

**PLATZER, SWERGOLD, KARLIN, LEVINE,  
GOLDBERG & JASLOW, LLP**

*Attorneys for the Landlords*

1065 Avenue of the Americas, 18th Floor

New York, New York 10018

Telephone: (212) 593-3000

Facsimile: (212) 593-0353

Henry G. Swergold, Esq.

Teresa Sadutto-Carley, Esq.

**HEARING DATE: NOVEMBER 9, 2010**

**TIME: 10:00 A.M.**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC. *et al.*,<sup>1</sup>

Debtor.

)  
)  
)  
)  
)  
)  
)  
)  
)  
)

Chapter 11

Case No.: 10-13779 (ALG)

**MOTION OF JEROME H. MEYER & CO., AGENT FOR HALSTED-CLYBOURN  
LIMITED PARTNERSHIP, ZIFKIN REALTY MANAGEMENT, LLC, AS  
SUCCESSOR AGENT FOR THE BENEFICIARIES OF CHICAGO TITLE LAND  
TRUST COMPANY, TRUST NUMBER 102676-09, AND JEROME H. MEYER & CO.,  
AGENT FOR HALSTED DIVERSEY LLC FOR AN ORDER COMPELLING  
PAYMENT OF POST-PETITION RENT PURSUANT TO SECTION 365(d)(3)**

**TO: THE HONORABLE ALLAN L. GROPPER,  
UNITED STATES BANKRUPTCY JUDGE:**

Jerome H. Meyer & Co., Agent for Halsted-Clybourn Limited Partnership, Zifkin Realty Management, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, and Jerome H. Meyer & Co., Agent for Halsted Diversey LLC (collectively, the “Landlords”), by their attorneys, Platzer, Swergold, Karlin, Levine, Goldberg & Jaslow, LLP (“Platzer”) as and for their motion (the “Motion”) for an order requiring Jennifer Convertibles, Inc. *et al.* (collectively, the “Debtors”) to immediately pay post-petition rent and other charges pursuant to 11 U.S.C. §365(d)(3), respectfully represent as follows:

<sup>1</sup> The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; (xii) Washington Heights Convertibles, Inc.

## **I. CASE BACKGROUND**

1. On July 18, 2010 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) and continue to operate and manage their businesses and property as debtors-in-possession under §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

### **A. 814-861 WEST NORTH AVENUE, CHICAGO, ILLINOIS**

2. On the Petition Date, the Debtor, Jennifer Convertibles, Inc. and Landlord, Jerome H. Meyer & Co., Agent for Halsted-Clybourn Limited Partnership (“Jerome H. Meyer & Co., Agent for Halsted-Clybourn”), were parties to a lease dated July 9, 1991, as amended, for the premises commonly known as 814-861 West North Avenue, Chicago, Illinois (the “West North Avenue Lease”).

3. Section 4.1 to the West North Avenue Lease provides in pertinent part that:

“SECTION 4.1 Rent. Tenant agrees to pay rent, in lawful money of the United States in advance and without demand, deduction or setoff, to the Landlord, at the Landlord’s address or to such other person or at such other place as Landlord may direct by notice in writing to Tenant from time to time, at the following rates and times:

(a) on the first day of each calendar month .....”

*See* Exhibit “A”, Section 4.1 to the West North Avenue Lease.

4. On November 22, 1995, the West North Avenue Lease was amended to amend the annual base rent, among other provisions. *See* Exhibit “B”.

5. On September 1, 2000, the West North Avenue Lease was assigned from J.C. Lincoln Park, Inc. to the Debtor, Jennifer Convertibles, Inc. *See* Exhibit “C”.

6. On March 9, 2006, the West North Avenue Lease was further amended to amend the term of the Lease, the annual base rent and the percentage base rent, among other provisions. *See* Exhibit “D”.



7. Pre-petition, the Debtors failed to timely pay July 2010 rent according to the terms of the West North Avenue Lease, as amended.

8. Following the Chapter 11 filings and despite due demand by landlord Jerome H. Meyer & Co., Agent for Halsted-Clybourn, the Debtors have failed and refused to pay any rent for the post-petition period from July 19, 2010 to July 31, 2010 (the “West North Avenue Stub Rent”). The West North Avenue Stub Rent for this period of time totals \$6,152.00. The components of the West North Avenue Stub Rent are set forth in greater detail on Exhibit “E” hereto.

9. Jerome H. Meyer & Co., Agent for Halsted-Clybourn has made several attempts to obtain the payment of the West North Avenue Stub Rent for this period and the Debtors have failed to remit payment of same.

**B. 695 EAST GOLF ROAD, SCHAUMBURG, ILLINOIS**

10. On the Petition Date, the Debtor, Jennifer Convertibles, Inc. and Landlord, Zifkin Realty Management, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09 (“Zifkin Realty”), were parties to a lease dated February 18, 1992, as amended, for the premises commonly known as 695 East Golf Road, Schaumburg, Illinois (the “East Golf Road Lease”).

11. Section 4.1 of the East Golf Road Lease provides in pertinent part that:

“SECTION 4.1 Rent. Tenant agrees to pay rent, in lawful money of the United States in advance and without demand, deduction or setoff, to the Landlord, at the Landlord’s address or to such other person or at such other place as Landlord may direct by notice in writing to Tenant from time to time, at the following rates and times:

(a) on the first day of each calendar month .....”

*See* Exhibit “F”, Section 4.1 to the East Golf Road Lease.

12. On November 22, 1995, the East Golf Road Lease was amended to amend the annual base rent, percentage rent rate, among other provisions. *See* Exhibit “G”.

13. On September 1, 2000, the East Golf Road Lease was assigned from J.C. Schaumburg, Inc. to the Debtor, Jennifer Convertibles, Inc. *See* Exhibit “H”.

14. On June 17, 2009, the East Golf Road Lease was further amended to relocate the Tenant, reduce the square footage, among other provisions. *See* Exhibit “I”.

15. On January 25, 2010, the East Golf Road Lease was amended further to amend the early termination provision of the Lease. *See* Exhibit “J”.

16. Pre-petition, the Debtors failed to timely pay July 2010 rent according to the terms of the East Golf Road Lease, as amended.

17. Following the Chapter 11 filings and despite due demand by the Zifkin Realty, the Debtors have failed and refused to pay any rent for the post-petition period from July 19, 2010 to July 31, 2010 (the “East Golf Road Stub Rent”). The East Golf Road Stub Rent for this period of time totals \$4,447.79. The components of the East Golf Road Stub Rent are set forth in greater detail on Exhibit “K” hereto.

18. Zifkin Realty has made several attempts to obtain the payment of the East Golf Road Stub Rent for this period and the Debtors have failed to remit payment of same.

C. **730 WEST DIVERSEY PARKWAY, CHICAGO, ILLINOIS**

19. On the Petition Date, the Debtor, Jennifer Convertibles, Inc. and Landlord, Jerome H. Meyer & Co., Agent for Halsted Diversey LLC (“Jerome H. Meyer & Co., Agent for Halsted Diversey”), were parties to a lease dated July 9, 1991, as amended, for the premises commonly known as 730 West Diversey Parkway, Chicago, Illinois (the “West Diversey Parkway Lease”).

20. Section 4.1 of the West Diversey Parkway Lease provides in pertinent part that:

“SECTION 4.1 Rent. Tenant agrees to pay rent, in lawful money of the United States in advance and without demand, deduction or setoff, to the Landlord, at the Landlord’s address or to such other person or at such other place as Landlord may direct by notice in writing to Tenant from time to time, at the following rates and times:

(a) on the first day of each calendar month .....”

