions shall once again become operative. Landlord acknowledges that Tenant has notified Landlord that Tenant would not enter into this Lease except for the rights contained in this provision.

SECRETARY'S CERTIFICATE

I, BERNARD WINGIG, Secretary of Leesburg Pike Convertibles, Inc., a Virginia Corporation t/a Jennifer Convertibles do hereby certify (i) that the foregoing and annexed Lease was executed and delivered pursuant to, and in strict conformity with the provisions of resolutions of the Board of Directors of said corporation validly adopted at a regularly called meeting of said Board of Directors, and that a quorum was consent of said Board of Directors in lieu of a meeting, in conformity with the laws of the state of incorporation of said Corporation; and (ii) that the following is a true, correct and complete reproduction of said resolution:

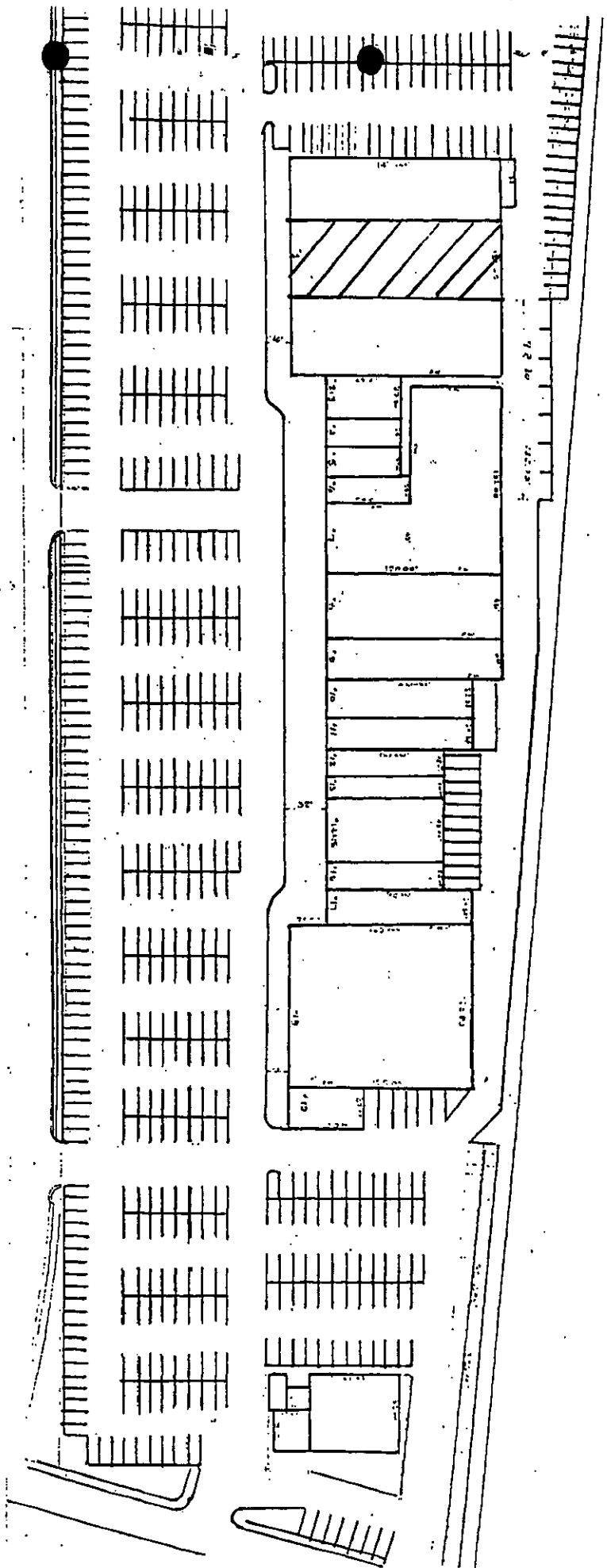
RESOLVED: That HARLEY GREENFIELD, President of the Corporation, shall be, and is hereby authorized and empowered, for and on behalf of the Corporation, to execute, acknowledge and deliver the foregoing and annexed Lease between Saul Holdings Limited Partnership, as Landlord, and Leesburg Pike Convertibles, Inc. t/a Jennifer Convertibles, as Tenant, for those certain premises, containing approximately 4,906 square feet of space, located in the Leesburg Pike Shopping Center at a fixed minimum annual rent of approximately Ninety-Eight Thousand One Hundred Twenty and No One-Hundredth Dollars (\$98,120.00), as well as any and all related documents, in order to expeditiously provide for the leasing of such premises, and, in so doing, to make any and all changes therein or modifications thereof as he, in his sole discretion, acting for and on behalf of the Corporation, shall deem necessary or advisable, and all of the officers of the Corporation are hereby authorized, directed and empowered to do any and all acts or things as shall be necessary or advisable in order to effectuate the foregoing resolution.

(Corporate Seal)



BERNARD WINGIG Secretary

Date: 4/6/94



LEESBURG PIKE PLAZA
SO. JEFFERSON ST.
BAILEYS CROSS ROADS,
FAIRFAX COUNTY, VIRGINIA

EXHIBIT "A"

Exhibit "B"

RULES AND REGULATIONS

Tenant shall, at all times during the term of the Lease:

1. Use, maintain and occupy the Demised Premises in a careful, safe, proper and lawful manner, keep the Demised Premises and its appurtenances in a clean and safe condition;

2. Keep all glass in the doors and windows of the Demised Premises clean and in good repair;

3. Not place, maintain or sell any merchandise in any vestibule or entry to the Demised Premises, on the sidewalks adjacent to the Demised Premises, or elsewhere on the outside of the Demised Premises without the prior written consent of Landlord;

4. Keep Demised Premises in a clean, orderly and sanitary condition, free of insects, rodents, vermin and other pests;

5. Not permit undue accumulations of garbage, trash, rubbish and other refuse in the Demised Premises, and keep refuse in closed containers within the interior of the Demised Premises until removed;

6. Not use, permit or suffer the use of any apparatus or instruments for musical or other sound reproduction or transmission in such manner that the sound emanating therefrom or caused thereby shall be audible beyond the interior of the Demised Premises;

7. Not deliver or suffer or permit delivery of merchandise to the front entrance of the Demised Premises after 10:00 a.m. on any day;

8. Light the show windows and exterior signs of the Demised Premises to the extent required in the Lease;

9. Keep all mechanical apparatus free of vibration and noise which may be transmitted beyond the confines of the Demised Premises;

10. Not cause or permit objectional odors to emanate from the Demised Premises;

11. Not overload the floors or electrical wiring and not install any additional electrical wiring or plumbing without Landlord's prior written consent;

12. Not use show windows in the Demised Premises for any purpose other than display of merchandise for sale in a neat and attractive manner;

13. Not conduct, permit or suffer any public or private auction sale to be conducted on or from the Demised Premises;

14. Not solicit business in the common areas of the Shopping Center or distribute handbills or other advertising materials in the common area and if this provision is violated the Tenant shall pay Landlord the cost of collecting same from the common areas for trash disposal;

15. Use for office, clerical or other nonselling purposes only such space in the Demised Premises as is reasonably required for Tenant's business therein, and not perform any office or clerical function in the Demised Premises for any other store;

Exhibit "B"
Rules and Regulations
Continued

16. Not use the plumbing facilities in the Demised Premises for any purpose other than that for which they were constructed or dispose of any foreign substances therein, whether through the utilization of "garbage disposal" units or otherwise. If Tenant uses the Demised Premises for the sale, preparation, or service of food for on-premises or off-premises consumption, Tenant shall install such greasetraps as shall be necessary or desirable to prevent the accumulation of grease or other wastes in the plumbing facilities servicing the Demised Premises;

17. Not operate in the Demised Premises or in any part of the Shopping Center any coin or token operated vending machines or similar device for the sale of any merchandise or service.

