

## 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):  
8150 Leesburg Pike, L.L.C.

☐ Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:  
8150 Leesburg Pike, L.L.C., Attn: Legal Dept.  
8150 Leesburg Pike, Suite 1100  
Vienna, VA 22182

Court Claim Number: \_\_\_\_\_  
(If known)

Telephone number:  
(703) 760-9500

RECEIVED  
OCT 25 2010  
BMC GROUP

Filed on: \_\_\_\_\_

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

Telephone number:

☐ 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.

1. Amount of Claim as of Date Case Filed: \$ 308,050.37

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.

2. Basis for Claim: Rent and additional rent

(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: \$ \_\_\_\_\_

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:

10/22/2010

Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.

*[Signature]*

FOR COURT USE ONLY

Jennifer Convertibles



00283

JENNIFER CONVERTIBLES, INC.  
Case No. 10-13779  
Claimant – 8150 LEESBURG PIKE, L.L.C.

**Attachment to Proof of Claim**

This is a claim for damages that 8150 LEESBURG PIKE, L.L.C. ("Claimant") sustained as a result of Debtors' failure to pay rent and additional rent as tenant's obligation under the Lease. An itemization of the rents due is attached as **Exhibit A**. A copy of the Lease is attached as **Exhibit B**.

Claimant reserves its right to amend or supplement this proof of claim at any time and in any respect including, without limitation, for the purpose of (i) setting forth or changing the amount of the claim, (ii) further describing the claim, (iii) providing further evidence relating to the claim, or (iv) increasing the amount of any damages or other liability claimed which damages may be hereafter established, calculated, determined or found to exist, including but not limited to attorneys' fees. Claimant also reserves its right to assert the right of set-off and/or recoupment, in any manner or at any future time.

**Computation of Claim**

1.	Prepetition Rent, Operating Charges, and Real Estate Taxes	\$50,214.73
2.	Administrative Claim (post-petition rent and other charges, subject to adjustment)	\$28,553.18
3.	Post Petition Rent, Operating Charges, and Real Estate Taxes (1 year, assuming a November 1, 2010 start date)	\$229,282.46
<b>TOTAL</b>		<b>\$308,050.37</b>

01-6041  
8150 LEESBURG PK LLC  
C/O ARC MANAGEMENT  
8150 LEESBURG PIKE  
VIENNA VA 22182

Unit	Tenant	Type	Date	CC	Description	Check	Amount	Balance
F-2	01 C JENNIFER LEATHER-VIENNA					Beg Bal		0.00
		Chg	02/19/2010	38	WATER REIMBURSEMENT		58.52	58.52
		Chg	05/01/2010	21	OFC OPER EXP REIMB		1,687.46	1,745.98
		Chg	05/01/2010	01	OFFICE BASE RENT		15,695.89	17,441.87
		Chg	05/21/2010	29	LATE FEES		869.17	18,311.04
		Chg	05/30/2010	23	OFC ELECTR. REIMB		907.24	19,218.28
		Chg	05/30/2010	38	WATER REIMBURSEMENT		70.95	19,289.23
		Chg	05/31/2010	23	OFC ELECTR. REIMB		343.14	19,632.37
		Chg	05/31/2010	38	WATER REIMBURSEMENT		66.00	19,698.37
		Chg	06/01/2010	21	OFC OPER EXP REIMB		1,687.46	21,385.83
		Chg	06/01/2010	01	OFFICE BASE RENT		15,695.89	37,081.72
		Chg	06/10/2010	29	LATE FEES		869.17	37,950.89
		Chg	06/30/2010	23	OFC ELECTR. REIMB		729.51	38,680.40
		Chg	06/30/2010	38	WATER REIMBURSEMENT		83.36	38,763.76
		Chg	07/01/2010	01	OFFICE BASE RENT		8,894.34	47,658.10
		Chg	07/01/2010	21	OFC OPER EXP REIMB		1,687.46	49,345.56
		Chg	07/08/2010	29	LATE FEES		869.17	50,214.73
					Pre Petition Rent			50,214.73

01-6041  
8150 LEESBURG PK LLC  
C/O ARC MANAGEMENT  
8150 LEESBURG PIKE  
VIENNA VA 22182

Unit	Tenant	Type	Date	CC	Description	Check	Amount	Balance
F-2	01 C JENNIFER LEATHER-VIENNA					Beg Bal		0.00
		Chg	07/01/2010	01	OFFICE BASE RENT		6,801.55	6,801.55
		Chg	07/25/2010	23	OFC ELECTR. REIMB		879.67	7,681.22
		Chg	07/25/2010	38	WATER REIMBURSEMENT		133.43	7,814.65
		Chg	08/01/2010	21	OFC OPER EXP REIMB		1,687.46	9,502.11
		Chg	08/01/2010	01	OFFICE BASE RENT		15,695.89	25,198.00
		Pay	08/09/2010		CASH PAYMENT	075011	-17,324.83	7,873.17
		Cred	08/20/2010	20	OFC PR. YR. OPER EXP		-881.61	6,991.56
		Chg	08/23/2010	23	OFC ELECTR. REIMB		830.91	7,822.47
		Chg	08/23/2010	38	WATER REIMBURSEMENT		213.18	8,035.65
		Chg	09/01/2010	21	OFC OPER EXP REIMB		1,687.46	9,723.11
		Chg	09/01/2010	01	OFFICE BASE RENT		15,695.89	25,419.00
		Pay	09/07/2010		CASH PAYMENT	075499	-16,501.74	8,917.26
		Chg	09/17/2010	23	OFC ELECTR. REIMB		1,017.73	9,934.99
		Chg	09/17/2010	38	WATER REIMBURSEMENT		365.67	10,300.66
		Chg	10/01/2010	01	OFFICE BASE RENT		15,695.89	25,996.55
		Chg	10/01/2010	21	OFC OPER EXP REIMB		1,687.46	27,684.01
		Chg	10/11/2010	29	LATE FEES		869.17	28,553.18
						Admin Claim		28,553.18

01-6041  
8150 LEESBURG PK LLC  
C/O ARC MANAGEMENT  
8150 LEESBURG PIKE  
VIENNA VA 22182**Jennifer Leather - Accelerated Rent Eff. 11/1/10 - 4/30/15**

Base Rent	Monthly Amount Due	Annualized Amount
11/1/10 - 4/30/11	\$ 15,695.89	\$ 94,175.34
05/1/11 - 4/30/12	\$ 16,009.81	\$ 192,117.72
05/1/12 - 4/30/13	\$ 16,330.00	\$ 195,960.00
05/1/13 - 4/30/14	\$ 16,656.60	\$ 199,879.20
05/1/14 - 4/30/15	\$ 16,989.73	\$ 203,876.76
		<b>\$ 886,009.02</b>
<b>Common Area Maint.</b>		
11/1/10 - 4/30/11	\$ 1,687.46	\$ 10,124.76
05/1/11 - 4/30/12	\$ 1,738.08	\$ 20,857.01
05/1/12 - 4/30/13	\$ 1,790.23	\$ 21,482.72
05/1/13 - 4/30/14	\$ 1,843.93	\$ 22,127.20
05/1/14 - 4/30/15	\$ 1,899.25	\$ 22,791.01
		<b>\$ 97,382.69</b>
<b>Water Reimbursement</b>		
11/1/10 - 4/30/11	\$ 225.00	\$ 1,350.00
05/1/11 - 4/30/12	\$ 225.00	\$ 2,700.00
05/1/12 - 4/30/13	\$ 230.00	\$ 2,760.00
05/1/13 - 4/30/14	\$ 230.00	\$ 2,760.00
05/1/14 - 4/30/15	\$ 235.00	\$ 2,820.00
		<b>\$ 12,390.00</b>
<b>Electric Reimbursement</b>		
11/1/10 - 4/30/11	\$ 900.00	\$ 5,400.00
05/1/11 - 4/30/12	\$ 945.00	\$ 11,340.00
05/1/12 - 4/30/13	\$ 992.25	\$ 11,907.00
05/1/13 - 4/30/14	\$ 1,041.86	\$ 12,502.35
05/1/14 - 4/30/15	\$ 1,093.96	\$ 13,127.47
		<b>\$ 54,276.82</b>
<b>Total Tenant Liability through end of Lease</b>		<b>\$ 1,040,488.53</b>

**1 Year Rent Liability**

Base Rent	Monthly Amount Due	Annualized Amount
11/1/10 - 4/30/11	\$ 15,695.89	\$ 94,175.34
05/1/11 - 10/31/11	\$ 16,009.81	\$ 96,058.86
		<b>\$ 190,234.20</b>
<b>Common Area Maint.</b>		
11/1/10 - 4/30/11	\$ 1,687.46	\$ 10,124.76
05/1/11 - 10/31/11	\$ 1,738.08	\$ 10,428.50
		<b>\$ 20,553.26</b>
<b>Water Reimbursement</b>		
11/1/10 - 4/30/11	\$ 225.00	\$ 1,350.00
05/1/11 - 10/31/11	\$ 225.00	\$ 1,350.00
		<b>\$ 2,700.00</b>
<b>Electric Reimbursement</b>		
11/1/10 - 4/30/11	\$ 900.00	\$ 5,400.00
05/1/11 - 10/31/11	\$ 945.00	\$ 10,395.00
		<b>\$ 15,795.00</b>
<b>Total Tenant Liability for 1 year</b>		<b>\$ 229,282.46</b>

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:

CASE NO 10-13779-ALG

JENNIFER CONVERTIBLES, INC.

CHAPTER 11

TAX ID: 11-2824646

Debtor

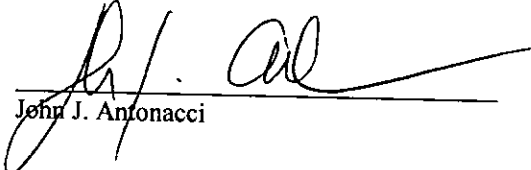
**CERTIFICATE OF SERVICE**

John J. Antonacci, being first duly sworn, deposes and says that he is an employee of ARC Management, L.L.C., and that on October 22, 2010, he served a copy of the following document:


**1. Proof of Unsecured Claim of 8150 LEESBURG PIKE, L.L.C.**

**and this Certificate of Service**, by enclosing the papers in a Fedex Envelope, addressed as follows:

BMC Group Inc.  
Attn: Jennifer Convertibles Claims Processing  
18750 Lake Drive East  
Chanhassen, MD 55317-3020

  
John J. Antonacci

Subscribed and sworn to before me,  
on this 22nd day of October, 2010

  
Jon Michael Pugh

Notary Public  
County of Fairfax  
Commonwealth of Virginia  
My commission expires: 10/31/2012  
Notary Registration Number 354444





FIRST AMENDMENT

TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is made as of May 1, 2005 by and between 8150 LEESBURG PIKE, L.L.C., a Virginia limited liability company ("Landlord") and JENNIFER LEATHER--VIENNA VA, INC. ("Tenant").