*See* Exhibit “L”, Section 4.1 to the West Diversey Parkway Lease.

21. On November 22, 1995, the West Diversey Parkway Lease was amended to amend the annual base rent and percentage rent rate, among other provisions. *See* Exhibit “M”.

22. On September 1, 2000, the West Diversey Parkway Lease was assigned from J.C. Diversey, Inc. to the Debtor, Jennifer Convertibles, Inc. *See* Exhibit “N”.

23. On May 12, 2006, the West Diversey Parkway Lease was further amended to amend the term of the Lease, the annual base rent and the percentage base rent, among other provisions. *See* Exhibit “O”.

24. Pre-petition, the Debtors failed to timely pay July 2010 rent according to the terms of the West Diversey Parkway Lease, as amended.

25. Following the Chapter 11 filings and despite due demand by landlord Jerome H. Meyer & Co., Agent for Halsted Diversey, the Debtors have failed and refused to pay any rent for the post-petition period from July 19, 2010 to July 31, 2010 (the “West Diversey Parkway Stub Rent”). The West Diversey Parkway Stub Rent for this period of time totals \$4,993.52. The components of the West Diversey Parkway Stub Rent are set forth in greater detail on Exhibit “P” hereto.

26. Jerome H. Meyer & Co., Agent for Halsted Diversey, has made several attempts to obtain the payment of the West Diversey Parkway Stub Rent for this period and the Debtors have failed to remit payment of same.

## **II. JURISDICTION**

27. This Court has jurisdiction to grant the Landlords the relief pursuant to 28 U.S.C. §§ 157(b)(2)(A) and (D) and 1334. The statutory predicate for the relief sought herein is 11 U.S.C. § 365(d)(3).

## **III. LEGAL ARGUMENT**

28. In 1984, Section 365 of the Bankruptcy Code was amended to impose an obligation on the debtor-in-possession to pay its post-petition rent during the pendency of Chapter 11 proceedings. Section 365(d)(3) provides in relevant part that the debtor-in-possession “shall timely perform all the

obligations of the debtor ... arising from and after the order for relief under any expired lease of nonresidential real property, until such lease is assumed or rejected ...” 11 U.S.C. § 365(d)(3)<sup>2</sup>

29. The clear policy purpose driving the Section 365(d)(3) amendment was to alleviate the financial burden on commercial landlords created by the automatic stay after a Chapter 11 filing. *See In re Stone Barn Manhattan LLC*, 398 B.R. 359, 361 (Bankr. S.D.N.Y. 2008).

30. Section 503(b)(1) similarly requires that post-petition rent under a lease for real property must be paid as an administrative expense. 11 U.S.C. § 503(b)(1)(A). Prior to the 1984 amendment to Section 365, landlords would have to argue that rent expenses fell into the narrow realm of administrative expenses under Section 503(b)(1), and would thus have to show that the use of the property was an actual and necessary cost of preserving the debtor’s business. *In re Stone Barn Manhattan LLC*, 398 B.R. at 361-62; 11 U.S.C. § 503(b)(1). Additionally, under Section 503(b)(1), the obligation to pay rent was not immediate and could result in delayed payment while Landlords continued to provide their property and services. *In re Ames Dept. Stores, Inc.*, 306 B.R. 43, \*68 (Bankr. S.D.N.Y. 2004).

31. Several appellate courts have addressed the construction of § 365(d)(3) and the proration of lease obligations. *In re Handy Andy Home Improvement Centers, Inc.*, 144 F.3d 1125 (7<sup>th</sup> Cir. 1998); *Koenig Sporting Goods, Inc. v. Morse Road Co. (In re Koenig Sporting Goods, Inc.)*, 203 F. 3d 986 (6<sup>th</sup> Cir. 2000); *In re Montgomery Ward Holding Corp.*, 268 F. 3d 205 (3d Cir. 2001); *HALO Industries v. Center Point Properties Trust*, 342 F.3d 794 (7<sup>th</sup> Cir. 2003).

32. *In re Stone Barn Manhattan LLC*, 398 B.R. at 365, this Court also addressed the application of Section 365(d)(3) and the proration of lease obligations. This Court in *In re Stone Barn Manhattan LLC* held the debtors responsible for stub rent “measured on a daily basis as it accrued after the date of the orders for relief ... until the end of that month.” *Id.* at 365. This Court also found that the

---

<sup>2</sup> Section 365(d)(3) provides: “The trustee shall timely perform all the obligations of the debtor, except those specified in section 365(b)(2), arising from and after the order for relief under any unexpired lease of nonresidential real property, until such lease is assumed or rejected, notwithstanding section 503(b)(1) of this title. The court may extend, for cause, the time for performance of any such obligation that arises within 60 days after the date of the order for relief but the time for performance shall not be extended beyond such 60-day period. This subsection shall not be deemed to affect the trustee’s obligations under the provisions of subsection (b) or (f) of this section. Acceptance of any such performance does not constitute waiver or relinquishment of the lessor’s rights under such lease or under this title.”

“plain purpose” of Section 365(d)(3) was to bypass the difficulties facing landlords who seek postpetition rent through § 503(b) and that proration is the appropriate approach to determine the amount due as administrative debt. *Id.* at 367.

33. Accordingly, the Landlords are entitled to immediate payment of post-petition rent for the stub period from July 19, 2010 to July 31, 2010, in the amount set forth on Exhibits “E”, “K” and “P”.

34. Additionally, pursuant to Section 12.11 of the West North Avenue Lease, the East Golf Road Lease and the West Diversey Parkway Lease, the Landlords are entitled to payment of the reasonable attorneys’ fees they have incurred (and will continue to incur) in connection with this Motion and related hearings and related legal services. *See, e.g., Travelers Cas. & Su. Co. of Am. V. Pacific Gas and El. Co.*, 127 S. Ct. 1199, 1203 (2007) (holding that a party is entitled to be reimbursed for its attorneys’ fees when there exists an “enforceable contract” allocating attorneys’ fees); *In re Beltway Medical, Inc.*, 358 B.R. 448, 453 (Bankr. S.D. Fla. 2006) (“Where the trustee or the debtor-in-possession fails to perform the primary obligation under the lease (i.e. to pay rent), and the landlord incurs legal fees seeking to obtain payment, it follows that the attorney’s fees, it authorized under the lease and linked to enforcement of the payment obligation, are entitled to the same administrative priority as the rent obligation”); *In re East 44<sup>th</sup> Realty, LLC*, No. 07 Civ. 8799, 2008 U.S. Dist. LEXIS 7337 (S.D.N.Y. 2008) (affirming bankruptcy court’s finding that a \$1.7 million settlement of attorneys’ fees to a landlord was reasonable); *In re Entertainment, Inc.*, 223 B.R. 141, 151-154 (Bankr. E.D. Ill. 1998) (interest and attorneys’ fees must be paid as provided for in the assumed lease); *In re Exchange Resources, Inc.*, 214 B.R. 366, 371 (Bankr. D. Minn. 1997) (legal fees incurred by landlord in collecting post-petition rent “give[s] rise to a priority administrative-expense claim allowable and payable now”); *In re MS Freight Distribution, Inc.*, 172 B.R. 976, 978-79 (Bankr. W.D. Wash. 1994) (“the legislative history of [section 365(d)(3)] and the language of the section itself mandate that a lessor be paid interest, late fees, and legal fees incurred in the first 60 days of the bankruptcy case”).