18. Install an exterior sign in accordance with plans and specifications approved by Landlord and keep such sign in good repair and in a neat and attractive condition.

The Landlord reserves the right to make such other rules and regulations as in its judgement may from time to time be needed for the safety, care and cleanliness of the premises, and for the preservation of good order therein.

EXHIBIT " C "

TENANT SIGN CRITERIA (I)

SECTION 1.

The advertising or informative content of all signs shall be limited to letters designating store name and/or type of store (which such designation of the store type shall be general descriptive terms and shall not include any specification of the merchandise offered for sale therein or the services rendered therein) only and shall contain no advertising devices, slogans, symbols or marks (other than the store name and/or type of store). Crests and corporate shield designs are not permitted.

SECTION 2.

Tenant must submit three (3) copies of the Signage Shop Drawings for Landlord review and must obtain Landlord's written approval prior to fabrication and installation. Shop Drawings shall include, but not be limited to the following information on 1/8" = 1'0" scaled drawing:

- (a) Elevation of Tenant frontage including storefront, signband area and roofline. The Elevation Drawing must include, dimension from bottom side of signband to letter, size of letters, dimension from top of letters to roofline, horizontal dimensions from the lease line to the letters and dimension of letter spacing.
- (b) Method of attachment to building.
- (c) Section showing dimensions of width of letter, location of transformer and method of electrical connection.
- (d) Indicate on Shop Drawings the thickness and color of metal, thickness and color of faces, dimension and color of trim cap, and dimension and color of neon tubing.

The letters on all signs shall be internally illuminated channel letters with metal sides, and trim cap (color of sides and cap shall match metal roof) and white plastic faces. The height and length of the sign, as well as the size of the letters shall be approved by the Landlord.

Landlord will provide an area on the signband of appropriate size and location to Tenant's storefront. The total vertical height of the sign from bottom to lowest letter to the top of the highest letter shall not exceed twenty four inches (24"). In no case shall any part of any letter be closer than six inches (6") to the top or bottom of the sign field. The depth of the letters shall not exceed six inches (6"). Under Canopy Sign to be as per standard Under Canopy detail.

SECTION 3.

The character, sign, color and layout of all signs shall be subject to Landlord's written prior approval which must be obtained by submitting Shop Drawings as described in Section 2 of this Exhibit and shall be in accordance with this criteria.

SECTION 4.

Excepting the signs specified in Paragraphs 7c and 7d of this Exhibit, no tenant shall install more than one (1) sign.

SECTION 5.

All signs shall be fabricated and installed in accordance with the following requirements:

Exhibit "C"
Tenant Sign Criteria (I)
Continuation

SECTION 5. (continued)

- (a) The sign lettering or any part of parts thereof, except as otherwise provided in subparagraph c, and in this Section 5, shall be located within the physical limits of the sign area as designated by Landlord.
- (b) Except for those signs mounted on a signband, no sign or any part thereof shall be located on the roof of the demised premises.
- (c) Sign, style and lettering must have preliminary approval by Landlord before shop drawings are made. Tenant shall submit shop drawings (per Section 2 of this Exhibit) of all proposed signs to Landlord for approval, showing sizes of all letters and spacing, type of material, color and dimensions in relation to leasable area.
- (d) No sign will be placed in final position without the written approval of Landlord.
- (e) All signs shall be fabricated and installed in compliance with all applicable codes. All signs shall be Landlord approved and have the appropriate U.L. sticker attached to the top of each letter.
- (f) All letters shall have 60 m.a. transformers and shall have 13 m.m. white neon tubing (two rows minimum).

SECTION 6.

The fabrication, installation and operation of all signs shall be subject to the following restrictions:

- (a) No flashing, moving, flickering or blinking illumination shall be permitted.
- (b) No animation, moving lights or floodlight illumination shall be permitted.
- (c) The name and/or stamp of the sign contractor or sign company or both shall not be exposed to view.

SECTION 7.

The following type signs are prohibited:

- (a) Paper signs or stickers utilized as sign inside or outside glass storefront.
- (b) Signs of a temporary character or purpose, irrespective of the composition of the sign or material used therefor.
- (c) Painted or printed signs, except one (1) nonilluminated, small-scale "signature sign" or store-hours sign, which is lettered on the glass portion of a storefront and provided such sign does not exceed three inches (3") in height. Also permitted are small credit card symbols.
- (d) Outrigger signs, except one (1) internally illuminated identification sign located beneath the canopy in a location to be designated by the Landlord, and in accordance with the Landlord's criteria for undercanopy signs. Tenant must submit drawings of said sign to Landlord and obtain Landlord's written approval prior to installation of this or any other sign.
- (e) Moving signs, rooftop signs, parapet signs, or pylon signs.

GUARANTY

FOR VALUE RECEIVED, and in consideration for, and as an inducement to Landlord to enter into the foregoing Lease with Leesburg Pike Convertibles, Inc. t/a Jennifer Convertibles, a Virginia Corporation, dated the 5th day of April, 1994, the undersigned hereby guarantee to Landlord, its legal representatives, successors and assigns, the payment of the rent, tax rent, percentage rent, additional rent and all other payments to be made by Tenant under said Lease and the full performance and observance by Tenant of all the other terms, covenants, conditions and agreements (including the Rules and Regulations) therein provided to be performed and observed by Tenant for which the undersigned shall be jointly and severally liable with the Tenant, without requiring any notice of non-payment, non-performance or non-observance, or proof of notice or demand, whereby to charge the undersigned, all of which the undersigned hereby expressly waive, and the undersigned expressly agree that Landlord may proceed against the undersigned separately or jointly before or after or simultaneously with proceeding against Tenant for default and that this guaranty shall not be terminated, affected or impaired in any way or manner whatsoever by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the said Lease, or by reason by summary or other proceedings against Tenant, or by the omission of Landlord to enforce any of its rights against Tenant, or by reason of any extension of time or indulgence granted by Landlord to Tenant. The undersigned further covenant and agree (1) that they will be bound by all the provisions, terms, conditions, restrictions and limitations contained in said lease, the same as though Guarantor was named therein as Tenant; and (2) that this guaranty shall be absolute and unconditional and shall remain and continue in full force and effect as to any renewal, extension, option, amendment, additions, assignment, sublease, transfer, or other modification of said lease, whether or not Guarantor shall have knowledge or have been notified of or agreed or consented to any such renewal, extension, option, amendment, addition, assignment, sublease, transfer, or other modifications of said lease. Each signatory hereto shall be individually bound by the terms of this guaranty whether or not any other party or person has executed the same. If Landlord at any time is compelled to take any action or proceeding in court or otherwise to enforce or compel compliance with the terms of this guaranty, the Guarantor shall, in addition to any other rights or remedies to which Landlord may be entitled hereunder or as a matter of law or in equity, be obligated to pay all costs, including attorneys' fees, incurred or expended by Landlord in connection therewith. All obligations and liabilities of Guarantor pursuant to this Guaranty shall be binding upon the heirs, personal representatives, and assigns of the undersigned signatories.