WHEREAS, pursuant to that certain Lease Agreement dated January 31, 1995 between EGP Virginia, Inc., predecessor-in-interest to Landlord, and Tenant (the "Lease"), Tenant leases certain space in the building located at 8150 Leesburg Pike, Vienna, Virginia (the "Building");

WHEREAS, the premises currently demised under the Lease consist of three thousand seven hundred ninety-one (3,791) square feet of gross rentable area on the first (1st) floor (retail level) of the Building; and

WHEREAS, Landlord and Tenant desire to amend the Lease to extend the term thereof, and otherwise amend the Lease, as more fully set forth below.

NOW THEREFORE, the parties agree as follows:

1. The Lease Term shall be extended and shall expire on April 30, 2015.
2. Section III, Paragraph 1 of the Lease is modified to provide that commencing on May 1, 2005, Tenant shall pay to Landlord an annual base rent for the Premises, without set off, deduction or demand the sum of one hundred seventy thousand five hundred ninety-five dollars (\$170,595.00). On May 1, 2006, and on the first day of every Lease Year thereafter during the Lease Term, the base rent in effect shall increase by two percent (2%) above the base rent for the immediately preceding Lease Year.
3. Section XXIV, Paragraph 23 of the Lease is deleted in its entirety.
4. The following new Paragraph 6 is added to Section VI of the Lease:

Within thirty days after each calendar year and within thirty days after the expiration or earlier termination of the Lease Term, Tenant shall submit to Landlord a written statement setting forth Gross Receipts (as herein defined below) for such year (or portion thereof) which statement shall conform to, and be in accordance with, generally accepted accounting principles, consistently applied, and shall be certified to Landlord by an independent certified public accountant acceptable to Landlord. Tenant shall cause any Licensee (as herein below defined) to submit similar annual statements to Landlord and Tenant; provided, however, that nothing in this sentence shall be construed as limiting Tenant's obligations specified in this Paragraph. Gross Receipts mean the gross amount charged by Tenant or any licensee, assignee, subtenant, concessionaire or other person (collectively "Licensee") in connection with any and all sales, leases or licenses (collectively "sales") of goods, wares, merchandise and services to patrons, customers or other persons in, at, from or arising out of the use of the Premises, whether for wholesale, retail, cash, credit or otherwise.

5. Tenant shall pay the amount of one thousand five hundred twenty-two dollars and ninety-eight cents (\$1,522.98) to Landlord together with the execution of this Amendment by Tenant for amounts past due and payable to Landlord on the date hereof.
6. Each party warrants that it has not dealt with any broker in connection with this Amendment other than Atlantic Realty Associates, Inc.





500 1 2

ORIGINAL

Number \_\_\_\_\_ of  
\_\_\_\_\_ executed  
counterparts.

LEASE AGREEMENT

BY AND BETWEEN

EGP VIRGINIA, INC.

AND

JENNIFER LEATHER -- VIENNA VA, INC.

FOR PREMISES AT

8150 LEESBURG PIKE

VIENNA, VIRGINIA 22182

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of the 31<sup>st</sup> day of January, 1995, by and between **EGP VIRGINIA, INC.** (hereinafter referred to as "Landlord") **JENNIFER LEATHER -- VIENNA VA, INC.**, a Virginia corporation (hereinafter referred to as "Tenant"). Landlord and Tenant agree as follows:

### SECTION I THE PREMISES

1. Landlord hereby leases to Tenant and Tenant hereby rents from Landlord, for the term and upon the terms, conditions, covenants and agreements herein provided, the space (the "Premises") located on the first floor (retail level) of the building located at 8150 Leesburg Pike, Vienna, Virginia (the "Building"). The Premises is outlined on Exhibit A attached hereto. Tenant has entered into this Lease in reliance upon the representation by Landlord that the first floor of the Building is, and will remain, retail in character, and further, that no part of same shall be used as a theater, auditorium, meeting hall, school or other place of public assembly, gymnasium, dance hall, massage parlor, video game arcade, bowling alley, skating rink, car wash, night club or adult book or adult video tape store (which are defined as stores in which at least ten percent (10%) of the inventory is not available for sale or rental to children under 18 years old because such inventory explicitly deals with or depicts human sexuality).

2. Tenant shall have the exclusive right to use three reserved parking spaces in the retail parking area. Such parking spaces are to be used by Tenant's customers only and are not to be used by the employees of Tenant. The lease of the Premises also includes the right, together with other tenants of the Building and members of the public and subject to the rules and regulations promulgated by Landlord hereunder, to use the common public areas of the Building and the non-exclusive right to use the surface and (at the prevailing rate) unreserved covered parking spaces appurtenant to the Building, but includes no other rights not specifically set forth herein. Tenant's employees shall not use any of the parking spaces designated for use by visitors only. The lease of the Premises does not include the right to use the roof of the Building.

3. For purposes of this Lease, the Premises shall be deemed to have 3,791 square feet of gross rentable area and the Building shall be deemed to have 200,320 square feet of gross rentable area. Once the final space plan is completed, the Landlord's architect shall calculate the exact square footage of the Premises. The calculation shall be based on the usable area of the Premises increased to reflect a pro-rata share of all Building common areas, including restrooms, lobbies and service rooms. In calculating the useable area of the Premises, the Premises shall be measured to the center line of all walls common to other tenant premises, to the exterior faces of all other walls, and to the building line. To the extent that the actual square footage of the Premises is more or less than that indicated in this paragraph, then the rental obligation of the Tenant shall be proportionally adjusted.

terminated earlier in accordance with the provisions of this Lease; provided, however, that if the Lease Commencement Date is a day other than the first day of a month, then the Lease Term shall commence on the Lease Commencement Date and shall continue for the balance of the month in which the Lease Commencement Date occurs and for a period of one hundred twenty-three (123) consecutive calendar months thereafter, unless the Lease Term is renewed or terminated earlier in accordance with the provisions of this Lease. In addition, "Lease Term" shall include any and all renewals and extensions of the term of this Lease.

2. The Lease Commencement Date shall be the earlier of (i) the date on which Landlord delivers possession of the Premises as a "warm lit shell" (consisting of a fully demised space with a double door entrance, building standard exterior signage, a handicapped bath, electrical and HVAC hookups, and building standard lighting), in broom-clean condition, free and clear of all prior leases, tenants and/or occupants and free and clear of all fixtures and other property of all prior tenants and/or occupants or (ii) the date Tenant commences beneficial use of the Premises. Tenant shall be deemed to have commenced beneficial use of the Premises when construction of the tenant improvements (other than those improvements which are described in the preceding sentence and which are to be constructed by Landlord) commences. Landlord shall endeavor to deliver possession of the Premises to Tenant by February 1, 1995; provided, however, that Landlord shall not have any liability whatsoever to Tenant on account of Landlord's failure to deliver possession of the Premises to Tenant by such date, and this Lease shall not be rendered void or voidable as a result of such delay. The foregoing sentence notwithstanding, if Landlord is unable to deliver possession of the Premises to Tenant by March 15, 1995, Tenant shall have the option of terminating this Lease by delivering a written termination notice to Landlord. Termination of this Lease shall become effective thirty (30) days after Landlord's receipt of the termination notice, unless prior to the expiration of such thirty (30) day period, Landlord shall deliver possession of the Premises to Tenant in accordance with the requirements set forth above in this paragraph.

3. Landlord and Tenant shall execute a certificate, in the form attached hereto as Exhibit B, which Certificate shall set forth the Lease Commencement Date and the date upon which the initial term of this Lease will expire.

4. For purposes of this Lease, the term "Lease Year" shall mean a period of twelve (12) consecutive months, commencing on the Lease Commencement Date; except that if the Lease Commencement Date is a day other than the first day of a month, then the Lease Year shall commence on the Lease Commencement Date and shall continue for the balance of the month in which the Lease Commencement Date occurs and for a period of twelve (12) calendar months thereafter, or until the end of the Lease Term if it occurs within such twelve (12) calendar months.

### SECTION III BASE RENT AND UTILITY CHARGES

1. (a) During the initial Lease Year, Tenant shall pay to Landlord as annual base rent for the Premises, without setoff, deduction or demand, the sum of One Hundred Twenty-Six Thousand Fifty Dollars and 75/100s (\$126,050.75).

such monthly installments shall be due and payable in advance, on the first day of each month during the Lease Year. Concurrently with Tenant's execution of this Lease, Tenant shall pay to Landlord an amount equal to one (1) monthly installment of base rent payable during the first Lease Year, which payment shall be applied toward the monthly installment of base rent due hereunder for the first full calendar month occurring from and after the date on which Tenant's rent obligation hereunder commences. If Tenant's rent obligation hereunder commences on a day other than the first day of a month, then the base rent for such partial month shall be prorated on a per diem basis at the rate of one-thirtieth ( $1/30$ th) of the monthly installment of the base rent payable during the Lease Year within which such partial month falls, and Tenant shall pay such prorated rent in advance on the first day of the month in which such rent obligation commences.

3. In addition to the base rent, not later than ten (10) days after receipt of an invoice, Tenant shall reimburse Landlord (or shall pay directly to the appropriate utility) for all utilities supplied to the Premises. To the extent that the Premises is not separately metered for utilities, Tenant shall pay, as additional rent hereunder, its pro rata share of such utilities. For the purposes of this Section III.3, Tenant's pro rata share shall equal a fraction, the numerator of which is 3,791 and the denominator of which is 200,320; provided, however, that with respect to reimbursement of electrical charges, Tenant's pro rata share shall equal a fraction, the numerator of which is 3,791 and the denominator of which is 172,916. The utility charges to be paid by Tenant pursuant to this paragraph shall not be in excess of the amount that Tenant would be required to pay if purchasing such utility service directly from the company providing such service.

4. Notwithstanding the foregoing provisions of this Section III, Landlord hereby grants to Tenant an abatement of the base rent and additional rent payable hereunder for the first three (3) months of the Lease Term.

5. All rent shall be paid to Landlord in legal tender of the United States, without setoff, deduction or demand, at the address to which notices to Landlord are to be given or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. If Landlord shall at any time accept rent after it shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord's rights hereunder.

#### SECTION IV INCREASES IN OPERATING COSTS

1. As additional rent for the Premises, Tenant agrees to pay to Landlord its pro rata share of the amount by which the administrative, operating and maintenance costs and expenses ("Operating Charges") incurred in connection with the ownership and operation of the Building during each calendar year falling entirely or partly within the Lease Term exceed a base amount (the "Operating Charges Base Amount") equal to the Operating Charges incurred during calendar year 1995. For the purposes of this Section IV, Tenant's pro rata share of such excess shall equal a fraction, the numerator of which is 3,791 and the

charges for similar services in the general vicinity of the Building.

(a) Included costs and expenses:

(1) Gas, water, sewer, electricity and other utility charges (including surcharges) of every type and nature attributable to the common areas of the Building.

(2) Premiums and other charges incurred by Landlord with respect to all insurance relating to the Building and the operation and maintenance thereof, including, without limitation, all risk of physical damage or fire and extended coverage insurance, public liability insurance, elevator insurance, workman's compensation insurance, boiler and machinery insurance, sprinkler leakage insurance, use and occupancy insurance, loss of rents insurance and health, accident and group life insurance for employees.