35. The Landlords made several attempts to resolve the outstanding post-petition rent issues without the necessity of incurring attorneys’ fees by the Landlords and the Bankruptcy estates. The

Debtors' attorneys completely ignored all requests made by the Landlords and the Landlords were left with no alternative but to retain counsel. The Landlords should not be penalized because Debtors' counsel failed to even respond to the Landlords and their counsel prior to the filing of this Motion. Accordingly, the Landlords should be reimbursed the attorneys' fees expended with respect to this Motion, related hearings and related legal services.

36. Based on the foregoing, the Landlords are entitled to the entry of an order directing the Debtors to pay the West North Avenue Stub Rent, the East Golf Road Stub Rent, the West Diversey Parkway Stub Rent, plus reasonable attorneys' fees associated with this Motion, related hearings and related legal services.

### **NOTICE**

37. The Landlords have provided a copy of the notice of the relevant hearing and objection dates regarding the Motion to: (a) the Debtors, by their counsel; (b) the Office of the United States Trustee; (c) the Official Committee of Unsecured Creditors, by its counsel; and (d) those parties that filed notices of appearance in these cases. Due to the voluminous nature of the Motion and exhibits, copies of the Motion with exhibits will be provided upon request to Platzer. The Landlords submit such notice is sufficient and appropriate herein<sup>3</sup>.

### **NO PREVIOUS REQUEST**

38. No previous application or other request for the relief sought herein has been made to this or any Court.

**[INTENTIONALLY LEFT BLANK]**

---

<sup>3</sup> Copies of the Motion with Exhibits have been given to (i) the Debtors, by their counsel; (ii) the Office of the United States Trustee; and (iii) the Official Committee of Unsecured Creditors, by its counsel.

**WHEREFORE**, the Landlords respectfully request that this Court enter an order, substantially in the form annexed hereto as Exhibit “Q”:

- (a) Compelling the Debtors to immediately pay to landlord Jerome H. Meyer & Co., Agent for Halsted-Clybourn Limited Partnership, the West North Avenue Stub Rent (\$6,152.00) due under the West North Avenue Lease;
- (b) Compelling the Debtors to immediately pay to landlord Zifkin Realty Management, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, the East Golf Road Stub Rent (\$4,447.79) due under the East Golf Road Lease;
- (c) Compelling the Debtors to immediately pay to landlord, Jerome H. Meyer & Co., Agent for Halsted Diversey, the West Diversey Parkway Stub Rent (\$4,993.52) due under the West Diversey Parkway Lease;
- (d) Directing immediate payment of reasonable attorneys’ fees incurred by the Landlords in connection with this Motion, related hearings and related legal services; and
- (e) Granting the Landlords such other and further relief as this Court deems just and proper.

Dated: New York, New York  
October 7, 2010

**PLATZER, SWERGOLD, KARLIN,  
LEVINE, GOLDBERG & JASLOW, LLP**  
*Attorneys for the Landlords*

By: /s/ Henry G. Swergold  
HENRY G. SWERGOLD, ESQ.  
A Member of the Firm  
1065 Avenue of the Americas  
18th Floor  
New York, New York 10018  
(212) 593-3000

ORIGINAL

Number 1 of

4 executed

counterparts.

STORE LEASE

TENANT: J. C. LINCOLN PARK, INC., an Illinois corporation

PREMISES: 814-816 West North Avenue, Chicago, Illinois 60614

DATE: July 9, 1991



## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| ARTICLE I. BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS                       | 1           |
| Section 1.1 Basic Lease Provisions and Definitions .                                | 1           |
| Section 1.2 Significance of Basic Lease Provisions and<br>Definitions . . . . .     | 4           |
| Section 1.3 Enumeration of Exhibits . . . . .                                       | 4           |
| ARTICLE II. PREMISES AND TERM . . . . .   | 4           |
| Section 2.1 Shopping Center . . . . .   | 4           |
| Section 2.2 Premises . . . . .  | 4           |
| Section 2.3 Term . . . . .  | 4           |
| Section 2.4 Statement as to Commencement Date . . . . .                             | 5           |
| Section 2.5 Reservation of Rights by Landlord . . . . .                             | 5           |
| Section 2.6 Measurement of Premises . . . . .                                       | 6           |
| ARTICLE III. DELIVERY OF PREMISES AND THE PERFORMANCE OF<br>TENANT'S WORK . . . . . | 6           |
| Section 3.1 Plans and Specifications for Tenant's<br>Work . . . . .                 | 6           |
| Section 3.2 Delivery of the Premises . . . . .                                      | 7           |
| Section 3.3 Failure to Deliver Possession . . . . .                                 | 7           |
| Section 3.4 Obligations of Tenant Before the Term<br>Begins . . . . .               | 8           |
| Section 3.5 Landlord's Contribution . . . . .                                       | 9           |
| ARTICLE IV. RENT . . . . .  | 9           |
| Section 4.1 Rent . . . . .  | 9           |
| Section 4.2 Operating Year . . . . .  | 10          |
| Section 4.3 Definition of Gross Sales . . . . .                                     | 11          |
| Section 4.4 Percentage Rent . . . . .   | 12          |
| Section 4.5 Maintenance of Records and Examination .                                | 12          |
| Section 4.6 Rent Abatement . . . . .  | 13          |
| ARTICLE V. COMMON AREAS AND OPERATING COSTS . . . . .                               | 14          |
| Section 5.1 Common Areas and Facilities . . . . .                                   | 14          |
| Section 5.2 Use of Common Areas . . . . .   | 14          |
| Section 5.3 Operating Costs . . . . .   | 15          |
| Section 5.4 Tenant's Pro Rata Share . . . . .                                       | 17          |
| Section 5.5 Payment of Operating Costs . . . . .                                    | 17          |
| ARTICLE VI. REAL ESTATE TAXES . . . . .   | 17          |
| Section 6.1 Real Estate Taxes . . . . .   | 17          |
| Section 6.2 Tenant's Pro Rata Share . . . . .                                       | 18          |
| Section 6.3 Payment of Real Estate Taxes . . . . .                                  | 18          |
| Section 6.4 Timely Payment; Refunds; Penalties . . . .                              | 19          |

|   |    |
|---|----|
| ARTICLE VII. SHOPPING CENTER INSURANCE . . . . .  | 19 |
| Section 7.1 Shopping Center Insurance . . . . .   | 19 |
| Section 7.2 Tenant's Pro Rata Share . . . . .   | 20 |
| Section 7.3 Payment of Shopping Center Insurance . . . . .                                | 20 |
| ARTICLE VIII. UTILITY SERVICES AND HEATING, VENTILATING AND<br>AIR CONDITIONING . . . . . | 20 |
| Section 8.1 Utilities . . . . .   | 20 |
| Section 8.2 Heating, Ventilating and Air<br>Conditioning . . . . .                        | 21 |
| Section 8.3 Payment for Services . . . . .  | 21 |
| ARTICLE IX. LANDLORD'S COVENANTS . . . . .  | 21 |
| Section 9.1 Repairs by Landlord . . . . .   | 22 |
| Section 9.2 Quiet Enjoyment . . . . .   | 22 |
| Section 9.3 Character of the Shopping Center . . . . .                                    | 22 |
| Section 9.4 Access to Premises . . . . .  | 22 |
| Section 9.5 Use of the Premises . . . . .   | 23 |
| Section 9.6 Ownership . . . . .   | 23 |
| Section 9.7 Default by Landlord . . . . .   | 23 |
| Section 9.8 Landlord's Insurance . . . . .  | 23 |
| Section 9.9 Indemnification . . . . .   | 24 |
| Section 9.10 Government Requirements . . . . .  | 24 |
| Section 9.11 Laws and Ordinances . . . . .  | 24 |
| Section 9.12 Actions of Landlord . . . . .  | 25 |
| Section 9.13 Warranties. . . . .  | 25 |
| Section 9.14 Estimates of Other Charges . . . . .   | 25 |
| Section 9.15 Exclusive Covenant. . . . .  | 26 |
| ARTICLE X. TENANT'S ADDITIONAL COVENANTS . . . . .  | 26 |
| Section 10.1 Affirmative Covenants . . . . .  | 26 |
| Section 10.2 Negative Covenants . . . . .   | 33 |
| ARTICLE XI. DAMAGE OR TAKING AND RESTORATION . . . . .                                    | 37 |
| Section 11.1 Fire, Explosion or Other Casualty. . . . .                                   | 37 |
| Section 11.2 Eminent Domain . . . . .   | 39 |
| Section 11.3 Election to Terminate . . . . .  | 40 |
| ARTICLE XII. TENANT'S DEFAULT AND REMEDIES . . . . .                                      | 40 |
| Section 12.1 Defaults by Tenant . . . . .   | 40 |
| Section 12.2 Termination Upon Default . . . . .   | 42 |
| Section 12.3 Repossession Upon Default . . . . .  | 42 |
| Section 12.4 Tenant's Failure to Comply with Certain<br>Covenants . . . . .               | 43 |
| Section 12.5 Bankruptcy Default . . . . .   | 44 |
| Section 12.6 Interest and Late Charge on Late<br>Payment . . . . .                        | 44 |
| Section 12.7 Holdover by Tenant . . . . .   | 45 |
| Section 12.8 Landlord's Right to Cure Defaults . . . . .                                  | 45 |
| Section 12.9 Effect of Waiver of Default; Valuation<br>Laws . . . . .                     | 45 |