Notwithstanding any provision herein to the contrary after the end of third (3rd) lease term of the Lease, personal liability under this guaranty is limited to an amount equal to the maximum payments required to be made by Tenant for a period of twelve (12) months after the date of default by Tenant under the Lease.

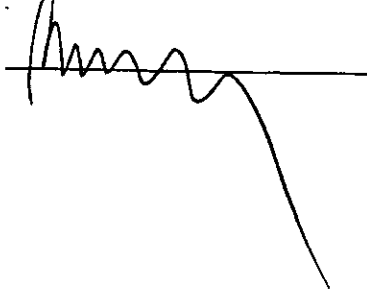
As further inducement to Landlord to make and enter into said lease, and in consideration thereof, the Landlord and the undersigned covenant and agree that in any action or proceeding brought on, under or by virtue of this guaranty, the Guarantor shall and hereby do waive trial by jury. This guaranty shall be governed by and construed in accordance with the laws of the state in which the property demised under the said lease is located.

The undersigned hereby agrees not to transfer any of the assets listed on the personal financial statement heretofore delivered to Landlord, or the future income therefrom, other than

in exchange for consideration equal to the fair market value of such assets and the undersigned agrees not to transfer any such assets or the future income therefrom to his/her spouse other than for full consideration.

WITNESS/ATTEST the following signatures this 25th day of April, 1994.

ATTEST:



GUARANTOR:


Jennifer Convertibles, Inc.

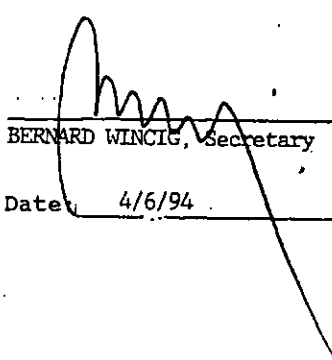
Harley Greenfield, President

SECRETARY'S CERTIFICATE

I, BERNARD WINCIG, Secretary of Jennifer Convertibles, Inc., a Delaware Corporation do hereby certify (i) that the foregoing and annexed guaranty was executed and delivered pursuant to, and in strict conformity with the provisions of resolutions of the Board of Directors of said corporation validly adopted at a regularly called meeting of said Board of Directors, and that a quorum was consent of said Board of Directors in lieu of a meeting, in conformity with the laws of the state of incorporation of said Corporation; and (ii) that the following is a true, correct and complete reproduction of said resolution:

HARLEY GREENFIELD

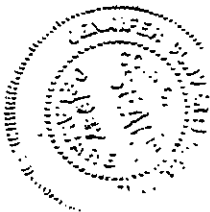
RESOLVED: That , President of the Corporation, shall be, and is hereby authorized and empowered, for and on behalf of the Corporation, to execute, acknowledge and deliver the foregoing and annexed Lease between Saul Holdings Limited Partnership, as Landlord, and Jennifer Convertibles, as Tenant, for those certain premises, containing approximately 4,906 square feet of space, located in the Leesburg Pike Shopping Center at a fixed minimum annual rent of approximately Twenty and No One-Hundredth Dollars (\$20.00) per square foot, as well as any and all related documents, in order to expeditiously provide for the leasing of such premises, and, in so doing, to make any and all changes therein or modifications thereof as he, in his sole discretion, acting for and on behalf of the Corporation, shall deem necessary or advisable, and all of the officers of the Corporation are hereby authorized, directed and empowered to do any and all acts or things as shall be necessary or advisable in order to effectuate the foregoing resolution.



BERNARD WINCIG, Secretary

Date: 4/6/94

(Corporate Seal)



ORIGINAL
Number 3 of
3 execution
counterparts

FIRST ASSIGNMENT AND FIRST AMENDMENT OF LEASE

THIS FIRST ASSIGNMENT AND FIRST AMENDMENT OF LEASE (the "Agreement") is made and entered into this 12th day of April, 2004 (the "Agreement Date") by and among (i) SAUL HOLDINGS LIMITED PARTNERSHIP (hereinafter referred to as "Landlord"); and (ii) JENNIFER CONVERTIBLES, INC., a Delaware corporation (hereinafter referred to as "Assignee"), successor-in-interest to Leesburg Pike Convertibles, Inc., t/a Jennifer Convertibles (hereinafter referred to as "Original Tenant").

WHEREAS, Landlord and Original Tenant entered into that certain Lease dated April 14, 1994 (the "Lease") for approximately 4,906 square feet of space in the Leesburg Pike Plaza Shopping Center located at 3501-A S. Jefferson Street, Bailey's Crossroads, Virginia 22041; and

WHEREAS, Original Tenant assigned the Lease to Assignee pursuant to that certain Assignment of Lease Agreement between Original Tenant and Assignee dated April 2, 2001, attached hereto as Exhibit A ("Tenant Assignment"); and

WHEREAS, Original Tenant was administratively dissolved by Virginia, its jurisdiction of incorporation (the "Dissolution"), and therefore no longer exists; and

WHEREAS, documentation from the Virginia State Corporation Commission confirming such administrative dissolution is attached hereto as Exhibit B; and

WHEREAS, the parties desire to amend the Lease as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. **ASSIGNMENT.** (a) Pursuant to the Tenant Assignment and Original Tenant's later Dissolution, Assignee was assigned all of Original Tenant's right, title and interest in and to the Lease, and, as of the date of said Tenant Assignment, Assignee assumed, and hereby confirms its assumption of, all of the obligations of Tenant under said Lease to the same extent as if Assignee were the original tenant thereunder. The foregoing assignment includes Original Tenant's interest in any security deposit or other security held by Landlord to secure Original Tenant's obligations under the Lease, and Original Tenant hereby waives and releases all rights in any such security or deposits, it being the intention of the parties that such security or deposits be held by Landlord to secure the performance of Assignee, as tenant under the Lease, and that such security or deposits be and remain subject to the rights of Landlord in such security or deposits under the Lease or otherwise at law or in equity.

(b) Landlord hereby consents to this Assignment. Landlord's consent to this Assignment shall not be deemed to relieve Assignee from the requirement of obtaining Landlord's consent to any further assignment of the Lease.

2. **TERM.** Article 2 of the Lease captioned "Term" is hereby modified to extend the term of the Lease sixty (60) months commencing on April 1, 2004 and ending at midnight on March 31, 2009.