(3) Management fees and personnel costs of the Building, including, but not limited to, salaries, wages, fringe benefits and other direct and indirect costs of engineers, superintendents, watchmen, porters and any other Building personnel; provided that any such fees and costs paid to an affiliate of Landlord shall be fair market fees and costs.

(4) Costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, elevators, mail chute, window, janitorial service for the common areas of the Building, security services and management fees.

(5) All other maintenance and repair expenses and supplies which are deducted by Landlord in computing its Federal income tax liability.

(6) Amortization (on a straight-line basis) for capital expenditures (including financing costs and/or equipment leasing charges) made by Landlord to reduce operating expenses if Landlord determines that the reasonably anticipated annual reduction in operating expenses shall exceed such amortization.

(7) The costs of any additional services not provided to the Building at the Lease Commencement Date but thereafter provided by Landlord in the prudent management of the Building.

(8) The cost of licenses, permits and similar fees and charges.

(11) All real estate taxes, including general and special assessments, if any, imposed on Landlord or assessed against the Building, including future taxes in the nature of or in substitution for real estate taxes.

(12) Any other reasonable costs and expenses incurred by Landlord in maintaining, repairing, owning or operating the Building.

(b) Excluded costs and expenses:

(1) Principal or interest payments on any mortgages, deeds of trust or other financing encumbrances.

(2) Deductions for depreciation for the Building, except to the extent included in subsection 2(a)(6) above.

(3) Capital expenditures that are not deducted by Landlord in computing its Federal income tax liability, except to the extent included in subsection 2(a)(6) above.

(4) The costs of special services or utilities separately charged to and paid by Tenant or individual tenants of the Building.

(5) Expenses for repairs or other work occasioned by fire, windstorm or other insured casualty.

(6) Expenses incurred in leasing or procuring new tenants for the Building.

(7) Legal expenses incurred in enforcing the terms of any lease.

(8) Reserve funds.

(9) Administrative expenses of Landlord in excess of five percent (5%).

(10) Expenses incurred to remove any hazardous materials from the Building.

(11) Costs incurred to obtain earthquake insurance, unless such coverage is available at commercially reasonable cost.

(12) Direct settlement payments by Landlord in personal injury or property claims.

3. (a) Operating Charges shall be "net" and, for that purpose, shall be reduced by the amount of any reimbursement received by Landlord with respect to an item of cost that is included within Operating Charges (other than reimbursements to



would have been incurred by Landlord if it had furnished such work, service or item to such tenant.

(b) In no event shall Landlord be entitled to collect more than one hundred percent (100%) of the Operating Charges from all the tenants in the Building. Generally accepted accounting principles, consistently applied, will be used in determining the Operating Charges for the Building in any calendar year.

4. (a) Tenant shall make estimated monthly payments to Landlord on account of increases in Operating Charges that are expected to be incurred during each calendar year after calendar year 1995. The amount of such monthly payments shall be determined as follows. At least thirty (30) days prior to the beginning of each such calendar year, Landlord shall submit to Tenant a statement setting forth Landlord's reasonable estimate of the amounts by which the Operating Charges that are expected to be incurred during such calendar year will exceed the Operating Charges Base Amount, and the computation of Tenant's proportionate share of such anticipated excess. Tenant shall pay to Landlord on the first day of each month following receipt of each such annual statement, until Tenant's receipt of the succeeding annual statement, an amount equal to one-twelfth (1/12th) of Tenant's proportionate share of such anticipated excess; and, if such statement for any calendar year is delivered after the commencement of the calendar year, then, with the first monthly payment due after Tenant's receipt of such statement, Tenant also shall pay Landlord an amount equal to the product of (i) the number of months in such calendar year that preceded the due date of such first monthly payment due after receipt of such statement and (ii) the excess, if any, of the amount of each of the monthly payments owed pursuant to this section for such calendar year over the amount of each of the monthly payments owed pursuant to this Section IV.4 for the immediately preceding calendar year. Landlord's delay in delivering any statements pursuant to this Section shall not constitute a waiver of Landlord's right to receive any sums due following delivery of such statement.

(b) Within ninety (90) days after the expiration of calendar year 1996 and each calendar year thereafter, or as soon thereafter as is feasible, Landlord shall submit to Tenant a statement showing (i) Tenant's proportionate share of the amounts by which the actual Operating Charges during the preceding calendar year exceeded the Operating Charges Base Amount and (ii) the aggregate amount of such estimated payments, if any, made by Tenant on account thereof. If the aggregate amount of such estimated payments exceeds Tenant's actual liability for such increases, Tenant shall deduct the net overpayment from its next estimated payment or payments on account of increases in such categories of charges for the then current year. If Tenant's actual liability for such increases exceeds the estimated payments made by Tenant on account thereof, then Tenant shall pay to Landlord the total amount of such deficiency as additional rent due hereunder.

(c) For a period of four (4) months after Tenant's receipt of such statement, Tenant, or an independent, certified public accountant designated by Tenant, shall have the right, during regular business hours and after giving ten (10) days' advance written notice to Landlord to inspect and audit

statement was overstated by Landlord by more than ten percent (10%), Landlord shall reimburse Tenant for the reasonable costs and expenses incurred in such audit. If Tenant does not notify Landlord in writing of any objection to any statement within four (4) months after receipt thereof, then Tenant shall be deemed to have waived such objection.

5. In the event the Lease Term commences on a day other than the first day of a calendar year or expires on a day other than the last day of a calendar year, the increases in Operating Charges to be paid by Tenant for such calendar year shall be apportioned by multiplying the amount of Tenant's proportionate share thereof for the full calendar year by a fraction, the numerator of which is the number of days during such calendar year falling within the Lease Term, and the denominator of which is 365.

6. Tenant's liability for its proportionate share of the increases in Operating Charges during the Lease Term shall survive the expiration or termination of the Lease Term. Similarly, Landlord's obligation to refund to Tenant the excess, if any, of the amount of Tenant's estimated payments on account of such increases over Tenant's actual liability therefor shall survive the expiration or termination of the Lease Term.

7. All payments required to be made by Tenant pursuant to this Section IV shall be paid to Landlord, without setoff or deduction, in the same manner as base rent is payable pursuant to Section III hereof.

8. In the event that any business, rent or other taxes that are now or hereafter levied upon Tenant's use or occupancy of the Premises or Tenant's business at the Premises are enacted, changed or altered so that any of such taxes are levied against Landlord, or the mode of collection of such taxes is changed so that Landlord is responsible for collection or payment of such taxes, Tenant shall pay any and all such taxes to Landlord upon written demand from Landlord.

#### SECTION V SECURITY DEPOSIT

1. Simultaneously with the execution of this Lease, Tenant shall deposit with Landlord the sum of Twelve Thousand Two Hundred Fifty-Seven and 57/100s Dollars (\$12,257.57) as a security deposit. Landlord shall not be required to maintain such deposit in a separate account. Except as may be required by law, Tenant shall not be entitled to interest on such security deposit. Such security deposit shall be security for the performance by Tenant of all of Tenant's obligations, covenants, conditions and agreements under this Lease. Within sixty (60) days after the expiration of the Lease Term, and provided Tenant has vacated the Premises and is not in default hereunder, Landlord shall return such security deposit to Tenant, less such portion thereof as Landlord shall have appropriated to satisfy any default by Tenant hereunder. In the event of any default by Tenant hereunder, Landlord shall have the right, but shall not be obligated, to use, apply or retain all or any portion of the security deposit for (i) the payment of any base rent or additional rent or any other sum as to which Tenant is in default, (ii) the payment of any amount which Landlord may spend

deposit to its original amount, and Tenant's failure to do so shall constitute a default under this Lease.

2. In the event of the sale or transfer of Landlord's interest in the Building, Landlord shall have the right to transfer the security deposit to the purchaser or transferee, in which event Tenant shall look only to the purchaser or transferee for the return of the security deposit, and Landlord shall thereupon be released from all liability to Tenant for the return of such security deposit.

#### SECTION VI USE OF PREMISES

1. Tenant shall use and occupy the Premises solely for retail purposes for the sale of sofas, furniture, home furnishings and related decorating items and for no other use or purpose without the prior written consent of Landlord. Tenant shall not use or occupy the Premises for any unlawful purpose or in any manner that will constitute waste, nuisance or unreasonable annoyance to the Landlord or other tenants of the Building.

2. Tenant shall not discriminate in the conduct and operation of its business in the Premises against any person or group of persons because of the race, creed, color, sex, age, national origin, ancestry or the physical characteristics of such person or group of persons.

3. Tenant shall pay any business, rent, personal property, sales or other taxes that are now or hereafter levied upon Tenant's use or occupancy of the Premises, the conduct of Tenant's business at the Premises, or Tenant's equipment or other personal property. Tenant shall obtain all permits and comply with all present and future laws, ordinances (including zoning ordinances and land use requirements), regulations and orders of the United States of America, state and county governments, and any other public or quasi-public authority having jurisdiction over the Premises, concerning the construction of improvements, the use, occupancy and condition of the Premises and all machinery, equipment and furnishings therein. It is expressly understood that if any present or future law, ordinance, regulation or order requires an occupancy or use permit or any other license or permit for the Premises or the Tenant's business therein, Tenant will obtain all such permits at Tenant's own expense prior to the commencement of Tenant's business in the Premises and will deliver copies of such permits to Landlord promptly when such permits are obtained.

4. Tenant's trade name, as used by Tenant for identification of the business operated in the Premises shall be "Jennifer Leather." Tenant shall not change such name without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

5. Tenant covenants and agrees to remain open for business and continuously operate its business throughout the term of the Lease during all days and hours as are designated by Landlord in its reasonable discretion. The foregoing notwithstanding, Tenant shall be entitled to temporarily discontinue the operation of its business (i) while improvements or alterations to the Premises are underway, (ii) to enable Tenant to take inventory or

SECTION VII  
ASSIGNMENT AND SUBLETTING

1. Tenant shall not assign, transfer, mortgage or otherwise encumber this Lease or Tenant's interest therein, or sublet, rent or permit anyone to occupy the Premises, or any part thereof, without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. Landlord's consent to any assignment, subletting or occupancy shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment, subletting or occupancy, nor shall it be construed as a release of Tenant from its obligations hereunder. For any period during which Tenant is in default hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant or assignee and hereby authorizes each such subtenant or assignee to pay said rent directly to Landlord.

2. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation of law, of any general partner of Tenant or of partners owning a controlling interest in Tenant shall be deemed a voluntary assignment of this Lease and subject to the provisions of Section VII.1. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest of the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the provisions of Section VII.1.