|  |  |    |
|--|--|----|
| Section 12.10                                    | Remedies Cumulative . . . . .              | 46 |
| Section 12.11                                    | Costs of Collection . . . . .              | 46 |
| Section 12.12                                    | Intentionally Omitted . . . . .            | 46 |
| ARTICLE XIII. MISCELLANEOUS PROVISIONS . . . . . |  | 46 |
| Section 13.1                                     | Mutual Waiver of Claims and Subrogation .  | 47 |
| Section 13.2                                     | Notices . . . . .                          | 47 |
| Section 13.3                                     | Brokerage . . . . .                        | 47 |
| Section 13.4                                     | Voting Control of Tenant . . . . .         | 47 |
| Section 13.5                                     | Relationship of the Parties . . . . .      | 48 |
| Section 13.6                                     | Subordination . . . . .                    | 48 |
| Section 13.7                                     | Attornment . . . . .                       | 49 |
| Section 13.8                                     | Estoppel Certificates . . . . .            | 49 |
| Section 13.9                                     | Applicable Law and Construction . . . . .  | 50 |
| Section 13.10                                    | Time of the Essence . . . . .              | 50 |
| Section 13.11                                    | Execution of Lease by Landlord . . . . .   | 50 |
| Section 13.12                                    | Binding Effect of Lease . . . . .          | 50 |
| Section 13.13                                    | Agency or Independent Contractor . . . . . | 51 |
| Section 13.14                                    | Intentionally Omitted . . . . .            | 51 |
| Section 13.15                                    | Financial Statements . . . . .             | 51 |
| Section 13.16                                    | Landlord's Lien . . . . .                  | 51 |
| Section 13.17                                    | Riders and Exhibits . . . . .              | 51 |
| Section 13.18                                    | Force Majeure . . . . .                    | 51 |
| Section 13.19                                    | Recording . . . . .                        | 52 |
| Section 13.20                                    | Limitation of Liability . . . . .          | 52 |
| Section 13.21                                    | Personal Property Taxes . . . . .          | 52 |
| Section 13.22                                    | Easements . . . . .                        | 53 |
| Section 13.23                                    | Corporate Authority . . . . .              | 53 |
| Section 13.24                                    | Consent . . . . .                          | 53 |
| Section 13.25                                    | Default Under Other Lease . . . . .        | 53 |
| Section 13.26                                    | Agent's Authority . . . . .                | 53 |

#### EXHIBITS

|           |  |
|-----------|--|
| Exhibit A | Legal Description of Shopping Center.                  |
| Exhibit B | Map of the Shopping Center                             |
| Exhibit C | Plan of the Premises                                   |
| Exhibit D | Plans and Specifications for Tenant's Work             |
| Exhibit E | Sign Criteria  |
| Exhibit F | Statement as to Commencement Date and Termination Date |
| Exhibit G | Landlord's Work  |

LINCOLN PARK GATEWAY SHOPPING CENTER  
HALSTED/NORTH/CLYBOURN

LEASE

ARTICLE I.  
BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS

Section 1.1 Basic Lease Provisions and Definitions.  
The following terms whenever used in this Lease shall have the meanings set forth in this Article unless otherwise limited or expanded elsewhere in this Lease.

- 1.1.1      DATE:    JULY 9, 1991
- 1.1.2      LANDLORD:    JEROME H. MEYER & CO., AGENT for HALSTED-CLYBOURN LIMITED PARTNERSHIP, an Illinois limited partnership (which is sometimes referred to herein as "Owner").
- 1.1.3      LANDLORD'S ADDRESS:    740 North Rush Street, Suite 600, Chicago, Illinois 60611.
- 1.1.4      TENANT:    J. C. LINCOLN PARK, INC., an Illinois corporation.
- 1.1.5      ADDRESS OF TENANT:    c/o JENNIFER WAREHOUSE, 245 ROGER AVENUE, INWOOD, NEW YORK 11696; with a copy to: Law Office of Bernard Wincig, Attention: Bernard Wincig, Esquire, 574 Fifth Avenue, New York, New York 10036
- 1.1.6      TENANT'S TRADE NAME:    JENNIFER CONVERTIBLES
- 1.1.7      SHOPPING CENTER:    LINCOLN PARK GATEWAY SHOPPING CENTER
- 1.1.8      PREMISES:    814-816 WEST NORTH AVENUE, CHICAGO, ILLINOIS 60614.
- 1.1.9      FLOOR AREA OF THE PREMISES:    APPROXIMATELY 2,222 RENTABLE SQUARE FEET.
- 1.1.10     DATE FOR DELIVERY OF THE PREMISES TO TENANT:    AUGUST 1, 1991.
- 1.1.11     TENTATIVE COMMENCEMENT DATE:    SEPTEMBER 1, 1991, as may be extended pursuant to Section 3.3.
- 1.1.12     TERM:    Commencing with the Commencement Date and ending with the Termination Date for a period of approximately 10 years and 3 months.

- 1.1.13 RENTABLE AREA OF THE SHOPPING CENTER: 23,169 SQUARE FEET.
- 1.1.14 ANNUAL BASE RENT:
- |                     |                         |
|---------------------|-------------------------|
| Operating Year:     |                         |
| <u>Primary Term</u> | <u>Annual Base Rent</u> |
| Years 1-2           | \$49,992.00             |
| Years 3-5           | \$52,212.00             |
| Years 6-7           | \$54,444.00             |
| Years 8-10          | \$56,664.00             |
| <u>Option Term</u>  | <u>Annual Base Rent</u> |
| Years 11-12         | \$61,104.00             |
| Years 13-15         | \$63,324.00             |
- 1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint.
- |                     |                   |
|---------------------|-------------------|
| Operating Year:     |                   |
| <u>Primary Term</u> | <u>Breakpoint</u> |
| Years 1-2           | \$1,110,933.00    |
| Years 3-5           | \$1,160,267.00    |
| Years 6-7           | \$1,209,867.00    |
| Years 8-10          | \$1,259,200.00    |
| <u>Option Term</u>  | <u>Breakpoint</u> |
| Years 11-12         | \$1,357,867.00    |
| Years 13-15         | \$1,407,200.00    |
- 1.1.16 INTENTIONALLY OMITTED.
- 1.1.17 USE: Retail sale of sofas, furniture, home furnishings and related and ancillary items AND FOR NO OTHER PURPOSE.
- 1.1.18 INTENTIONALLY OMITTED.
- 1.1.19 GUARANTOR: JENNIFER CHICAGO, L.P., an Illinois limited partnership.
- GUARANTOR'S ADDRESS: 245 ROGERS AVENUE, INWOOD, NEW YORK 11696.
- 1.1.20 SECURITY DEPOSIT: None.