3. **FIXED MINIMUM RENT.** Article 3 of the Lease captioned "Rent; Deposit" is hereby modified to provide the following:

(a) Tenant shall pay Fixed Minimum Rent in the amount of One Hundred Forty-One Thousand Forty-Seven and Fifty One-Hundredth Dollars (\$141,047.50) per year in equal monthly installments of Eleven Thousand Seven Hundred Fifty-Three and Ninety-Five One-Hundredth Dollars (\$11,753.95) each for the period commencing on the first day of April, 2004 and ending on the last day of March, 2005; and

(b) Commencing on the first day of April, 2005 and on the first day of each succeeding Lease Year of the term of the Lease as hereby extended, Fixed Minimum Rent shall be increased to an amount equal to one hundred two percent (102%) of the amount of Minimum Rent payable for the preceding Lease Year, and shall be payable as provided above in equal monthly installments of one-twelfth (1/12th) of such annual amount.

4. **NOTICES.** Article 36 of the Lease captioned "Notices" is hereby modified to provide that all notices regarding rent or other payments required or desired to be given hereunder by either party to the other shall be sent by first class mail, postage prepaid, or by a reputable commercial messenger service, except that notices of default and notices related to the exercise of options or other rights under this Lease shall be sent by certified mail, return receipt requested or by a receipted overnight commercial messenger service (such as Federal Express or Airborne Express) for delivery on the next following business day. Notices sent by mail shall be deemed to be received on the date of actual receipt by the recipient or on the date delivery is refused. Notices sent by a receipted overnight commercial messenger service shall be deemed received on the next business day after depositing with such delivery service. Notices to the respective parties, and any amounts required to be paid hereunder, shall be addressed and sent as follows:

If to Landlord:

Notices and Correspondence
c/o Windham Management Company
7501 Connecticut Avenue, Suite 1500
Bethesda, Maryland 20814-6522
Attention: Legal Department

Rent, Payments, Etc.
c/o Saul Holdings Limited Partnership
P.O. Box 64288
Baltimore, Maryland 21264-4288



If to Assignee:

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

With a Copy to: Wincig & Wincig
574 Fifth Ave.
Second Floor
NY, NY 10036

5. **GROSS SALES.** Article 5 of the Lease captioned "Percentage Rent" is hereby modified to delete paragraph (D) in its entirety and the following language shall be inserted in lieu thereof: "(D) Tenant covenants and agrees that not later than sixty (60) days after the close of each Lease Year, and after the termination of this Lease or any renewal thereof, it will deliver to Landlord a complete, true, accurate fully audited report (the "Year End Report"), certified to be correct by Tenant's Chief Financial or Accounting Officer, of all Gross Sales for such year. The obligations contained in this Article 5 to report Gross Sales and to pay Percentage Rent annually shall survive the expiration or other termination of this Lease. If Tenant shall fail to deliver any of the annual sales reports required under this Article 5 and such failure shall continue for ten (10) days after the date of written notice of such failure from Landlord, Tenant shall immediately be deemed to have released any and all options or rights granted or to be granted to Tenant under the terms of this Lease (including, without limitation, rights of renewal, rights to terminate or rights of refusal and any rights or privileges granted pursuant to any Special Stipulations included in this Lease), and Landlord shall have the right thereafter to employ a certified public accountant to make such examination of Tenant's books and records as may be necessary to certify the amount of Gross Sales for said Lease Year, the certification so made shall be binding upon Tenant and Tenant shall promptly pay to Landlord the cost of such examination of its books and records, together with the full balance of Percentage Rent due and payable for said Lease Year. In addition Landlord may, at its option, elect to treat such failure to deliver any of the annual sales reports required under this Article 5 within ten (10) days after written notice of such failure from Landlord as an event of default, in which event, in addition to Landlord's other rights and remedies, Landlord may elect to increase the Minimum Rent by an additional amount

equal to fifty cents (\$0.50) multiplied by the number of square feet of leasable area in the Premises for each such default."

6. **FEE.** Pursuant to Article 15 of the Lease, Landlord hereby acknowledges receipt of One Thousand Dollars (\$1,000.00) from Assignee.

7. **OPTION.** Tenant shall have the option to renew the term of the Lease for one (1) additional term of five (5) years, following the expiration of the term of the Lease as hereby extended (the "Option Term"), provided that the Lease is in full force and effect, that the Tenant named herein shall be in possession and occupying the Premises, and Tenant shall not be in default in the performance or observance of any of the terms, provisions, covenants and/or conditions of the Lease, either on the date of the exercise of any Option Term granted herein or on the day the Option Term begins. To be effective, such rights of renewal must be exercised by delivery to Landlord of an unequivocal written notice of Tenant's intention to renew at least six (6) but not more than nine (9) months prior to the expiration of the term of the Lease. The Option Term shall be on the same terms, covenants and conditions as the original term, except that the Fixed Minimum Rent during the Option Term shall be increased as provided below:

(a) Tenant shall pay Minimum Rent in the amount of One Hundred Sixty-Seven Thousand Eight Hundred Eighty-Eight and Twenty-Three One-Hundredth Dollars (\$167,888.23) per year in equal monthly installments of Thirteen Thousand Nine Hundred Ninety and Sixty-Nine One-Hundredth Dollars (\$13,990.69) each for the period commencing on the first day of the first Lease Year of the Option Term and ending on the last day of the first Lease Year of the Option Term inclusive; and

(b) Commencing on the first day of the second Lease Year of the Option Term and on the first day of each succeeding Lease Year of the Option Term, Fixed Minimum Rent shall be increased to an amount equal to one hundred two percent (102%) of the amount of Minimum Rent payable for the preceding Lease Year, and shall be payable as provided above in equal monthly installments of one-twelfth (1/12th) of such annual amount.

8. **EFFECTIVE DATE.** The effective date of this Assignment, for all purposes, shall be the Agreement Date.

9. **MISCELLANEOUS.** Any agreements, obligation or liability, made, entered into or incurred by or on behalf of Landlord binds only its property and no shareholder, trustee, officer, employee, director, partner or agent of the Landlord assumes or shall be held to any liability therefor. The provisions of this Agreement shall be binding upon the parties hereto, their successors, and to the extent permitted under the Lease, their assigns. The submission of this Assignment and Amendment for examination does not constitute an agreement, an option or an offer, and this Assignment and Amendment becomes effective only upon execution and delivery thereof by Landlord. Captions and headings are for convenience and reference only and shall not in any way define, limit or describe the scope or content of any provision of this Assignment and Amendment. Whenever in this Assignment and Amendment (i) any printed portion, or any part thereof, has been stricken out, or (ii) any portion of the Lease (as the same may have been previously amended) or any part thereof, has been modified or stricken out, then, in either of such events, whether or not any replacement provision has been added, this Assignment and Amendment and the Lease shall hereafter be read and construed as if the material so stricken out were no longer included, and no implication shall be drawn from the text of the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material had never been contained herein or in the Lease. Except as expressly modified herein, the Lease shall remain in full force and effect and is hereby ratified and confirmed as if fully set forth herein.

10. **GUARANTOR.** Assignee also served as Guarantor of the Lease. As of the date of the Tenant Assignment, Assignee no longer served as Guarantor of the Lease, as

Assignee became the tenant under the Lease at such time. Landlord and Assignee hereby confirm that as of the Agreement Date, the Lease shall have no guarantor.

The remainder of this page is intentionally blank.
Signature page follows.

IN WITNESS WHEREOF, the parties hereto do hereby execute this Assignment and Amendment under seal on the day and year first above written.