3. The provisions of this Section VII.1 and 2 notwithstanding, no consent shall be required for, and Tenant shall have the right to make, any assignment, transfer or subletting of the Premises, or any part thereof (i) to a parent, subsidiary or affiliated company, (ii) directly or indirectly, in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain of which the business in the Premises is a part in the state in which the Premises is located. Upon any assignment to Tenant's parent (but not to an affiliate or subsidiary of Tenant), in accordance with the foregoing, and upon the assumption by such assignee of Tenant's obligations hereunder, Tenant shall be relieved of any further liability hereunder. Tenant also shall have the right to assign, sublet or otherwise transfer its interest in this Lease to a licensee, franchisee or operating subsidiary of Tenant, with Landlord's approval, which approval shall not be unreasonably withheld, as long as Tenant remains fully liable for full performance of all its obligations under this Lease.

4. Tenant agrees to pay to Landlord, as additional rent hereunder, the reasonable attorneys' fees, incurred by Landlord in connection with any request by Tenant for Landlord to give its consent to any assignment, transfer, mortgage, encumbrance or subletting by Tenant.

5. If the sublease, assignment or other transfer provides that the subtenant, assignee or other transferee thereunder is to pay any amount in excess of the rental and other charges due under this Lease, whether such excess be in the form of an increased monthly or annual rental, a lump sum payment, or any other form (and if the sublet or assignment does not constitute the entire Premises, the existence of such excess shall be

counsel. It is expressly agreed that if this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code or Insolvency Laws (as defined below) any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be delivered to Landlord, shall be and remain the exclusive property of Landlord, and shall not constitute the property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code or Insolvency Laws. Each assignee hereunder shall assume and be deemed to have assumed this Lease and shall be and remain liable jointly and severally with Tenant for all payments and for the due performance of all terms, covenants, conditions and provisions herein contained on Tenant's part to be observed and performed.

#### SECTION VIII MAINTENANCE AND REPAIRS

1. Landlord covenants and agrees that it will, at all times during the Lease Term, maintain and keep in good order and repair the common areas of the Building, as well as the foundation, floorslab, exterior, exterior walls, steel frame, roof, structural portions, gutters and downspouts, if any, of the Building. To the extent practicable, Landlord shall make all repairs and replacements without interfering with the conduct of Tenant's business.

2. Tenant shall, at its expense, keep and maintain the Premises and all fixtures (including lighting fixtures) and equipment located therein in clean, safe and sanitary condition, shall take good care thereof and make all required repairs thereto, shall suffer no waste or injury thereto, and shall, at the expiration or other termination of the Lease Term, surrender the Premises in the same order and condition in which they were after completion of the Tenant's improvements, ordinary wear and tear and unavoidable damage by the elements excepted. All replacement tubes for light fixtures, all other bulbs, tubes and lighting fixtures for the Premises shall be provided and installed by Tenant at its cost and expense.

3. Except as otherwise provided in Section XVII hereof, all injury, breakage and damage to the Premises and to any other part of the Building caused by any act or omission of Tenant, or of any agent, employee, subtenant, contractor, client, guest, family member, licensee, customer or invitee of Tenant, shall be repaired by and at the sole expense of Tenant, except that Landlord shall have the right, at its option, to make such repairs and to charge Tenant for all costs and expenses incurred in connection therewith as additional rent due hereunder. The liability of Tenant for such costs and expenses shall be reduced by the amount of any insurance proceeds received by Landlord on account of such injury, breakage or damage.

#### SECTION IX TENANT ALTERATIONS

1. It is understood and agreed that Landlord will not make or pay to have made, and is under no obligation to make or pay to have made, any structural or other alterations, decorations, additions or improvements.

2. Except as set forth below in this paragraph, Tenant will not make or permit anyone to make any alterations, decorations, additions or improvements (hereinafter referred to collectively as "improvements"), structural or otherwise, in or to the Premises or the Building, without the prior written consent of Landlord. When granting its consent, Landlord may impose any conditions it deems appropriate, including, without limitation, the approval of plans and specifications, approval of the contractor or other persons who will perform the work, and including the requirement that Tenant obtain specified insurance. All plans for improvements shall be prepared by Tenant at Tenant's expense. As a condition precedent to Landlord's written consent, Tenant agrees to obtain and deliver to Landlord written, unconditional waivers of mechanics' and materialmen's liens against the Building and the land upon which it is situated from all proposed contractors, subcontractors, laborers and material suppliers for all work, labor and services to be performed and materials to be furnished in connection with improvements to the Premises. If, notwithstanding the foregoing, any mechanics' or materialmen's lien is filed against the Premises, any equipment within the Premises, and/or the Building, for work claimed to have been done for, or materials claimed to have been furnished to, the Premises, such lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by the filing of a bond acceptable to Landlord. It is understood and agreed that in the event Landlord shall give its written consent to the making of any improvements to the Premises, such written consent shall not be deemed to be an agreement or consent by Landlord to subject its interest in the Premises or the Building to any mechanics' or materialmen's liens which may be filed in connection therewith. The foregoing provisions of this paragraph notwithstanding, Tenant shall have the right to make nonstructural repairs and alterations after giving notice to Landlord (but without the necessity of obtaining Landlord's consent) so long as the aggregate cost of such repairs or alterations during any Lease Year does not exceed Twenty Thousand Dollars (\$20,000.00).

3. Tenant shall indemnify and hold Landlord harmless from and against any and all expenses, liens, claims, liabilities and damages based on or arising, directly or indirectly, by reason of the making of any improvements to the Premises. If any improvements are made without the prior written consent of Landlord, Landlord shall have the right to remove and correct such improvements and restore the Premises to their condition immediately prior thereto, and Tenant shall be liable for all expenses incurred by Landlord in connection therewith. All improvements to the Premises or the Building made by either party shall immediately become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term; except that if Tenant is not in default under this Lease, Tenant shall have the right to remove, prior to the expiration of the Lease Term, all movable furniture, furnishings and equipment installed in the Premises solely at the expense of Tenant. If such property of Tenant is not removed by Tenant prior to the expiration or termination of this Lease, the same shall become the property of Landlord and shall be surrendered with the Premises as a part thereof. All damage and injury to the Premises or the Building caused by such removal shall be repaired at Tenant's sole expense.

4. It is understood and agreed that Tenant shall not undertake

SECTION X  
SIGNS AND FURNISHINGS

1. No sign, banner, advertisement or notice referring to Tenant shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or the interior of the Building except on the directories and such other areas as are designated by Landlord, and then only such place, number, size, color and style as are approved in writing by Landlord. Notwithstanding the foregoing, Landlord shall install, at Landlord's expense, in a location reasonably acceptable to Tenant, a sign above the Premises on the exterior of the Building displaying the name "Jennifer Leather," provided that Tenant has obtained at its sole cost and expense, all necessary permits and approvals in connection therewith. In addition, Tenant shall be permitted to place in the interior window of its Premises a "Relocating Sign" during the last thirty (30) days of the Lease Term. Tenant will, at its sole cost and expense, maintain all signs, banners, advertisements or notices permitted hereunder in good condition and repair at all times.

2. Landlord shall have the right to prescribe the weight and position of safes and other heavy equipment and fixtures, which, if considered necessary by Landlord, shall be installed in such manner as Landlord directs in order to distribute their weight adequately. Any and all damage or injury to the Premises or the Building caused by moving the property of Tenant into or out of the Premises, or due to the same being in or upon the Premises, shall be repaired by Landlord at the sole cost of Tenant. No furniture, equipment or other bulky matter of any description will be received into the Building or carried in the elevators except as approved by Landlord, and all such furniture, equipment and other bulky matter shall be delivered only through the designated delivery entrance of the Building and the designated freight elevator. Tenant agrees to remove promptly from the sidewalks and other areas adjacent to the Building any of Tenant's furniture, equipment or other material there delivered or deposited.

3. Landlord shall have the right to prescribe standards for all window coverings, lights and ceilings such that when viewed from the exterior of the Building, the Building presents a uniform, attractive appearance. Tenant shall comply with all such standards prescribed by Landlord in its reasonable discretion.

SECTION XI  
TENANT'S EQUIPMENT

1. Tenant will not install or operate in the Premises any electrically operated equipment or machinery that operates on greater than 110 volt power without first obtaining the written consent of Landlord, who may condition such consent upon the payment by Tenant of additional rent in compensation for the cost of any additional wiring or apparatus that may be occasioned by the operation of such equipment or machinery. Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacements or additions to, or in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Premises or the Building, without first obtaining the prior written consent of Landlord.

SECTION XII  
INSPECTION BY LANDLORD

1. Tenant shall permit Landlord, its agents, mortgagees and representatives, and prospective purchasers of interests in the Building or Landlord, to enter the Premises, without charge therefor and without diminution of the rent payable by Tenant, to examine, inspect and protect the Premises and the Building, to make such alterations and/or repairs as in the reasonable judgment of Landlord may be deemed necessary, or to exhibit the same to prospective tenants during the last one hundred eighty (180) days of the Lease Term. In connection with any such entry, Landlord shall endeavor to minimize the disruption to Tenant's use of the Premises and the conduct of its business. During the course of any alteration or repair by Landlord in the Premises, Landlord may store within the Premises all necessary materials, tools, supplies and equipment.

SECTION XIII  
INSURANCE

1. Tenant shall not conduct or permit to be conducted any activity, or place any equipment in or about the Premises or the Building, which will in any way increase the rate of fire insurance or other insurance on the Building. Tenant shall be liable for the amount of any increase in such rate of insurance.

2. Throughout the Lease Term, Tenant shall obtain and maintain replacement cost casualty insurance on its furniture, fixtures, equipment and property in the Premises, and public liability insurance in a company or companies licensed to do business in the Commonwealth of Virginia and approved by Landlord. Said insurance shall be in minimum amounts approved by Landlord from time to time, shall name Landlord as an additional insured thereunder, shall contain an endorsement that such policy shall remain in full force and effect notwithstanding that the insured may have waived its right of action against any party prior to the occurrence of a loss, and shall provide that the insurer thereunder waives all right of recovery by way of subrogation against Landlord, its agents, employees, and representatives, in connection with any loss or damage covered by such policy. In addition, if requested by the holder of any mortgage encumbering the Building, said insurance shall also include a standard mortgagee loss payable endorsement for the benefit of such holder. No later than the Lease Commencement Date, Tenant shall obtain public liability insurance in minimum amounts of One Million Dollars (\$1,000,000.00) for injury to one (1) person, Two Million Dollars (\$2,000,000.00) for injury to more than one (1) person and one million dollars (\$1,000,000.00) for damage to property. In addition, Tenant shall obtain and maintain worker's compensation insurance covering all persons employed by Tenant or its contractors at or in connection with the Premises. Each such policy shall contain an endorsement prohibiting cancellation or reduction of coverage (a) as to the interests of Landlord or the holders of any mortgages by reason of any act or omission of Tenant, and (b) without first giving Landlord thirty (30) days' prior written notice of such proposed action. Receipts evidencing payment of the premium for such insurance shall be delivered by Tenant on or before the Lease Commencement Date.