- 1.1.21 TERMINATION DATE: The last day of the tenth (10th) Operating Year, subject to Section 2.3.
- 1.1.22 THE LEASING BROKER(S): HIFFMAN, SHAFFER, ANDERSON, INC. and RUBLOFF, INC.
- 1.1.23 TENANT'S PRO RATA PERCENTAGES:
- |                    |       |
|--------------------|-------|
| Operating Costs:   | 9.60% |
| Real Estate Taxes: | 9.60% |
| Insurance:         | 9.60% |

In the event of a change in the Floor Area of the Premises and/or the Rentable Area of the Shopping Center, Tenant's Pro Rata Percentages shall be adjusted accordingly by Landlord.

- 1.1.24 PARTNERSHIP: HALSTED-CLYBOURN LIMITED PARTNERSHIP, an Illinois Limited Partnership

- 1.1.25 OTHER DEFINITIONS AND REFERENCES SEE SECTION
- |  |        |
|--|--------|
| Annual Statement.....                                      | 4.5    |
| Breakpoint.....  | 4.4    |
| Commencement Date.....                                     | 2.3    |
| Common Areas.....  | 5.1    |
| Default Rate.....  | 12.6   |
| Event of Default .....                                     | 12.1   |
| Gross Sales .....  | 4.3    |
| Incurred annually.....                                     | 6.1    |
| Monthly Base Rent .....                                    | 4.1    |
| Mortgage .....   | 13.6   |
| Mortgagee .....  | 13.6   |
| Operating Year .....                                       | 4.2    |
| Operating Costs .....                                      | 5.3    |
| Other charges.....   | 10.1.1 |
| Owner.....   | 1.1.2  |
| Percentage Rent.....                                       | 4.4    |
| Plans and Specifications .....                             | 3.1    |
| Real Estate Taxes .....                                    | 6.1    |
| Repeated Default .....                                     | 12.4   |
| Repeatedly.....  | 12.1   |
| Shopping Center Insurance .....                            | 7.1    |
| Tenant's Pro Rata Share of Operating Costs .....           | 5.4    |
| Tenant's Pro Rata Share of Real Estate Taxes .....         | 6.2    |
| Tenant's Pro Rata Share of Shopping Center Insurance ..... | 7.2    |
| Tenant's Work .....  | 3.1    |

|                   |      |
|-------------------|------|
| Term .....        | 2.3  |
| Voting stock..... | 13.4 |

Section 1.2 Significance of Basic Lease Provisions and Definitions. Each reference in this Lease to any of the Basic Lease Provisions and Definitions contained in Section 1.1 shall be deemed and construed to incorporate all of the terms provided under each Basic Lease Provision and Definition.

Section 1.3 Enumeration of Exhibits. The exhibits enumerated in this section and attached to this Lease are incorporated in this Lease by this reference and are to be construed as a part of this Lease.

|           |  |
|-----------|--|
| Exhibit A | Legal Description of Shopping Center.                  |
| Exhibit B | Map of the Shopping Center                             |
| Exhibit C | Plan of the Premises                                   |
| Exhibit D | Plans and Specifications for Tenant's Work             |
| Exhibit E | Sign Criteria  |
| Exhibit F | Statement as to Commencement Date and Termination Date |
| Exhibit G | Landlord's Work  |

## ARTICLE II. PREMISES AND TERM

Section 2.1 Shopping Center. Owner is the owner of a tract of land legally described on Exhibit A which is being operated as the shopping center depicted on Exhibit B and known as the Shopping Center set forth in Subsection 1.1.7. Landlord is the agent for the beneficiaries of the Owner.

Section 2.2 Premises. Landlord hereby leases to Tenant, and Tenant hereby accepts from Landlord, subject to and with the benefit of the terms, covenants and conditions of this Lease, the Premises commonly known as set forth in Subsection 1.1.8.

Section 2.3 Term. TO HAVE AND TO HOLD the Premises, as follows:

2.3.1 Primary Term. The primary ten (10) year and three (3) month term of this Lease (the "Primary Term") shall commence on the earlier of (a) the Tentative Commencement Date (as set forth in Subsection 1.1.11 and subject to Section 3.3 below), or (b) the day Tenant opens for business in the Premises (the date upon which the Term actually commences is referred to as the "Commencement Date"), and ending on the Termination Date, unless sooner terminated by lapse of time or otherwise pursuant to the terms of this Lease (the "Term").

2.3.2 Option Term. Provided that no Event of Default exists, Tenant shall have the option (the "Extension Option") to extend the Term for one (1) five (5) year period (the "Option Term"), commencing on the date following the Termination Date. Such Extension Option shall be self-executing unless written notice is given by Tenant to Landlord no less than nine (9) months prior to the Termination Date unequivocally stating that Tenant elects not to extend the Term for the Option Term. Annual Base Rent for such Option Term shall be at the rate set forth in Section 1.1.14. Notwithstanding any provision of this Lease to the contrary, in no event shall Tenant have the right to extend the Term of this Lease beyond the end of the fifteenth (15) Operating Year.

Section 2.4 Statement as to Commencement Date. When the Commencement Date and Termination Date of the Term have been determined as provided in Section 2.3, Landlord and Tenant shall execute and deliver a written statement completed by Landlord in substantially the form attached hereto as Exhibit F, which shall specify the Commencement Date and the Termination Date of the Term. Tenant shall execute and deliver this statement within ten (10) days after Landlord's written request and in the event Tenant fails to execute this statement within such ten (10) day period, then the statements contained in such statement shall conclusively be deemed to be as set forth in such statement as completed by Landlord or, if Landlord notifies Tenant after said ten (10) day period of such failure and Tenant fails to execute and deliver such statement to Landlord within five (5) days after delivery of said notice, then at Landlord's election such failure shall be deemed to be an Event of Default hereunder.

Section 2.5 Reservation of Rights by Landlord. Landlord reserves the right to change the name of the Shopping Center, the size of the Shopping Center, the number, configuration, size and location of buildings therein, the dimensions of such buildings, the number of floors in any of the buildings, dimensions of stores in such buildings and the identity and type of other stores and tenancies in the Shopping Center. Landlord reserves to itself the use of the exterior walls, the roof, the air space above the roof, the space below the floor and the exclusive right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through, to or from the Premises and serving other parts of the Shopping Center in locations which will not materially interfere with Tenant's Use. Landlord further reserves the right to locate kiosks and other similar structures (whether temporary or permanent) and to make available, alter, add to or delete from common areas in the Shopping Center, provided only that the Premises shall be located substantially as depicted on Exhibit C. Notwithstanding anything to the contrary, no representation or warranty, express or implied, is made as to the accuracy of the



information, scale, design, configuration or locations on Exhibit B and Exhibit C and the same is subject to errors, omissions, changes, alterations, additions and withdrawals without notice.