ATTEST:

ASSIGNEE: JENNIFER CONVERTIBLES, INC.

[Signature]
(seal) Secretary
ASST

By: [Signature]

Name: EDWARD B. SEIDNER

Title: VICE - PRESIDENT

Tax I.D. Number: 11-2824696

ATTEST:

LANDLORD: SAUL HOLDINGS
LIMITED PARTNERSHIP

By: Saul Centers, Inc., General Partner

[Signature]
(seal) Assistant Secretary

By: [Signature]

Name: B. Francis Saul III
Title: President

SECRETARY'S CERTIFICATE

I, BERNARD WINCIG ASST Secretary of Jennifer Convertibles, Inc., a Delaware Corporation do hereby certify (i) that the foregoing and annexed First Assignment and First Amendment to Lease was executed and delivered pursuant to, and in strict conformity with the provisions of resolutions of the Board of Directors of said corporation validly adopted at a regularly called meeting of said Board of Directors, and that a quorum was present at said meeting (or validly adopted by unanimous written consent of said Board of Directors in lieu of a meeting), in conformity with the laws of the state of incorporation of said Corporation; and (ii) that the following is a true, correct and complete reproduction of said resolution:

RESOLVED: That Edward B. FENNER VICE President of the Corporation, shall be, and is hereby authorized and empowered, for and on behalf of the Corporation, to execute, acknowledge and deliver the foregoing and annexed First Assignment and First Amendment to Lease between Saul Holdings Limited Partnership, as Landlord, and Leesburg Pike Convertibles, Inc., as Tenant, for those certain premises, containing approximately 4,906 square feet of space, located in the Leesburg Pike Plaza Shopping Center as well as any and all related documents, in order to expeditiously provide for the leasing of such premises, and, in so doing, to make any and all changes therein or modifications thereof as he, in his sole discretion, acting for and on behalf of the Corporation, shall deem necessary or advisable, and all of the officers of the Corporation are hereby authorized, directed and empowered to do any and all acts or things as shall be necessary or advisable in order to effectuate the foregoing resolution.

(Corporate Seal)

Bernard Wincig
Date: 3.3.2004

ASSIGNMENT OF LEASE AGREEMENT

This Assignment is made, effective as of the 1st day of April, 2001, by and between Leesburg Pike Convertibles, Inc., a Virginia corporation with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignor") and Jennifer Convertibles, Inc., a Delaware corporation, with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, Saul Holdings Limited Partnership, the address of which is c/o Windham Management Company, 8401 Connecticut Avenue, Chevy Chase, MD 20815, as Landlord ("Landlord") demised certain premises located at Leesburg Pike Plaza, 3501-A South Jefferson, Bailey's Crossroads, VA (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as of April 14, 1994; and

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

AGREEMENT:

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

1. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title, and interest together with any Security Deposit, and any accrued interest thereon, and obligations in and to and under the Lease and any and all amendments and modifications thereto effective as of the date hereof.
2. This Assignment shall be binding on and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.
3. As a material inducement to Assignee to execute and deliver this Agreement, Assignor represents to Assignee the following:
 - (a) As of the date hereof, Assignor has not entered into any other

EXHIBIT A - 1 OF 3

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

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

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

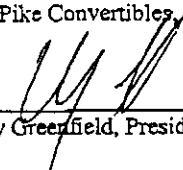
(d) The provisions of this Section shall survive the closing of this Agreement; and

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


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

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 2 day of April, 2001.

Leesburg Pike Convertibles, Inc., Assignor

By: 
Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

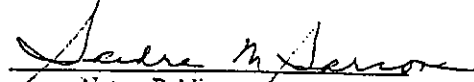
By: 
Rami Abada, President

STATE OF NEW YORK)

SS:

COUNTY OF Nassau)

On the 2 day of April, 2001, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of Leesburg Pike Convertibles, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

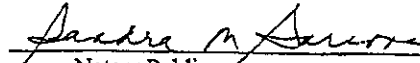

Notary Public

STATE OF NEW YORK)

SS:

COUNTY OF Nassau)

On the 2 day of April, 2001, before me personally came Rami Abada, to me known, who, being by me duly sworn, did depose and say that he is the President of Jennifer Convertibles, Inc., (Assignee), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

SANDRA M. SARCONA
Notary Public State of New York
No. 01SA4726457
Qualified in Nassau County
Commission Expires May 31, 2002

H:\HOME\WPDOC\Jennifer Assignments\april assign

Commonwealth
of VirginiaState
Corporation
Commission
 WEB#453 CIS 02/10/04
 TCP00026 CISM0180 CORPORATE DATA INQUIRY 10:26:45

 CORP ID: 0315504 - 1 STATUS: 13 TERMINATED (VOL STATUS DATE: 09/20/02)
 CORP NAME: LEESBURG PINE CONVERTIBLES, INC.

DATE OF CERTIFICATE: 01/21/1988 PERIOD OF DURATION: INDUSTRY CODE: 00

STATE OF INCORPORATION: VA VIRGINIA STOCK INDICATOR: S STOCK

MERGER IND: CONVERSION/DOMESTICATION IND:

GOOD STANDING IND: N TERMINATED (MONITOR INDICATOR:

CHARTER FEE: CASE NO: CASE STATUS: HEARING DTE:

R/A NAME: MATT MASSARD

STREET: LEESBURG PIKE PLAZA AR RTN MAIL:

3501-B S JEFFERSON ST

CITY: BAILEYS CROSSROADS STATE : VA ZIP: 22041

R/A STATUS: 0 ANY OTHER OFFIC EFF. DATE: 08/17/99 LOC.: 129

ACCEPTED AR#: 202 05 1503 DATE: 01/14/02 FAIRFAX COUNTY

CURRENT AR#: 202 05 1503 DATE: 01/14/02 STATUS: A ASSESSMENT INDICATOR: 0

YEAR FEES 50.00 PENALTY INTEREST TAXES BALANCE TOTAL SHARES

02 50.00 1,000

COMMAND:

EXHIBIT A

 Enter
 Signoff
 Help
 Print

 NOTE: Function Key usage varies depending on the Application Screen.
 For specifics, refer to Function Key Documentation.

<http://ditrvs3.state.va.us:8080/servlet/resqportal/resqportal>

 EXHIBIT B
 PAGE 1 OF 2

2/10/2004

Virginia State Corporation Commission

Commonwealth
of Virginia



State
Corporation
Commission

WEB#396
TCP00030 CISM9022

CIS
NAME SEARCH

02/10/04
10:21:07
PAGE: 1

SEARCH NAME: LEESBURGREALESTATEINC

GO TO PAGE:

CORP-ID

CORPORATION NAME

1: 0315504-1 LEESBURG PIKE CONVERTIBLES, INC.

2: 0160866-0 LEESBURG PLAZA FABRICS, INC.

3: 0472774-9 LEESBURG POLICE CITIZENS SUPPORT TEAM, INC.

4: 0300342-3 LEESBURG PROFESSIONAL CENTER CONDOMINIUM UNIT OWNERS ASSOCIATION, INC.

5: 0166242-8 LEESBURG PROPERTIES, INC.