SECTION XII  
INSPECTION BY LANDLORD

1. Tenant shall permit Landlord, its agents, mortgagees and representatives, and prospective purchasers of interests in the Building or Landlord, to enter the Premises, without charge therefor and without diminution of the rent payable by Tenant, to examine, inspect and protect the Premises and the Building, to make such alterations and/or repairs as in the reasonable judgment of Landlord may be deemed necessary, or to exhibit the same to prospective tenants during the last one hundred eighty (180) days of the Lease Term. In connection with any such entry, Landlord shall endeavor to minimize the disruption to Tenant's use of the Premises and the conduct of its business. During the course of any alteration or repair by Landlord in the Premises, Landlord may store within the Premises all necessary materials, tools, supplies and equipment.

SECTION XIII  
INSURANCE

1. Tenant shall not conduct or permit to be conducted any activity, or place any equipment in or about the Premises or the Building, which will in any way increase the rate of fire insurance or other insurance on the Building. Tenant shall be liable for the amount of any increase in such rate of insurance.

2. Throughout the Lease Term, Tenant shall obtain and maintain replacement cost casualty insurance on its furniture, fixtures, equipment and property in the Premises, and public liability insurance in a company or companies licensed to do business in the Commonwealth of Virginia and approved by Landlord. Said insurance shall be in minimum amounts approved by Landlord from time to time, shall name Landlord as an additional insured thereunder, shall contain an endorsement that such policy shall remain in full force and effect notwithstanding that the insured may have waived its right of action against any party prior to the occurrence of a loss, and shall provide that the insurer thereunder waives all right of recovery by way of subrogation against Landlord, its agents, employees, and representatives, in connection with any loss or damage covered by such policy. In addition, if requested by the holder of any mortgage encumbering the Building, said insurance shall also include a standard mortgagee loss payable endorsement for the benefit of such holder. No later than the Lease Commencement Date, Tenant shall obtain public liability insurance in minimum amounts of One Million Dollars (\$1,000,000.00) for injury to one (1) person, Two Million Dollars (\$2,000,000.00) for injury to more than one (1) person and one million dollars (\$1,000,000.00) for damage to property. In addition, Tenant shall obtain and maintain worker's compensation insurance covering all persons employed by Tenant or its contractors at or in connection with the Premises. Each such policy shall contain an endorsement prohibiting cancellation or reduction of coverage (a) as to the interests of Landlord or the holders of any mortgages by reason of any act or omission of Tenant, and (b) without first giving Landlord thirty (30) days' prior written notice of such proposed action. Receipts evidencing payment of the premium for such

7. Except as otherwise provided herein, the Lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of date first above written.

WITNESS:

LANDLORD:

8150 LEESBURG PIKE, L.L.C.

By: Atlantic Realty Companies, Inc.

By: Carl B. Tapp

Title: President

Date: 5.18.05

WITNESS:

TENANT:

JENNIFER LEATHER-VIENNA VA, INC.

By: Edward B. Seaver

Name: EDWARD B. SEAVEN

Title: EXECUTIVE V.P.

Date: May 17, 2005

Acknowledged and agreed to this 17 day of May, 2005

GUARANTOR:

WITNESS:

JENNIFER CONVERTIBLES, INC.

By: Edward B. Seaver

Name: EDWARD B. SEAVEN

Title: EXECUTIVE V.P.

arising out of or resulting from any cause whatsoever unless resulting from the negligent acts or the willful misconduct of Landlord. Any goods, property or personal effects stored or placed by Tenant, its employees or agents in or about the Premises shall be at the sole risk of Tenant, and Landlord shall not in any manner be held responsible therefor.

2. Tenant shall indemnify and hold Landlord harmless from and against all costs, damages, claims, liabilities and expenses (including reasonable attorney's fees) suffered by or claimed against Landlord, directly or indirectly, based on, arising out of or resulting from (i) Tenant's use and occupancy of the Premises or the business conducted by Tenant therein, (ii) any act or omission by Tenant or its employees, agents or invitees, or (iii) any breach or default by Tenant in the performance or observance of its covenants or obligations under this Lease.

3. In the event that Landlord named herein shall sell or transfer the Building, Tenant agrees that such Landlord shall not be liable to Tenant for any obligations or liabilities based on or arising out of conditions or events occurring on or after the date of such sale or transfer.

4. In the event that at any time during the Lease Term Tenant shall have a claim against Landlord, Tenant shall not have the right to set off or deduct the amount allegedly owed to Tenant from any rent or other sums payable to Landlord hereunder, it being understood that Tenant's sole remedy for recovering upon such claim shall be to institute an independent action against Landlord.

5. Tenant agrees that in the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the estate and interest of Landlord in the Building and Land.

#### SECTION XVI RULES AND REGULATIONS

1. Tenant and its agents, employees, invitees, licensees, customers, clients, family members, guests, assignees and subtenants shall at all times abide by and observe the rules and regulations attached hereto as Exhibit D. Landlord shall endeavor, in good faith, to enforce such rules and regulations in a uniform fashion, but Landlord shall not be liable to Tenant for the violation of such rules or regulations by any other tenant or its employees, agents, assignees, subtenants, invitees, licensees, customers, clients, family members or guests.

#### SECTION XVII DAMAGE OR DESTRUCTION

1. If, during the Lease Term, the Premises or the Building are damaged or destroyed from any cause, thereby rendering the Premises totally inaccessible or unusable, Landlord shall (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company involved) diligently restore and repair the Premises and the Building to substantially the same condition they were in prior to such damage; provided,

preceding sentence, all rent payable hereunder shall be apportioned and paid to the date of the occurrence of such damage. If this Lease is not terminated as a result of such damage, and provided that such damage was not caused by the act or omission of Tenant, or any of its employees, agents, licensees, invitees, assignees, subtenants, customers, clients, family members or guests, then until the repair and restoration of the Premises is completed, Tenant shall be required to pay fixed monthly rent and additional rent only for that part of the Premises that Tenant is able to use while repairs are being made, based on the ratio that the amount of usable rentable area bears to the total rentable area in the Premises. Except as otherwise specified in Section XVII.2, Landlord shall bear the cost and expense of repairing and restoring the Premises; provided, however, that if such damage or destruction was caused by the act or omission of Tenant, or any of its employees, agents, licensees, invitees, assignees, subtenants, customers, clients, family members or guests, then Tenant shall pay to Landlord the amount by which such costs and expenses exceed the insurance proceeds, if any, actually received by Landlord on account of such damage or destruction. Notwithstanding anything above to the contrary, Landlord shall have the right to terminate this Lease in the event that (a) Landlord's insurance is insufficient to pay the full cost of such repair and restoration, (b) the holder of any mortgage secured by the Building fails or refuses to make such insurance proceeds available for repair and restoration, (c) zoning or other laws or regulations applicable to the site upon which the Building was constructed do not permit Landlord to repair, restore or reconstruct on such site a building substantially similar to the Building, or (d) damage to or destruction of the Building exceeds twenty-five percent (25%) of the replacement value of the Building, whether or not the Premises are damaged or destroyed.

2. It shall be Tenant's sole responsibility to repair, restore or replace any decorations, alterations or improvements to the Premises or any trade fixtures, furnishings, equipment or personal property belonging to Tenant.

#### SECTION XVIII CONDEMNATION

1. If the whole or a substantial part (as hereinafter defined) of the Premises, or the use or occupancy of the Premises, shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), then this Lease shall terminate on the date title thereto vests in such governmental or quasi-governmental authority, and all rent payable hereunder shall be apportioned as of such date. If less than a substantial part of the Premises is taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking), this Lease shall continue in full force and effect, but the fixed monthly rent and additional rent thereafter payable hereunder shall be equitably adjusted (on the basis of the ratio of the number of square feet of rentable area taken to the total rentable area in the Premises immediately prior to such taking) as of the date title vests in the governmental or quasi-governmental authority (the "Condemnation Date"). For purposes of this Section XVIII 1, a

separate award for Tenant's loss of business or for the taking of or injury to Tenant's improvements, or on account of any cost or loss Tenant may sustain in the removal of Tenant's trade fixtures, equipment and furnishings, or as a result of any alterations, modifications or repairs that may be reasonably required by Tenant in order to place the remaining portion of the Premises not taken in a suitable condition for the continuance of Tenant's occupancy.

3. Notwithstanding anything to the contrary contained herein, if twenty-five percent (25%) or more of the Land or if twenty-five percent (25%) or more of the Building is taken, condemned, or sold under threat of such a taking, Landlord shall have the sole option to terminate this Lease as of the Condemnation Date.

#### SECTION XIX DEFAULT BY TENANT

1. The occurrence of any of the following (beyond the applicable cure period) shall constitute a default by Tenant under this Lease:

(a) If Tenant shall fail to pay any payment of base rent or additional rent when due, or shall fail to make when due any other payment required by this Lease, within five (5) days after Tenant's receipt of written notice thereof;

(b) If Tenant shall allow to lapse or fail to maintain insurance in accordance with the requirements of this Lease;

(c) If Tenant shall violate or fail to perform any other term, condition, covenant or agreement to be performed or observed by Tenant under this Lease and such violation or failure shall not be cured within thirty (30) days of written notice to Tenant;

(d) If Tenant shall vacate, abandon or fail continuously to occupy the Premises;

(e) An Event of Bankruptcy as specified in Section XX;  
or

(f) A dissolution or liquidation of Tenant or, if Tenant is a natural person, the death or disability of such person.

2. If Tenant shall be in default under this Lease, Landlord shall have the right, at its sole option, to terminate this Lease. In addition, with or without terminating this Lease, Landlord may re-enter, terminate Tenant's right of possession and take possession of the Premises and the provisions of this Section XIX shall operate as a notice to quit, any other notice to quit or of Landlord's intention to re-enter the Premises being hereby expressly waived. If Landlord elects to terminate this Lease and/or elects to terminate Tenant's right of possession, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice, however, to the right of Landlord to recover from Tenant all rent and other sums accrued up to the time of termination or recovery of possession by Landlord, whichever is later. Landlord may relet the Premises or any part thereof, along or together with other premises of

may be due or sustained prior to such default, all costs, fees and expenses (including, but not limited to, reasonable attorneys' fees, brokerage fees, expenses incurred in placing the Premises in first-class rentable condition) incurred by Landlord in pursuit of its remedies hereunder, or in renting the Premises to others from time to time. All such base rent, additional rent, damages, costs, fees and expenses are hereinafter referred to as "Termination Damages") and additional damages (hereinafter referred to as "Liquidated Damages"), which, at the election of Landlord, shall be either:

(a) An amount equal to the base rent and additional rent which would have become due during the remainder of the Lease Term, less the amount of rental, if any, which Landlord shall receive during such period from others to whom the Premises may be rented (other than any additional rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), in which case such Liquidated Damages shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following Tenant's default and continuing until the date on which the Lease Term would have expired but for Tenant's default; provided, however, that if at the time of any reletting of the Premises there exists other space in the Building available for leasing, then the Premises shall be deemed to be the last space rented, even though the Premises may be relet prior to the date such other space is leased. Separate suits or actions may be brought to collect any such Liquidated Damages for any month(s), and such suits shall not in any manner prejudice the right of Landlord to collect any Liquidated Damages for any subsequent month by a similar proceeding; or

(b) An amount, as determined by an independent real estate appraiser named by Landlord, equal to the present value (as of the date of Tenant's default) of all base rent and additional rent which would have become due during the remainder of the Lease Term, less the fair market value of Tenant's leasehold interest, in which case such Liquidated Damages shall be payable to Landlord in one lump sum on demand. For purpose of this clause, "present value" shall be computed by discounting at a rate equal to one percentage point above the discount rate then in effect at the Federal Reserve Bank nearest to the Building.