Section 2.6 Measurement of Premises. Tenant shall have the right to have its architect measure the square footage of the Premises which 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 without reduction for any columns, stairs, shafts or other equipment within the Premises. If, prior to the Commencement Date, Tenant submits to Landlord a certificate from Tenant's architect containing calculations of the measured square footage of the Premises and such measured square footage is less than that set forth in Section 1.1.9, then the Annual Base Rent, Breakpoint and Tenant's Pro Rata Percentages shall be proportionally reduced.

### ARTICLE III. DELIVERY OF PREMISES AND THE PERFORMANCE OF TENANT'S WORK

Section 3.1 Plans and Specifications for Tenant's Work. If not attached as part of Exhibit D at the execution of this Lease, within five (5) days after the date hereof, Tenant shall submit to Landlord at Tenant's sole cost and expense, Tenant's plans and specifications for Tenant's Work, as hereinafter defined (the "Plans and Specifications"). "Tenant's Work" is hereby defined to mean any and all work to be performed by Tenant necessary to render the Premises suitable for Tenant's Use. Notwithstanding anything contained herein to the contrary, Tenant shall not be required to submit Plans and Specifications to Landlord for, or obtain Landlord's approval of, the carpeting, painting or trade fixturing of the Premises. Landlord shall respond in writing to such Plans and Specifications within five (5) days after receipt from Tenant. Landlord shall have the right in its sole discretion to object to or to approve the Plans and Specifications submitted by Tenant for Tenant's Work; provided that if Landlord objects to the Plans and Specifications, it shall specify its reasons for the objections. If Landlord objects to the Plans and Specifications, Tenant shall diligently proceed to modify the Plans and Specifications in order to satisfy such objections and shall resubmit the revised Plans and Specifications to Landlord for its approval. Within one week of Landlord's approval, Tenant shall apply for and diligently pursue a permit for construction of Tenant's Work from the appropriate local authorities. Upon receipt of a permit for construction of Tenant's Work, Tenant shall immediately commence construction of Tenant's Work. Tenant shall diligently pursue and complete Tenant's Work on or before the Tentative Commencement Date. All of Tenant's Work shall be in accordance with the Plans and Specifications submitted to and

approved by Landlord and in compliance with all applicable statutes, ordinances, regulations and codes. Tenant's Work shall not be commenced until after the receipt by Tenant of Landlord's written approval of the Plans and Specifications. Except as otherwise provided below, there shall be no extension of the Tentative Commencement Date if Tenant fails to deliver its Plans and Specifications to Landlord within the time period provided in this Section 3.1.

Section 3.2 Delivery of the Premises. Landlord shall deliver to Tenant possession of the Premises in the condition described on Exhibit "G" (which is a "vanilla box"). Delivery of possession of the Premises to Tenant shall in no event be deemed to have occurred until actual and exclusive physical possession of the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations, prior leases, tenants and/or occupants and free and clear of all fixtures and other property of all prior tenants and/or occupants, and with any warranties and representations contained in this Lease being true and fulfilled as of such date, and with the construction and condition of the Premises being such as to allow the issuance of a building permit for work to be performed by Tenant. Notwithstanding anything contained herein to the contrary, in no event shall Tenant's acceptance or occupancy of the Premises constitute an opinion, agreement or acknowledgement by Tenant that the structural condition of the Premises is in compliance with law, including all municipal and other regulations, fire insurance and other codes, and the like; nor shall any such acceptance or occupancy waive or reduce any of Tenant's rights or Landlord's obligations under this Lease.

Section 3.3 Failure to Deliver Possession. If Landlord is unable to deliver the Premises to Tenant on or before the Date for Delivery of the Premises to Tenant for any reason, Landlord shall not be subject to any liability for the failure to deliver possession on such date, and such failure to deliver possession on such date shall not affect the validity of this Lease or the obligations of Tenant hereunder; provided, however, that if Tenant has theretofore provided Landlord with its Plans and Specifications as required under Section 3.1, the Tentative Commencement Date shall be delayed so that the interval between the date of the actual delivery of the Premises to Tenant and the delayed Tentative Commencement Date is equal to the interval between the Date for Delivery of the Premises to Tenant and the Tentative Commencement Date. However, if Tenant's failure to deliver the Plans and Specifications as required under Section 3.1, interferes with Landlord's Work or changes its Plans and Specifications, then the delay of the Tentative Commencement Date shall be reduced by the number of days such failure, change or interference continues in excess of the term permitted under Section 3.1.

Notwithstanding anything to the contrary herein contained, if Landlord is unable to deliver possession of the Premises to Tenant as required hereunder on or before October 1, 1991, for any reason other than any delay by Tenant, Tenant shall have the right to terminate this Lease by written notice to Landlord on or before October 31, 1991. This Lease shall continue in full force and effect if not terminated as herein set forth.

Section 3.4 Obligations of Tenant Before the Term Begins. Tenant shall observe and perform all of its obligations under this Lease (except its obligation to operate and to pay rent and those operational charges not applicable to the construction period prior to the Commencement Date), including, but not limited to, payment of all charges for utilities furnished to or used in connection with the Premises, from the date upon which the Premises are delivered to Tenant until the Commencement Date in the same manner as though the Term began when the Premises were delivered to Tenant. Landlord shall have no liability whatsoever for loss or damage to Tenant's Work or to fixtures, equipment or other property of Tenant or Tenant's contractors. Prior to the Commencement Date, Tenant shall furnish detailed evidence satisfactory to Landlord that Tenant's Work has been completed and paid for in full, and that any and all liens which have been, or which may be filed, have been released or satisfied of record. Tenant shall be solely responsible for the payment for and the performance and quality of Tenant's Work and Landlord shall have no responsibility therefor. Tenant's Work shall be performed and completed in accordance with the Plans and Specifications approved by Landlord and shall be performed in a first class and workmanlike manner in accordance with all laws, rules, regulations and court orders. Tenant shall not commence Tenant's Work until Landlord has been provided with insurance certificates evidencing that the contractors and subcontractors performing Tenant's Work have in full force and effect adequate worker's compensation insurance as required by the laws of the state in which the Premises are located, public liability and builder's risk insurance in such amounts and according to terms reasonably satisfactory to Landlord. Any liability of the Landlord or of the Landlord's property for any such work or any other improvements upon the Premises by the Tenant is hereby expressly prohibited. The interest of the Landlord in and to the Premises and the Shopping Center shall not be subject to liens for improvements made in or to the Premises by Tenant or by Tenant's employees, contractors or agents. In the event Tenant fails to open for business upon the Commencement Date, Landlord, in addition to any and all other available remedies, may require Tenant to pay to Landlord, in addition to all other rent and charges specified in this Lease, as liquidated damages and not as a penalty, an amount equal to one-one-hundred-eightieth (1/180th) of the Annual Base Rent for the first Operating Year for each day such failure to open continues, it being agreed that Landlord's

damages as a result of such failure by Tenant are not, and will not be, reasonably ascertainable.

Section 3.5 Landlord's Contribution. Landlord's contribution toward the cost of Tenant's start-up costs shall be equal to \$20,000.00 ("Landlord's Contribution"). As conditions precedent to Landlord's payment of Landlord's Contribution:

(a) Tenant shall have first substantially completed all of Tenant's Work in a first-class, workmanlike manner;

(b) Tenant shall have opened to the public for business;

(c) Tenant shall have furnished to Landlord, if requested, a UCC search on all State of Illinois and Cook County filings, conducted at Landlord's expense, dated on or after the date Tenant opens for business, showing no liens or encumbrances exist against any of Tenant's interest in the Premises or any of the improvements, fixtures, trade fixtures, inventory (excluding inventory on consignment) or equipment located in the Premises; and

(d) Tenant shall have furnished to Landlord, appropriate invoices, mechanics' lien waivers and sworn statements sufficient to enable Landlord to obtain an endorsement to its title policy insuring over mechanics' liens arising out of Tenant's Work or Tenant shall provide to Landlord's title insurer security or a personal undertaking satisfactory to such title insurer sufficient to insure over mechanic's liens arising out of Tenant's Work.