6: 0291801-9 LEESBURG REAL ESTATE DEVELOPMENT CORPORATION

7: 0384850-4 LEESBURG REAL ESTATE, INC.

COMMAND:

DIRECTION: F
STATUS/DATE
TERMINATED
09/20/02
OLD NAME-P
12/31/88
ACTIVE
10/01/96
ACTIVE
04/22/03
PURGED
09/30/00
PURGED
12/31/94
TERMINATED
04/30/03

EXHIBIT A

Enter
Signoff
Help
Print

NOTE: Function Key usage varies depending on the Application Screen.
For specifics, refer to [Function Key Documentation](#).

<http://ditmvs3.state.va.us:8080/serve/resqportal/resqportal>

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Amendment") is made and entered into this 28th day of August, 2007 (the "Agreement Date") by and between SAUL HOLDINGS LIMITED PARTNERSHIP (hereinafter referred to as "Landlord") and JENNIFER CONVERTIBLES, INC., a Delaware corporation (hereinafter referred to as "Tenant") T/A JENNIFER CONVERTIBLES.

WHEREAS, Landlord and Tenant have entered into that certain Lease dated April 14, 1994 and First Assignment and First Amendment of Lease (collectively the "Lease") for approximately 4,906 square feet of space in the Leesburg Pike Plaza Shopping Center located at 3501-A South Jefferson Street, Bailey's Crossroads, Virginia 22041; and

WHEREAS, the parties hereto desire to enter into this Amendment to Lease for the purposes hereinafter set out.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **PYLON SIGN.** (a) Tenant may, at Tenant's sole cost and expense, within thirty (30) days after the Agreement Date, place two (2) sign panels on the Shopping Center pylon sign as shown on Exhibit A attached hereto (the "Tenant's Pylon"). Tenant's sign panels on the Tenant's Pylon shall be in the locations shown on Exhibit A-1. Tenant shall, at Tenant's sole cost and expense, repair, replace and maintain its sign panels on the Tenant's Pylon, and Tenant's sign panels shall at all times be and remain in good condition, consistent with the standards of other sign panels located on the Tenant's Pylon. If Tenant (i) does not exercise its right to install its sign panels on the pylon within the time period set forth above, or (ii) defaults in its obligations to maintain, repair and replace its sign panels under this paragraph, or (iii) fails to maintain a sign on the Tenant's Pylon for a period of more than thirty (30) days, then, in any of such events, Tenant's rights under this paragraph shall terminate, and Tenant shall no longer have a right to place sign panels on the Tenant's Pylon. The design of Tenant's sign panels shall be subject to Landlord's approval and in accordance with the provisions of Article 32 of the Lease.

(b) Tenant shall pay to Landlord, as Additional Rent, a fee for the panels on the Tenant's Pylon in the amount of One Thousand Two Hundred and No Hundredth Dollars (\$1,200.00) per year in equal monthly installments of One Hundred and No One-Hundredth Dollars (\$100.00) each, commencing on the Agreement Date and ending on the last day of the twelfth (12th) full calendar month following the Agreement Date. If the Agreement Date is a date other than the first (1st) day of a calendar month, the fee for the panel for the period commencing with and including the Agreement Date until the first (1st) day of the following calendar month shall be pro-rated at the daily rate of one-thirtieth (1/30th) of the monthly fee and shall be due and payable on the Agreement Date. Commencing on the first day of the thirteenth (13th) full calendar month after the Agreement Date and on the first day of each succeeding twelve (12) month period, the fee for the panels shall be increased to an amount equal to one hundred three percent (103%) of the amount of the fee for the panels payable for the preceding twelve (12) month period, and shall be payable to Landlord at the same time and place and together with the monthly installments of rental required to be paid under the Lease, and non-payment shall entitle Landlord to the remedies available to it for non-payment of rent.

(c) Landlord shall have the right, at its sole discretion, to terminate Tenant's right to place sign panel(s) on the Tenant's Pylon, by giving Tenant thirty (30) days advance written notice of its intention to terminate such right. Upon the date of termination, Tenant

shall, at Tenant's sole cost and expense, remove its sign panel(s) from the Tenant's Pylon.

2. **MISCELLANEOUS.** Except as specifically modified hereby, the Lease shall remain in full force and effect in accordance with the terms contained therein and is hereby ratified, approved and confirmed in all respects. Any agreement, obligation or liability made, entered into or incurred by or on behalf of Landlord binds only its property and no shareholder, trustee, officer, director, employee, partner or agent of the Landlord assumes or shall be held to any liability therefor. The provisions of this Amendment to Lease shall be binding upon the parties hereto, their successors, and to the extent permitted under the Lease, their assigns. If drafts of this Agreement or other communications between the parties were sent by email or other electronic methods, then the following additional provisions shall also apply: (i) any typewritten signature included with any e-mail or any document attached to any email is not an electronic signature within the meaning of Electronic Signatures in Global and National Commerce Act or any other law of similar import, including without limitation, the Uniform Electronic Transactions Act ("UETA"), as the same may be enacted in any State, (ii) any transmission of this Agreement is not intended as an "electronic signature" to a "record" of such transaction (as those terms are defined under UETA); instead, it is Landlord's intention that a record of such transaction shall be created only upon manually-affixed original signatures on an original document, and (iii) the final, definitive version of this Agreement shall be created by Landlord (the "Final Draft"), and Tenant authorizes Landlord to affix to the Final Draft the original, manually executed signature pages attached by Tenant to the executed document submitted by Tenant to Landlord.


3. **INTERPRETATION.** The submission of this Amendment for examination does not constitute an agreement, an option or an offer, and this Amendment becomes effective only upon execution and delivery thereof by Landlord. Neither party shall have any legal obligation to the other in the event that the Amendment contemplated herein is not consummated for any reason. Discussions between the parties respecting the proposed Amendment described herein, shall not serve as a basis for a claim against either party or any officer, director or agent of either party. Captions and headings are for convenience and reference only and shall not in any way define, limit or describe the scope or content of any provision of this Amendment. Except as otherwise provided herein, capitalized terms shall have the same meaning as set forth in the Lease. Whenever in this Amendment (i) any printed portion, or any part thereof, has been stricken out, or (ii) any portion of the Lease (as the same may have been previously amended) or any part thereof, has been modified or stricken out, then, in either of such events, whether or not any replacement provision has been added, this Amendment and the Lease shall hereafter be read and construed as if the material so stricken out were not included, and no implication shall be drawn from the text of the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material had never been contained herein or in the Lease. The Exhibits referred to in this Amendment and attached hereto are a substantive part of this Amendment and are incorporated herein by reference.

The remainder of this page is intentionally blank.
Signature page follows.

WITNESS the following signatures and seals.

ATTEST:

TENANT
ASSIGNEE: JENNIFER CONVERTIBLES, INC.