In the event Tenant becomes the subject debtor in a case under the Bankruptcy Code, the provisions of this Section XIX.2 may be limited by the limitations of damage provisions of the Bankruptcy Code. The provisions contained in this Section XIX.2 shall be in addition to, and shall not prevent the enforcement of, any claim Landlord may have against Tenant for anticipatory breach of this Lease.

3. Except as otherwise specifically provided in this Lease, all rights and remedies of Landlord and Tenant set forth herein are in addition to all other rights and remedies available to Landlord and Tenant at law or in equity. Except as otherwise specifically provided in this Lease, all rights and remedies available to Landlord and Tenant hereunder or at law or in equity are expressly declared to be cumulative and the exercise of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy.

4. If Landlord shall institute proceedings against Tenant and a compromise or settlement is reached, the provisions of this

sums or to pursue any other remedy available to Landlord. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

5. If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act. If Landlord elects to make such payment or do such act, all costs and expenses incurred by Landlord, plus interest thereon at the rate of fifteen percent (15%) per annum from the date incurred by Landlord to the date of payment thereof by Tenant, shall constitute additional rent due hereunder; provided however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. The taking of such action by Landlord shall not be considered as a cure of such default by Tenant or prevent Landlord from pursuing any remedy it is otherwise entitled to in connection with such default.

6. If Tenant fails to make any payment of base rent or of additional rent on or before the date such payment is due and payable, Tenant shall pay to Landlord a late charge of five percent (5%) of the amount of such payment. In addition, such payment shall bear interest at the rate of fifteen percent (15%) per annum from the date such payment became due to the date such payment is received by Landlord; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. Such late charge and interest shall constitute additional rent due hereunder, and shall be in addition to, and not in lieu of, all other rights and remedies provided to Landlord in this Lease, at law, or in equity.

7. Landlord shall have a lien upon, and Tenant hereby grants to Landlord a security interest in, all personal property of Tenant located in the Premises, as security for the payment of all rent and the performance of all other obligations of Tenant required by this Lease.

#### SECTION XX BANKRUPTCY

1. The following shall be Events of Bankruptcy under this Lease:

(a) Tenant's becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state, district, commonwealth or territory of the United States (the "Insolvency Laws");

(b) The appointment of a receiver or custodian for any or all of Tenant's property or assets, or the institution of a foreclosure action upon any of Tenant's real or personal property;

(c) The filing of a voluntary petition under the provisions of the Bankruptcy Code or Insolvency Laws;

(d) The filing of

2. Upon occurrence of an Event of Bankruptcy, Landlord shall have all rights and remedies available to Landlord pursuant to Section XIX; provided, however, that while a case in which Tenant is the subject debtor under the Bankruptcy Code is pending, Landlord shall not exercise its rights and remedies pursuant to Section XIX so long as the Bankruptcy Code prohibits the exercise of such rights and remedies, and Tenant or its Trustee in Bankruptcy (hereinafter "Trustee") is in compliance with the provisions of Section XX.3 below.

3. Trustee shall not have the right to assume or assign this Lease unless the Bankruptcy Code expressly requires that Landlord permit such assumption or assignment and Trustee promptly (i) cures all defaults under this Lease, (ii) compensates Landlord for monetary damages incurred as a result of such defaults, (iii) provides adequate assurance of future performance on the part of Tenant as debtor in possession or on the part of the assignee tenant, and (iv) complies with any other requirements of the Bankruptcy Code. Tenant agrees in advance that this Lease may be terminated by Landlord in accordance with Section XX.2 above if the foregoing criteria for assignment or assumption are not satisfied, or if, after such assumption or assignment, there is a default in Tenant's obligations under this Lease.

#### SECTION XXI SUBORDINATION

1. This Lease is subject and subordinate to the lien of any and all mortgages (which term "mortgages" shall include deeds of trust and similar security instruments and ground leases) which may now or hereafter encumber the Building. In confirmation of the foregoing subordination, Tenant shall, at Landlord's request, promptly execute any requisite or appropriate certificate or other document. Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such certificate or other document for or on behalf of Tenant.

2. Tenant agrees that in the event any proceeding is brought for the foreclosure of any mortgage encumbering the Building and this Lease is not extinguished upon or following such foreclosure by the purchaser at such foreclosure sale, then Tenant shall attorn to the purchaser at such foreclosure sale, if requested to do so by such purchaser, and shall recognize such purchaser as the landlord under this Lease, and Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder. Tenant agrees that upon such attornment, such purchaser shall not be (a) bound by any payment of base rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease to the extent such prepayments have been delivered to such purchaser, (b) bound by any amendment of this Lease made without the consent of the mortgagee whose mortgage was enforced at such sale, (c) liable for damages for any act or omission of any prior landlord, or (d) subject to any offsets or defenses which Tenant might have against any prior landlord; provided, however, that after succeeding to Landlord's interest under this Lease, such



a material manner Tenant's use of the Premises as herein permitted; and (iii) do not increase the rent and other sums to be paid by Tenant hereunder, Landlord may submit to Tenant a written amendment to this Lease incorporating such required changes, and Tenant hereby covenants and agrees to execute, acknowledge and deliver such amendment to Landlord within five (5) days of Tenant's receipt thereof.

SECTION XXII  
HOLDING OVER

1. In the event that Tenant shall not immediately surrender the Premises on the date of the expiration of the Lease Term, Tenant shall pay Landlord on the first (1st) day of each month after such expiration until the Premises have been vacated by Tenant twice the base rent and additional rent that would have been payable pursuant to the terms of this Lease if the Lease Term had continued during such holdover period. Landlord's acceptance of such amounts from Tenant shall not in any manner impair or adversely affect Landlord's other rights and remedies hereunder, including, but not limited to, (i) its right to evict Tenant from the Premises, and (ii) Landlord's right to recover damages pursuant to this Lease and such other damages as are available to Landlord at law or in equity.

SECTION XXIII  
COVENANTS OF LANDLORD

1. Landlord covenants that it has the right to make this Lease for the term aforesaid, and that if Tenant shall pay all rent when due and punctually perform all the covenants, terms, conditions and agreements of this Lease to be performed by Tenant, Tenant shall, during the term hereby created, freely, peaceably and quietly occupy and enjoy the full possession of the Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord, subject, however, to the provisions of this Lease. Tenant acknowledges and agrees that its leasehold estate in and to the Premises vests on the date this Lease is executed, notwithstanding that the term of this Lease may not commence until a future date.

2. Landlord hereby reserves to itself and its successors and assigns the following rights (all of which are hereby consented to by Tenant): (i) to change the street address and/or name of the Building and/or the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators (if any), stairs, toilets, or other public parts of the Building; (ii) to erect, use and maintain pipes and conduits in and through the Premises; (iii) to grant to anyone the exclusive right to conduct any particular business or undertaking in the Building; (iv) the exclusive right to use and/or lease the roof areas, and the sidewalks and other exterior areas; (v) the right to resubdivide any land on which the Building is located; and (vi) the right to relocate any parking areas designated for Tenant's use. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction, actual or constructive, or a disturbance or interruption of the business of Tenant or of Tenant's use or occupancy of the Premises.

2. Nothing contained in this Lease shall be construed as creating a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of landlord and tenant.

3. Landlord and Tenant each represent and warrant to the other that neither of them has employed or dealt with any broker, agent or finder, other than John I. Elias Realty and Eastover Realty Corporation, in carrying on the negotiations relating to this Lease. Tenant shall pay the brokerage commission due to John I. Elias Realty, and Landlord shall pay the brokerage commission due to Eastover Realty Corporation. Tenant agrees to indemnify and hold Landlord harmless from and against any claim or claims for brokerage or other commissions asserted by any broker, agent or finder engaged by Tenant or with whom Tenant has dealt, other than Eastover Realty Corporation. Landlord agrees to indemnify and hold Tenant harmless from or against any claim or claims for brokerage or other commissions asserted by Eastover Realty Corporation.

4. Within twenty (20) days of Landlord's request, Tenant agrees, at any time and from time to time, to execute, acknowledge before a Notary Public, and deliver to Landlord and/or the holder of each mortgage encumbering the Building a statement in writing (i) 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); (ii) stating the dates to which the rent and any other charges hereunder have been paid by Tenant; (iii) 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 the nature of such default; (iv) stating the address to which notices to Tenant are to be sent; (v) stating that this Lease is subject and subordinate to all mortgages encumbering the Building; (vi) stating that Tenant has accepted the Premises and that all work thereto has been completed by Landlord; and (vii) containing such other certifications as Landlord may reasonably request. Any such statement delivered by Tenant may be relied upon by any owner of the Building, any prospective purchaser of the Building or the Land, any mortgagee or prospective mortgagee of the Building or the Land or of Landlord's interest therein, or any prospective assignee of any such mortgagee. Tenant acknowledges that time is of the essence to the delivery of such statements by Tenant to Landlord and/or the holder of each mortgage encumbering the Building, and that Tenant's failure or refusal to do so may result in substantial damages to Landlord resulting from, for example, delays suffered by Landlord in obtaining financing or refinancing secured by the Building. Tenant shall be liable for all such damages suffered by Landlord.

5. Landlord and Tenant each hereby waives trial by jury in any action, proceeding or counterclaim brought by either of them against the other in connection with any matter arising out of or in any way connected with this Lease, the relationship of landlord and tenant hereunder, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage. Landlord and Tenant each hereby waives any objection to the venue of any action filed by either party in any court situated in Fairfax County, Virginia, and each party further waives any right, claim or power, under the doctrine of forum non conveniens or

22182, Attn: Robert L. Bassett, with a copy to Cheeseman Smedley Yurow & McDonald, 1501 Farm Credit Drive, Suite 3600, McLean, Virginia 22102, Attn: M. Jay Yurow, Esq., (ii) if to Tenant, c/o Jennifer Convertibles, Inc., 245 Roger Avenue, Inwood, New York 11696, with a copy to Law Offices of Bernard Wincig, Attention: Bernard Wincig, Esq., 574 Fifth Avenue, New York, New York 10036. All notices or other communications shall be deemed effectively given when delivered to addressee or when delivery is refused by addressee. Either party may change its address for the giving of notices by notice given in accordance with this Section.

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

8. The provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns, subject to the provisions hereof restricting assignment or subletting by Tenant.

9. This Lease contains and embodies the entire agreement of the parties hereto and supersedes all prior agreements, negotiations and discussions between the parties hereto. Any representation, inducement or agreement that is not contained in this Lease shall not be of any force or effect. This Lease may not be modified or changed in whole or in part in any manner other than by an instrument in writing duly signed by both parties hereto.

10. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

11. Section headings are used herein for the convenience of reference only and shall not be considered when construing or interpreting the provisions of this Lease.

12. This document shall become effective and binding only upon the execution and delivery of this Lease by both Landlord and Tenant.

13. Time is of the essence with respect to each provision of this Lease.

14. This Lease is being executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

15. This Lease shall not be recorded by Tenant except with the prior written approval of Landlord.

16. Unless otherwise provided herein, any additional rent owed by Tenant to Landlord, and any cost, expense, damage or liability incurred by Landlord for which Tenant is liable, shall be paid by Tenant to Landlord no later than thirty (30) days after the date Landlord notifies Tenant of the amount of such additional rent or such cost, expense, damage or liability.

materials, or any other cause beyond Landlord's or Tenant's reasonable control, then the time for performance of the affected obligation(s) by Landlord or Tenant shall be excused for the period of the delay and extended for a period equivalent to the period of such delay, interruption or prevention. In no event, however, shall the foregoing excuse either Landlord or Tenant from timely making any payment due hereunder.

19. Tenant agrees to submit annual financial statements to Landlord for Landlord's review within ninety (90) days after each fiscal year of Tenant. Such statements shall be certified as correct by an independent certified public accountant.

20. Landlord covenants and agrees that it shall timely and fully pay the real estate taxes and assessments levied against the Building, including the Premises and all improvements therein. If Landlord shall obtain any abatement, refund or rebate in real estate taxes, Landlord shall promptly refund or credit to Tenant its share of such abatement, refund or rebate, less Tenant's share of the reasonable cost and reasonable expense of obtaining such abatement, refund or rebate.

21. For purposes of this Lease, the negligence, affirmative act or violation of the provisions of this Lease by an employee or agent of Landlord or Tenant, or by a contractor, employed by landlord or Tenant, shall be the negligence, affirmative act or violation of the provisions of this Lease of Landlord or Tenant, as the case may be.

22. Landlord shall have ten (10) days from receipt of Tenant's executed copies of the Lease in which to execute and return this Lease to Tenant or this Lease shall be considered null and void, and Landlord shall return any and all monies advanced by Tenant to Landlord in connection with this Lease.

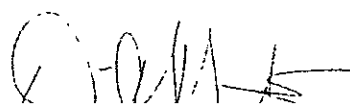
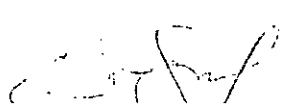
23. Provided Tenant is not in default under this Lease, Landlord shall provide Tenant with a reimbursement allowance equal to the sum of \$50,420.30 for the purpose of reimbursing Tenant for the cost of making improvements to the Premises. One-half of such allowance (\$25,210.15) shall be paid by Landlord to Tenant on the Lease Commencement Date, provided that Landlord has received invoices and paid receipts in an amount equal to at least \$25,210.15 itemizing the improvements constructed in the Premises at Tenant's expense. The balance of the allowance (\$25,210.15) shall be paid by Landlord to Tenant on the first day of the thirty-seventh (37th) month of the Lease Term, provided that Landlord has received invoices and paid receipts in an amount equal to at least \$25,210.15 itemizing the improvements constructed in the Premises at Tenant's expense.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on or as of the day and year first above written.

ATTEST/WITNESS:

LANDLORD:

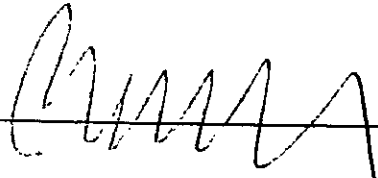
EGP VIRGINIA, INC.



ATTEST/WITNESS:

TENANT:

JENNIFER LEATHER -- VIENNA  
VA, INC., a Virginia  
corporation

  
\_\_\_\_\_

(198MJY.94)

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

Name: EDWARD B. SEIDNER

Title: Vice President

EXHIBIT A

PLAN SHOWING PREMISES

EXHIBIT A

01-12-1995 05:03PM FROM THE M GROUP ARCHITECTS

TO

4427854 P.02

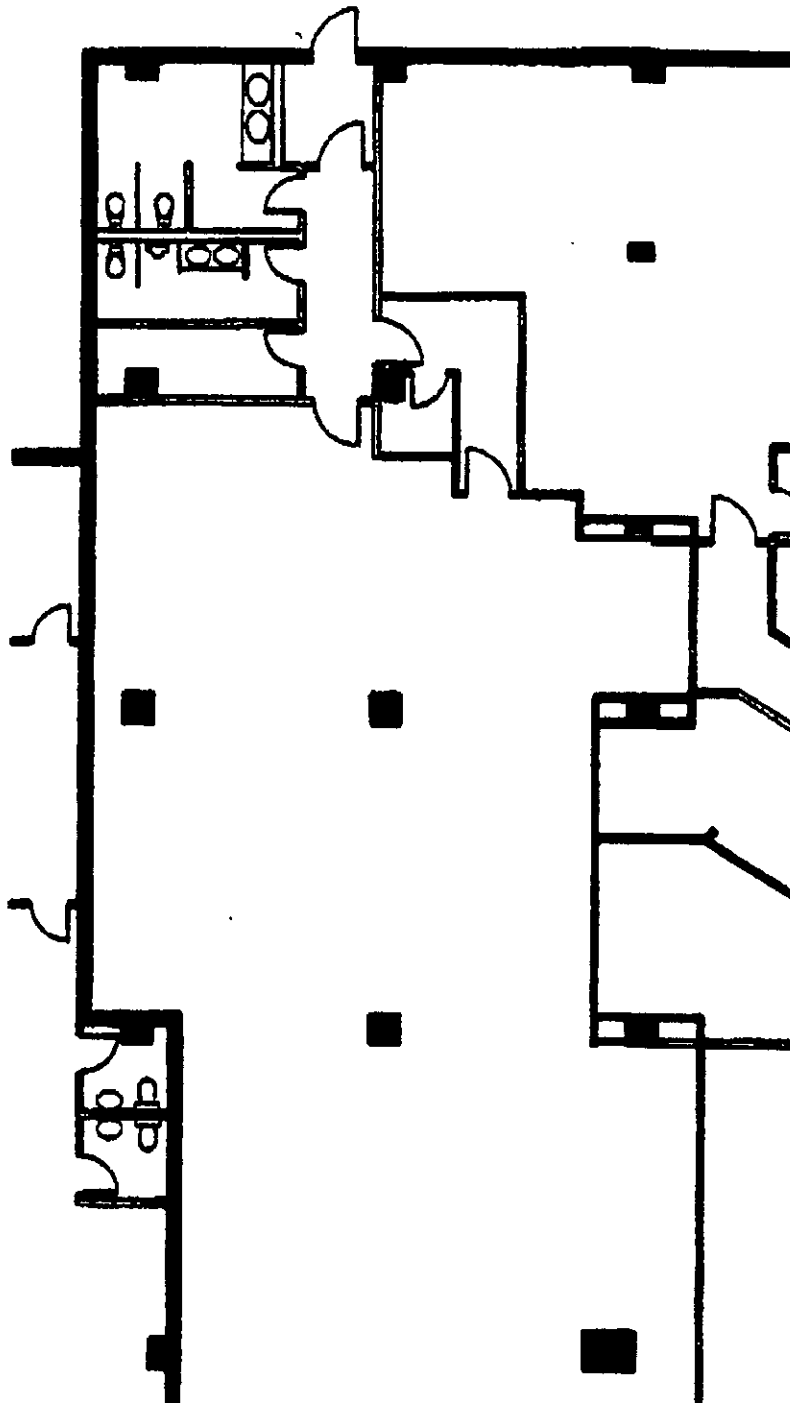


EXHIBIT B

CERTIFICATE OF LEASE TERM

This Exhibit B is attached to and made a part of that certain Lease Agreement dated as of the 31<sup>st</sup> day of January, 1995 (the "Lease"), by and between EGP VIRGINIA, INC. ("Landlord") and JENNIFER LEATHER -- VIENNA VA, INC. ("Tenant"). The terms used in this Exhibit B that are defined in the Lease shall have the same meanings as provided in the Lease. The Certificate to be executed by Landlord and Tenant pursuant to Section II.3 of the Lease shall provide as follows:

"This Certificate is being provided pursuant to the terms and provisions of the Lease. The parties to the Lease desire to confirm that the following terms which are defined in the Lease shall have the meanings set forth below for all purposes in the Lease:

1. The Lease Commencement Date is February 1, 1995.
2. The date on which Tenant shall be obligated to commence paying rent is May 1, 1995. *April*
3. The initial term of the Lease shall expire on January 31, ~~2005~~ *2005*

Attached to this Certificate is evidence of payment of premiums for all insurance required pursuant to Section XIII.2 of the Lease."

EGP VIRGINIA, INC.

By: *[Signature]*

Name: *Robert Bassett*

Title: *Regional Director*

JENNIFER LEATHER -- VIENNA VA, INC.

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

Name: Harley Greenfield

Title: President



EXHIBIT C

ALTERATIONS TO BE PERFORMED BY LANDLORD

- Remove demising wall which currently divides the Premises.
- Provide new front entrance to the Premises in a location mutually acceptable to Landlord and Tenant.
- Provide building standard exterior signage displaying Tenant's trade name.

## EXHIBIT D

### RULES AND REGULATIONS

This Exhibit D is attached to and made a part of that certain Lease Agreement dated as of the 31<sup>st</sup> day of January, 1995 (the "Lease"), by and between EGP VIRGINIA, INC. ("Landlord"), and JENNIFER LEATHER -- VIENNA VA, INC. ("Tenant"). Unless the context otherwise requires, the terms used in this Exhibit that are defined in the Lease shall have the same meanings as provided in the Lease.

The following rules and regulations have been formulated for the safety and well-being of all tenants of the Building ("tenants"). Strict adherence to these rules and regulations is necessary to guarantee that every tenant will enjoy a safe and undisturbed occupancy of its premises in the Building. Any continuing violation of these rules and regulations by Tenant shall constitute a default by Tenant under the Lease.

Landlord may, upon request of any tenant, waive the compliance by such tenant of any of the rules and regulations, provided that (i) no waiver shall be effective unless signed by Landlord or Landlord's authorized agent, (ii) any such waiver shall not relieve such tenant from the obligation to comply with such rule or regulation in the future unless otherwise agreed to by Landlord, (iii) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with these rules and regulations, and (iv) any such waiver by Landlord shall not relieve Tenant from any liability to Landlord for any loss or damage occasioned as a result of Tenant's failure to comply with any rule or regulation.

1. The sidewalks, entrances, passages, courts, elevators (if any), vestibules, stairways, corridors, halls and other parts of the Building not exclusively occupied by any tenant shall not be obstructed or encumbered by any tenant or used for any purpose other than ingress and egress to and from each tenant's premises. Landlord shall have the right to control and operate the public portions of the Building and the facilities furnished for common use of the tenants, in such manner as Landlord deems best for the benefit of the tenants generally. No tenant shall permit the visit to its premises of persons in such numbers or under such conditions as to interfere with the use and enjoyment of the entrances, corridors, elevators (if any) and other public portions or facilities of the Building by other tenants.