Within five (5) business days after satisfaction of conditions (a) through (d) above, Landlord shall pay to Tenant Landlord's Contribution.

#### ARTICLE IV. RENT

Section 4.1 Rent. Tenant agrees to pay rent, in lawful money of the United States in advance and without demand, deduction or setoff, to the Landlord, at Landlord's Address or to such other person or at such other place as Landlord may direct by notice in writing to Tenant from time to time, at the following rates and times:

(a) on the first day of each calendar month, commencing with the Commencement Date and continuing thereafter through and including the Termination Date, an amount equal to 1/12th of the Annual Base Rent for such Operating Year, as hereinafter defined (the "Monthly

Base Rent"), except that the first installment of Monthly Base Rent shall be paid concurrently with the execution of this Lease by Tenant. If the Commencement Date is on a day prior to the first day of the first Operating Year, then the Monthly Base Rent for such period will be prorated and the amount by which the installment of Monthly Base Rent paid concurrently with the execution of this Lease exceeds such prorated amount for the initial period shall be applied against Monthly Base Rent for the first month of the first Operating Year; and

(b) Percentage Rent (as hereinafter defined) calculated and paid as provided in Section 4.4.

Monthly Base Rent, Percentage Rent and other charges payable by Tenant may be paid by check which shall be made payable to Landlord (or to any other entity upon Landlord's instructions to Tenant, upon which instructions Tenant may rely without any further investigation, such payment being deemed full and proper payment of rent under this Lease). Landlord may designate any other address for payments by Tenant not less than thirty (30) days prior to the due date of such payments by written notice to Tenant in the manner provided in this Lease. After two (2) years from the issuance by Landlord of any bill or statement or charges to be paid by Tenant, whether Monthly Base Rent, Percentage Rent or other charges, Landlord shall not modify, revise, amend, challenge or otherwise increase the amount covered by such bill or statement. In the event that Landlord has not billed for any charge that may be payable by Tenant, in whole or in part, within two (2) years of incurring such charges (except for Real Estate Taxes if the amount of the final bill is not ascertainable), Tenant shall not be obligated to pay such charge. Tenant shall not be obligated to honor any demand for payments under this Lease from anyone other than Landlord until Tenant shall have received written instructions to do so from Landlord or the person to whom Tenant shall then be making payments (whether that person shall be Landlord or a successor thereto as to which Tenant shall have previously been notified in the manner set forth herein) or shall otherwise receive evidence of the right of the person making the demand. Tenant shall continue to make such payments to Landlord (or a successor thereto as to which Tenant shall have previously been notified in the manner set forth therein) pending notification in the manner provided above. Tenant's obligation to pay rent and all other amounts due hereunder shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 4.2 Operating Year. The term "Operating Year" means (a) for the first Operating Year the period beginning on the Commencement Date and ending on the last day of the fifteenth (15th) full calendar month thereafter (i.e., if the

Commencement date is September 15, 1991, the first Operating Year shall be the period September 15, 1991, through December 31, 1992) and (b) for each succeeding Operating Year, a period of twelve (12) consecutive calendar months with the second Operating Year commencing on the first day of the calendar month immediately following the end of the first Operating Year.

Section 4.3 Definition of Gross Sales. The term "Gross Sales" is defined to mean the total amount of dollars of the actual sales price, or in the event of trade or barter, the fair market value at retail of any item or service traded or bartered, whether for cash, credit, trade, barter or otherwise, or partly for cash, partly on credit, partly for trade and/or partly for barter, of all goods, wares and merchandise sold, charges for all services performed and all other receipts of business conducted in or from the Premises, without deduction or reserve for uncollected or uncollectible amounts, including, without limitation, all catalogue, mail, telephone, telegraph and/or electronic sales and orders received or filled at or from the Premises, all deposits not refunded to purchasers, all orders taken in and from the Premises whether or not such orders are filled elsewhere, receipts or sales through any vending machine or other coin or token operated device, receipts from any rentals made from the Premises and receipts or sales by any sublessee, concessionaire, licensee and any other person or entity doing business in or from the Premises. Nothing contained in this section shall be deemed to permit Tenant to sublease all or a portion of the Premises or allow a concessionaire to conduct business therein, without Landlord's prior written consent. Gross Sales shall not include any sums collected and paid out by Tenant for any sales or retail excise tax imposed by any duly constituted governmental authority, any exchange of goods or merchandise between the stores of Tenant where such exchange of goods or merchandise is made solely for the convenient operations of the business of Tenant and not for the purpose of consummating a sale which has been made at, in or from the Premises, the amount of returns to shippers or manufacturers, the amount of any cash or credit refund made with respect to any sale where the merchandise sold at or from the Premises, or some part thereof, is thereafter returned by the purchasers and accepted by the Tenant, sales of merchandise at a discount to employees of Tenant (which shall not exceed three percent (3%) of Gross Sales), nor sales of fixtures which are not a part of Tenant's stock-in-trade. Each sale upon installment or credit shall be treated as a sale for the full price in the month during which such sale is made, irrespective of the time when Tenant may receive payment from its customer and no deduction shall be allowed for uncollected or uncollectible credit accounts. No deduction shall be made from Gross Sales for any franchise, income or gross receipts taxes, or for any other taxes based upon income of Tenant or for any use, tangible or property tax assessed against Tenant.

Section 4.4 Percentage Rent. Within forty-five (45) days after the expiration or termination of this Lease and within forty-five (45) days after the end of each Operating Year which falls within the Term in which Gross Sales exceeds the then applicable Breakpoint, Tenant shall pay to Landlord, as additional rent, an amount equal to the product of the Percentage Rent Rate multiplied by the amount of Gross Sales during such Operating Year in excess of the then applicable Breakpoint. If upon the expiration or termination of this Lease an Operating Year of less than a full twelve (12) month period results, then the Breakpoint shall be equal to the Breakpoints in Section 1.1.15 divided by 365 and multiplied by the number of days elapsed in such Operating Year. Promptly upon receipt by Landlord of Tenant's Annual Statement of Tenant's Gross Sales, as provided in Section 4.5 below, there shall be an adjustment between Landlord and Tenant, with payment to or credit by Landlord, as the case may require, to the end that Landlord shall be paid with respect to each Operating Year an amount equal to the product of (a) the Percentage Rent Rate multiplied by (b) an amount equal to the excess, if any, of (x) Tenant's Gross Sales during each Operating Year over the applicable Breakpoint. Each party's obligations under this Article shall survive the expiration or termination of this Lease due to lapse of time or otherwise. Tenant represents and warrants that the Percentage Rent provision of this Lease is the most favorable such provision in any of its leases in Illinois and if a more favorable provision is entered into Tenant shall notify Landlord and the provisions of this Lease shall be amended to be equal to such other more favorable provision(s).