(seal) Secretary

By:

Name: Harley J. Greenfield

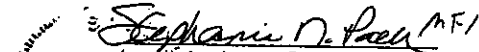
Title: CEO

Tax I.D. Number: 11-2824696



LANDLORD: SAUL HOLDINGS
LIMITED PARTNERSHIP

By: Saul Centers, Inc., General Partner


(seal) Assistant Secretary

By:


Name: B. Francis Saul III
Title: President

SECRETARY'S CERTIFICATE

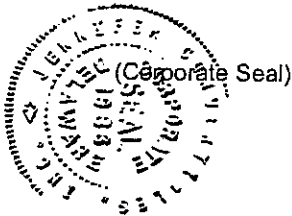
I, Edward B. Seidner

Secretary of Jennifer Convertibles, Inc., a Delaware Corporation do hereby certify (i) that the foregoing and annexed First Assignment and First Amendment to Lease was executed and delivered pursuant to, and in strict conformity with the provisions of resolutions of the Board of Directors of said corporation validly adopted at a regularly called meeting of said Board of Directors, and that a quorum was present at said meeting (or validly adopted by unanimous written consent of said Board of Directors in lieu of a meeting), in conformity with the laws of the state of incorporation of said Corporation; and (ii) that the following is a true, correct and complete reproduction of said resolution:

RESOLVED: That Harley J. Greenfield, ^{CEO}~~President~~ of the Corporation, shall be, and is hereby authorized and empowered, for and on behalf of the Corporation, to execute, acknowledge and deliver the foregoing and annexed Amendment to Lease between Saul Holdings Limited Partnership, as Landlord, and Leesburg Pike Convertibles, Inc., as Tenant, for those certain premises, containing approximately 4,906 square feet of space, located in the Leesburg Pike Plaza Shopping Center as well as any and all related documents, and, in so doing, to make any and all changes therein or modifications thereof as he, in his sole discretion, acting for and on behalf of the Corporation, shall deem necessary or advisable, and all of the officers of the Corporation are hereby authorized, directed and empowered to do any and all acts or things as shall be necessary or advisable in order to effectuate the foregoing resolution.

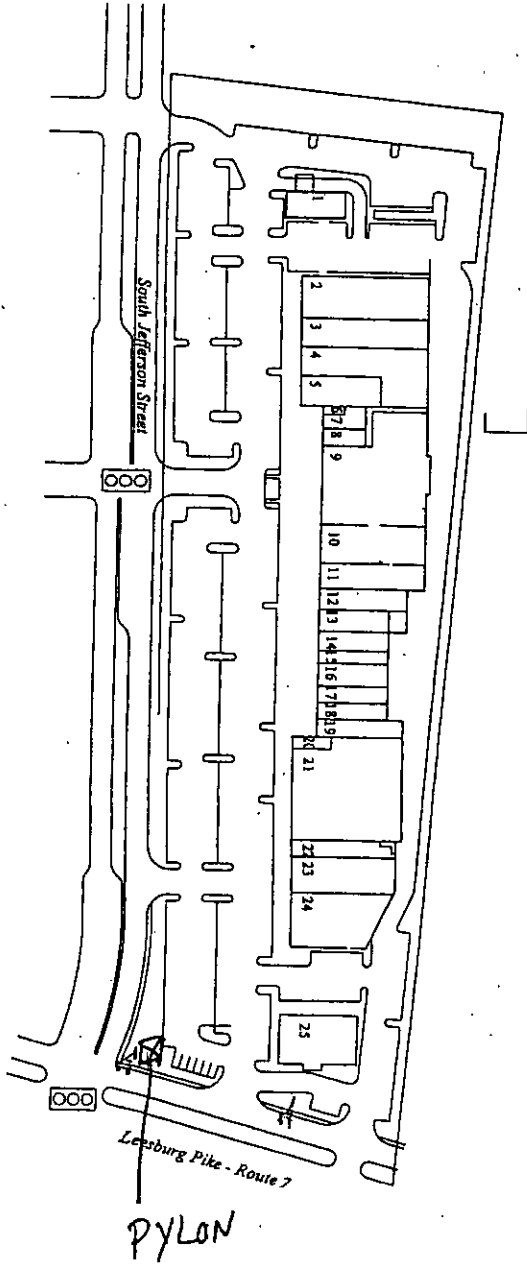


Date: August 8, 2007

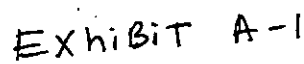


Leesburg Pike Plaza

Bailey's Crossroads, VA



This site plan is presented solely for the purpose of identifying the approximate location and size of the buildings presently contemplated by the owner. Building sizes, site dimensions, access and parking areas, existing tenant locations and identities are subject to change at the owner's discretion, except as otherwise expressly restricted herein.



LEESBURG PIKE PLAZA PYLON SIGN

EAST FACE (From I-95 to Bailey's Crossroads)

Rte. 7

Jennifer Convertibles Super Dollar Mattress Warehouse	Babylon Futbol Café CVS FedEx/Kinkos
Verizon Radio Shack Chevy Chase Bank	Dairy Queen 123 Dollar Hair Cuttery
Nail Tek NOVA Uniforms Available	Skyline Spa Available Available

WEST FACE (From Bailey's Crossroads to I-95)

Rte. 7

Babylon Futbol Café CVS FedEx/Kinkos	Jennifer Convertibles Super Dollar Mattress Warehouse
Dairy Queen 123 Dollar Hair Cuttery	Verizon Radio Shack Chevy Chase Bank
Skyline Spa Available Available	Nail Tek NOVA Uniforms Available

EXHIBIT A-1

03/28/2007

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE ("Amendment") is made and entered into this 19th day of December, 2008 (the "Agreement Date") by and between SAUL HOLDINGS LIMITED PARTNERSHIP (hereinafter referred to as "Landlord") and JENNIFER CONVERTIBLES, INC., a Delaware corporation (hereinafter referred to as "Tenant") T/A JENNIFER CONVERTIBLES,

WHEREAS, Landlord and Tenant have entered into that certain Lease dated April 14, 1994, First Assignment and First Amendment of Lease dated April 12, 2004, and Second Amendment to Lease dated August 28, 2007 (collectively the "Lease") for approximately 4,906 square feet of space in the Leesburg Pike Plaza Shopping Center located at 3501-A South Jefferson Street, Bailey's Crossroads, Virginia 22041; and

WHEREAS, the parties hereto desire to enter into this Amendment to Lease for the purposes hereinafter set out.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **TERM.** Article 2 of the Lease captioned "Term" is hereby amended to extend the term of the Lease thirty-six (36) months commencing on April 1, 2009 and ending on March 31, 2012.

2. **FIXED MINIMUM RENT.** Article 3 of the Lease captioned "Rent; Deposit" is hereby amended to provide that Tenant shall pay Fixed Minimum Rent in the amount of One Hundred Forty-Seven Thousand One Hundred Eighty and No One-Hundredth Dollars (\$147,180.00) per year in equal monthly installments of Twelve Thousand Two Hundred Sixty-Five and No One-Hundredth Dollars (\$12,265.00) each for the period commencing on the first day of April, 2009 and ending on the last day of March, 2012.