2. No awnings, signs, placards or other projections shall be attached to the outside walls of the Building without the prior written consent of Landlord. No drapes, blinds, shades or screens shall be attached to, hung in, or used in connection with any window or door of any tenant's premises, without the prior written consent of Landlord. All awnings, signs, placards, projections, window coverings and other fixtures must be of a quality, type, design and color, and attached in a manner, approved by Landlord.

3. No showcases or other articles shall be placed or allowed to remain in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules without the prior written consent of Landlord.

5. There shall be no marking, painting, drilling into or defacement of the Building or any part of any tenant's premises that is visible from any area of the Building outside such premises. Tenants shall not construct, maintain, use or operate within their respective premises any electrical device, wiring or apparatus in connection with a loud speaker system or other sound system, except as reasonably required as part of a communication system approved in writing by Landlord prior to the installation thereof. No such loud speaker or sound system shall be constructed, maintained, used or operated outside of any tenant's premises.

6. No bicycles, animals, birds or pets of any kind shall be brought into the Building or any tenant's premises. No cooking shall be done or permitted by any tenant on its premises. No tenant shall cause or permit any unusual or objectionable odors to be produced upon or emanate from its premises.

7. No space in the Building which is not leased by Landlord to a merchant specifically for retail purposes shall be used for the sale of goods in the ordinary course of business, or for the sale at auction of merchandise, goods or property of any kind. Furthermore, the use of its premises by any tenant shall not be changed without the prior written approval of Landlord. "Sale of goods in the ordinary course of business" means the sale of goods to the public at large.

8. No tenant shall make any unseemly or disturbing noises or disturb or interfere with occupants of the Building or neighboring buildings or premises or those having business with them. No tenant shall throw anything out of the doors or windows or down the corridors or stairs of the Building.

9. No flammable, combustible or explosive fluid, or chemical substance shall be brought into or kept in or upon the Building.

10. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in any existing locks or the locking mechanism therein, without Landlord's prior written approval. The doors leading to the corridors or main halls shall be kept closed during business hours except as they may be used for ingress or egress. Each tenant shall, upon the termination of its tenancy, restore to the Landlord all keys of stores, offices, storage and toilet rooms either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such tenant shall pay to Landlord the replacement cost thereof. Tenant's key system shall be separate from that for the rest of the Building.

11. Landlord reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which violates any of these rules and regulations or the Lease.

12. No tenant shall employ any of Landlord's employees for any purpose whatsoever without Landlord's prior written consent.

13. Each tenant shall be responsible for all persons for whom it authorizes entry into the Building and shall be liable to Landlord for all acts or omissions of such persons.

distribute or display any handbills or other advertising matters or devices in such common or public areas, (c) use any equipment, machinery or advertising medium which may be heard outside the Premises, or (d) display any signs or other advertising matters or devices on the windows of the Premises or the Building without the prior consent of Landlord.

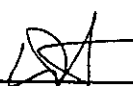
17. There shall not be used in any space, or in the public halls of the Building, either by any tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards. Tenant shall be responsible to Landlord for any loss or damage resulting from any deliveries made by or for Tenant to the Building.

18. Mats, trash or other objects shall not be placed in the public corridors or other common areas of the Building.

19. Tenants shall direct all contractors, repairmen and installation technicians who are to perform work of any nature in the Building to Landlord prior to the commencement of such work. Landlord shall have the right to approve all such workmen prior to commencement of such work.

20. Tenant shall keep all displays in the Premises well lighted during the normal hours of operation of the Building and such other hours as are, or may be, specified by Landlord.

Initials of:

  
\_\_\_\_\_  
Landlord: EGP VIRGINIA, INC.

\_\_\_\_\_  
Tenant: JENNIFER LEATHER -- VIENNA VA, INC.

(198mjy.94)

GUARANTY OF LEASE

ORIGINAL

Number 2 of

2 executed  
counterparts.

THIS GUARANTY is made as of January 14, 1995, by JENNIFER  
CONVERTIBLES, INC. ("Guarantor") having an address at \_\_\_\_\_  
\_\_\_\_\_ to EGP VIRGINIA, INC. ("Landlord"), having  
an address at 8150 Leesburg Pike, Vienna, Virginia 22182.

WHEREAS, Landlord has leased to Jennifer Leather -- Vienna VA, Inc., a Virginia  
corporation ("Tenant") certain space (the "Premises") located in the building at 8150 Leesburg  
Pike, Vienna, Virginia, pursuant to that certain lease by and between Landlord and Tenant  
dated as of \_\_\_\_\_, 199   (the "Lease");

WHEREAS, Guarantor is materially benefitted by the Lease, and Guarantor's  
executing this Guaranty is a material inducement to Landlord to enter into the Lease.

NOW, THEREFORE, Guarantor agrees with Landlord as follows:

1. Guarantor unconditionally and irrevocably guarantees that all sums stated in  
the Lease to be payable by Tenant shall be promptly paid in full when due in accordance with  
the Lease and that Tenant shall perform and observe its covenants thereunder. If any such  
sum or covenant is not timely paid, performed or observed, then Guarantor shall, promptly  
after notice thereof and after the expiration of any applicable grace period specified in the  
Lease, pay the same regardless of (a) any defense or right of offset or counterclaim which  
Tenant or Guarantor may have or assert against Landlord, (b) whether Landlord shall have  
taken any steps to enforce any rights against Tenant or any other person, (c) termination of  
the Lease as a result of Tenant's default, or (d) any other condition or contingency.  
Guarantor shall also pay all expenses of collecting such sum or any part thereof or of  
otherwise enforcing this Guaranty, including reasonable attorneys' fees. This Guaranty is  
irrevocable, unconditional and absolute.

The foregoing provisions of this paragraph notwithstanding, Guarantor's liability to  
Landlord on account of this Guaranty shall be limited (on the Lease Commencement Date) to  
payment of the sum (the "Guaranteed Amount") of (i) Two Hundred One Thousand Three  
Hundred Eighty Five and 06/100's Dollars (\$201,385.06), plus (ii) the base rent and the  
Tenant's proportionate share of electric, water and sewer charges due under the Lease for a  
period of six (6) months. The portion of the Guaranteed Amount reflected in clause (i) of the  
preceding sentence shall be reduced by the sum of \$11,188.06 per month during each of the  
eighteen (18) months beginning with the fourth (4th) month and ending with the twenty-first  
(21st) month of the Lease Term. At the conclusion of the twenty-first (21st) month of the  
Lease Term, Guarantor's liability to Landlord hereunder shall then be limited to the sum of  
the base rent plus Tenant's proportionate share of electric, water and sewer charges payable by  
Tenant for a period of six (6) months. Guarantor agrees that in no event shall the  
Guaranteed Amount outstanding at the conclusion of the twenty-first (21st) month of the

Lease Term be less than Sixty Seven Thousand Three Hundred Thirty Three and 49/100's (\$67,333.49).

2. Guarantor's obligations and covenants under this Guaranty shall in no way be affected or impaired by reason of the happening from time to time of any of the following, whether or not Guarantor has been notified thereof or consented thereto: (a) Landlord's waiver of the performance or observance by Tenant, Guarantor or any other party of any covenant or condition contained in the Lease or this Guaranty; (b) any extension, in whole or in part, of the time for payment by Tenant or Guarantor of any sums owing or payable under the Lease or this Guaranty; (c) any assignment of the Lease or subletting of the Premises or any part thereof; (d) any modification or amendment (whether material or otherwise) of any of the obligations of Tenant or Guarantor under the Lease or this Guaranty; (e) Landlord's failure or delay to exercise any right or remedy available to Landlord or any action on the part of Landlord granting indulgence or extension in any form whatsoever; (f) the voluntary or involuntary liquidation, dissolution, sale of any or all of the assets, marshaling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Tenant or Guarantor or any of Tenant's or Guarantor's assets; or (g) the release of Tenant or Guarantor from the performance or observation of any covenant or condition contained in the Lease or this Guaranty by operation of law.

3. To the extent not prohibited by law, Guarantor hereby expressly waives (a) any right Guarantor may now or hereafter have to any hearing prior to the attachment of any real or personal property to satisfy Guarantor's obligations, and (b) the benefits of any present or future constitution, statute or rule of law which exempts property from liability for debt. Guarantor expressly waives the provisions of Sections 49-25 and 49-26 of the Code of Virginia. Guarantor expressly waives any right guarantor may now or hereafter have against Tenant (and/or any other guarantor of Tenant's obligations the Lease) with respect to this Guaranty (including, without limitation, any right or subrogation, reimbursement, exoneration, contribution, indemnification or similar right, and any right to participate in any claim, right or remedy of Landlord against Tenant or any security which Landlord now or hereafter has with respect to the Lease), whether such right arises under an express or implied contract, by operation of law, or otherwise. Guarantor shall be deemed not to be a "creditor" (as defined in Section 101 of the Bankruptcy Code) of Tenant by reason of the existence of this Guaranty in the event that Tenant becomes a debtor in any proceeding under the Bankruptcy Code.

4. Notice of acceptance of this Guaranty and notice of any obligations or liabilities contracted or incurred by Tenant are hereby waived by Guarantor. Guarantor hereby waives presentment, notice of dishonor, protest and notice of non-payment or non-performance.

5. This Guaranty (a) shall be governed by the laws of the jurisdiction in which the Premises are located, (b) may not be modified or amended except by a written agreement duly

executed by the parties, and (c) shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and assigns.

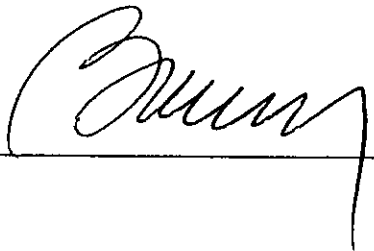
6. Subject to the limitations described in paragraph 1. above, Guarantor's liability shall be primary and joint and several with that of Tenant. Landlord may proceed against Tenant and Guarantor separately or concurrently.

7. Within five (5) days after Landlord's written request, Guarantor shall execute and deliver to Landlord a written statement certifying any matter concerning this Guaranty or the Lease as Landlord may request.

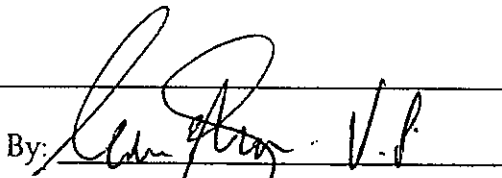
8. Any notice which Landlord may elect to send shall be binding upon Guarantor if mailed to Guarantor's address set forth above or last address known to Landlord, by United States certified or registered mail, return receipt requested.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed as of the date first above written.

WITNESS:



GUARANTOR:  
JENNIFER CONVERTIBLES, INC.

By: 

Print Name: EDWARD B. SEIDNER  
Vice President

Date: Jan 24 1995

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