3. **NOTICES.** Article 36 of the Lease captioned "Notices" is hereby deleted in its entirety and the following language shall be inserted in lieu thereof: "All notices, rent or other payments required or desired to be given hereunder by either party to the other shall be sent by first class mail, postage prepaid, or by a reputable commercial messenger service, except that notices of default and notices related to the exercise of options or other rights under this Lease shall be sent by certified mail, return receipt requested or by a receipted overnight commercial messenger service (such as Federal Express or Airborne Express) for delivery on the next following business day. Notice of any matter given orally, by telephone, facsimile, email or in any form other than as provided in this Article 36 shall be of no force or effect, and shall not be binding on the intended recipient unless the intended recipient, at its option and without any obligation to do so, sends the party sending such communication a notice in accordance with this Article 36 accepting receipt of such non-conforming notice and waiving the requirements of this Article 36. Consent by Landlord to any non-conforming notice shall not constitute a waiver of the requirements of this Article 36 with respect to any subsequent notice or notices. Notices sent by mail shall be deemed to be received on the date of actual receipt by the recipient or on the date delivery is refused. Notices sent by a receipted overnight commercial messenger service shall be deemed received on the next business day after depositing with such delivery service. Notices to the respective parties, and any amounts required to be paid hereunder, shall be addressed and sent as follows:

If to Landlord:

NOTICES AND CORRESPONDENCE
c/o Windham Management Company
7501 Wisconsin Avenue, Suite 1500
Bethesda, Maryland 20814-6522
cc: Legal Department

RENT, PAYMENTS, ETC.
c/o Saul Holdings Limited Partnership
P.O. Box 64288
Baltimore, Maryland 21264-4288

If to Tenant:

417 Crossways Park Drive
Woodbury, New York 11797

With a copy to:

Wincig & Wincig
137 Fifth Avenue, 9th Floor
New York, New York 10010

Either party may designate a substitute address, from time to time, by notice in writing sent in accordance with the provisions of this Article 36."

4. **DELETIONS.** Paragraph 7 "Option" of the First Assignment and First Amendment of Lease dated April 12, 2004 is hereby deleted in its entirety and of no further force or effect.

5. **MISCELLANEOUS.** Except as specifically modified hereby, the Lease shall remain in full force and effect in accordance with the terms contained therein and is hereby ratified, approved and confirmed in all respects. Any agreement, obligation or liability made, entered into or incurred by or on behalf of Landlord binds only its property and no shareholder, trustee, officer, director, employee, partner or agent of the Landlord assumes or shall be held to any liability therefor. The provisions of this Amendment to Lease shall be binding upon the parties hereto, their successors, and to the extent permitted under the Lease, their assigns. If drafts of this Amendment or other communications between the parties were sent by email or other electronic methods, then the following additional provisions shall also apply: (i) any typewritten signature included with any e-mail or any document attached to any email is not an electronic signature within the meaning of Electronic Signatures in Global and National Commerce Act or any other law of similar import, including without limitation, the Uniform Electronic Transactions Act ("UETA"), as the same may be enacted in any State, (ii) any transmission of this Amendment is not intended as an "electronic signature" to a "record" of such transaction (as those terms are defined under UETA); instead, it is Landlord's intention that a record of such transaction shall be created only upon manually-affixed original signatures on an original document, and (iii) the final, definitive version of this Amendment shall be created by Landlord (the "Final Draft"), and Tenant authorizes Landlord to affix to the Final Draft the original, manually executed signature pages attached by Tenant to the executed document submitted by Tenant to Landlord.

6. **INTERPRETATION.** The submission of this Amendment for examination does not constitute an agreement, an option or an offer, and this Amendment becomes effective only upon execution and delivery thereof by Landlord. Neither party shall have any legal obligation to the other in the event that the Amendment contemplated herein is not consummated for any reason. Discussions between the parties respecting the proposed Amendment described herein, shall not serve as a basis for a claim against either party or any officer, director or agent of either party. Captions and headings are for convenience and reference only and shall not in any way define, limit or describe the

scope or content of any provision of this Amendment. Except as otherwise provided herein, capitalized terms shall have the same meaning as set forth in the Lease. Whenever in this Amendment (i) any printed portion, or any part thereof, has been stricken out, or (ii) any portion of the Lease (as the same may have been previously amended) or any part thereof, has been modified or stricken out, then, in either of such events, whether or not any replacement provision has been added, this Amendment and the Lease shall hereafter be read and construed as if the material so stricken out were not included, and no implication shall be drawn from the text of the material so stricken out which would be inconsistent in any way with the construction or interpretation which would be appropriate if such material had never been contained herein or in the Lease. The Exhibits referred to in this Amendment and attached hereto are a substantive part of this Amendment and are incorporated herein by reference.

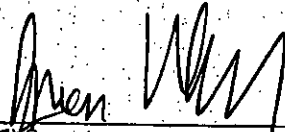
7. **LANDLORD'S RESIDENT AGENT.** Pursuant to the provisions of § 55-218.1 of the 1950 Code of Virginia, as amended, Landlord certifies that its resident agent is CT Corporation System, whose office address is 4701 Cox Road, Suite 301, Glen Allen, Virginia 23060-6802.

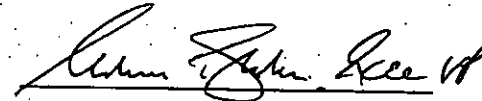
The remainder of this page is intentionally blank.
Signature page follows.

WITNESS the following signatures and seals.

ATTEST:

TENANT: JENNIFER CONVERTIBLES, INC.


(seal) Secretary

By: 

Name: EDWARD B. JERNICK

Title: EXECUTIVE VICE PRES ~~SECRETARY~~

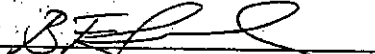
Tax I.D. Number: 11-2824696

ATTEST:

LANDLORD: SAUL HOLDINGS
LIMITED PARTNERSHIP

By: Saul Centers, Inc., General Partner


(seal) Assistant Secretary
Amy E. Spencer
Assistant Secretary

By: 

Name: B. Francis Saul III
Title: President

SECRETARY'S CERTIFICATE

I, OWEN WILKIN ASST SECY

Secretary of Jennifer Convertibles, Inc., a Delaware Corporation do hereby certify (i) that the foregoing and annexed Amendment to Lease was executed and delivered pursuant to, and in strict conformity with the provisions of resolutions of the Board of Directors of said corporation validly adopted at a regularly called meeting of said Board of Directors, and that a quorum was present at said meeting (or validly adopted by unanimous written consent of said Board of Directors in lieu of a meeting), in conformity with the laws of the state of incorporation of said Corporation; and (ii) that the following is a true, correct and complete reproduction of said resolution:

RESOLVED: That EDWARD B. SSIONA EX. VICE President of the Corporation, shall be, and is hereby authorized and empowered, for and on behalf of the Corporation, to execute, acknowledge and deliver the foregoing and annexed Amendment to Lease between Saul Holdings Limited Partnership, as Landlord, and Jennifer Convertibles, Inc., as Tenant, for those certain premises, containing approximately 4,906 square feet of space, located in the Leesburg Pike Plaza Shopping Center as well as any and all related documents, and, in so doing, to make any and all changes therein or modifications thereof as he, in his sole discretion, acting for and on behalf of the Corporation, shall deem necessary or advisable, and all of the officers of the Corporation are hereby authorized, directed and empowered to do any and all acts or things as shall be necessary or advisable in order to effectuate the foregoing resolution.

Edward B. SSIONA EX. VICE

(Corporate Seal)

Date: November 12 2008