Section 4.5 Maintenance of Records and Examination. Tenant shall utilize cash registers equipped with sealed, continuous, cumulative totals, or such other method as may be first approved by Landlord in writing, to record all Gross Sales during the Term. During and for at least thirty-six (36) months after the expiration of each Operating Year, Tenant shall keep at the Premises all original books and records conforming to generally accepted accounting practices showing all of the Gross Sales and such other information with respect to Gross Sales, at, from and upon the Premises for such Operating Year, including, but not limited to, all tax reports, sales slips, sales checks, bank deposit records and other supporting data. Tenant shall notify Landlord of the manufacturer, model and serial number of all cash registers used on the Premises and of any changes or additions within five (5) days after the use thereof has commenced. If Landlord contends there may be an error with respect to any of Tenant's books, records, papers or files and Landlord so notifies Tenant prior to the expiration of such thirty-six (36) month period, such period shall be extended until Landlord's contention has been finally determined. Within forty-five (45) days after the

end of each Operating Year during the Term, Tenant shall furnish Landlord with a written statement, sworn to by Tenant, if an individual, by a general partner of Tenant if a partnership, or by one of Tenant's executive officers if a corporation, of Tenant's Gross Sales during such Operating Year. Within sixty (60) days following each Operating Year during the Term, Tenant shall furnish Landlord with a written statement prepared by an independent Certified Public Accountant of Tenant's Gross Sales during such Operating Year (the "Annual Statement"). Landlord shall have the right not more than once every Operating Year to audit or have its accountants or other representatives audit all Annual Statements of Gross Sales and in connection with such audits to examine all of Tenant's records (including any supporting data) of Gross Sales and Tenant shall make all such records available for such examination at the Premises. If any audit discloses that the actual Gross Sales by Tenant exceeded those reported, Tenant shall pay the Percentage Rent due with respect to the excess, plus interest thereon at the Default Rate, as hereinafter defined, from the date such amount should have been paid to the date actually paid. If such audit discloses that the actual Gross Sales exceeded those reported by Tenant by more than two percent (2%), Tenant shall also pay, in addition to any deficiency in Percentage Rent plus interest at the Default Rate, the cost of such audit and examination. If such audit discloses that the actual Gross Sales exceeded those reported by Tenant by more than five percent (5%), Landlord shall have, in addition to all other available rights and remedies, the remedies provided for in Article XII below and Tenant shall promptly pay Landlord the cost of such audit along with the deficiency in such Percentage Rent plus interest at the Default Rate. If such audit discloses that actual Gross Sales by Tenant were less than those reported and, as a result thereof, Tenant paid more Percentage Rent than was due hereunder, Landlord shall refund to Tenant the amount of the excess Percentage Rent less the cost to Landlord of the audit. If Tenant shall fail to furnish the Annual Statement within sixty (60) days after each Operating Year, or if Tenant's Gross Sales cannot be verified due to the insufficiency or inadequacy of Tenant's records, then Landlord shall have the right, in addition to all other remedies, to cause a Certified Public Accountant to audit, at Tenant's expense, Tenant's records and prepare and certify therefrom the Annual Statement and Tenant shall make all records available for such audit. Any information obtained by Landlord pursuant to the provisions of this section shall be treated as confidential except in any dispute, litigation or arbitration proceedings between the parties; provided that Landlord may disclose such information to its mortgagees and to prospective buyers, brokers, lenders, tax authorities and pursuant to legal requirements.

Section 4.6 Rent Abatement. Notwithstanding anything contained in this Lease to the contrary, so long as Tenant is not



in default under this Lease, the Monthly Base Rent for the first three (3) full months of the first Operating Year (the "Abatement Months") shall be abated. The entire Monthly Base Rent otherwise due and payable for the Abatement Months shall become immediately due and payable upon the occurrence of an Event of Default.

ARTICLE V.  
COMMON AREAS AND OPERATING COSTS

Section 5.1 Common Areas and Facilities. Landlord, at Landlord's option, may make available from time to time such areas and facilities of common benefit to the tenants and occupants of the Shopping Center as Landlord shall deem appropriate and shall at all times be subject to the exclusive control and management of the Landlord (the "Common Areas"). Landlord shall operate, manage, equip, heat, ventilate, cool, light, insure, repair and maintain the Common Areas and facilities in such manner as Landlord shall, in its sole discretion, determine. Landlord may from time to time change the size, location and nature of any Common Areas and facilities, may make installations therein and move and remove such installations. Notwithstanding anything contained to the contrary in any other provision of this Lease, including, but not limited to, Exhibit B, Landlord reserves the right to increase, decrease and change the size or location of the Common Areas and/or to change the Common Areas into rentable areas.

Section 5.2 Use of Common Areas. Tenant and its permitted concessionaires, licensees, officers, employees, agents, customers and invitees shall have the nonexclusive right, in common with Landlord and all others to whom Landlord has or may hereafter grant rights, to use the Common Areas as designated from time to time by Landlord, subject to such regulations as Landlord in its sole discretion may from time to time establish. Tenant agrees to abide by such regulations and to cause its permitted concessionaires, licensees, officers, employees and agents, and to use its best efforts to cause its customers and invitees to conform thereto. In addition to its other rights hereunder, Landlord may at any time temporarily close any part of the Common Areas to make repairs or changes, to prevent the acquisition of public rights in such areas, to discourage non-customer parking, or for other reasonable purposes, and may do such other acts in and to the Common Areas as in its sole discretion Landlord may deem desirable. Landlord shall have the right to close the Common Areas or any part thereof on such days or during such hours as Landlord shall, in its sole discretion, determine. Landlord reserves the right to impose parking charges determined by meters or otherwise. Tenant covenants that neither Tenant nor any of the Tenant's employees will park their automobiles in the parking lot comprising part of the Shopping Center. Landlord shall have the right to establish

such other reasonable rules and regulations as to the parking of vehicles, movement of traffic, loading and unloading of supplies and use of service areas and other facilities common to Tenant and other tenants of the Shopping Center, including the right to require the cars of Tenant and Tenant's employees to bear identification stickers in order to facilitate enforcement of the parking restrictions, and Tenant agrees to comply with all such reasonable rules and regulations established by Landlord. The intent of this provision is that the parking lot shall be for the use of customers of Landlord's tenants. In the event Tenant's officers or employees park such vehicles within the Shopping Center, Tenant shall pay to Landlord, as Additional Rent hereunder, within five (5) days after receipt of Landlord's statement, therefor, the sum of TWENTY-FIVE AND NO/100 dollars (\$25.00) per day per vehicle thus parked. Notwithstanding anything to the contrary, neither Landlord, Owner, Owner's beneficiaries (if applicable), nor their respective partners, officers, employees or agents shall have any responsibility for patrolling the Common Areas or keeping them secure.

Section 5.3 Operating Costs. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Operating Costs" (as hereinafter defined). The term "Operating Costs" shall mean any and all costs and expenses of every kind and nature paid or incurred by Landlord (including appropriate reserves) in operating, managing, equipping, policing and protecting (if and to the extent provided by Landlord), insuring, servicing, lighting, repairing, replacing, cleaning and maintaining the Shopping Center (other than those facilities which Landlord is obligated to maintain at its expense pursuant to Section 9.1) less the contributions, if any, to Operating Costs by any tenant which pays separately for any of such charge, including but not limited to, such maintenance and repair as shall be required in Landlord's judgment to upgrade, maintain and preserve the Shopping Center in suitable condition and status; all costs and expenses of security and fire protection, including, at the option of Landlord, servicing Tenant with fire extinguishers (if and to the extent such service is provided by Landlord); water and sewer charges not separately metered to tenants; pedestrian and vehicular traffic direction and control; all costs and expenses of cleaning and removing of rubbish, dirt, debris, snow and ice; all costs and expenses of maintaining, planting, replanting and replacing flowers and landscaping; water and sewerage charges; premiums for liability and property damage, fire, extended coverage, malicious mischief, vandalism, worker's compensation, employer's liability and any other insurance procured by Landlord in connection with the Shopping Center; wages, unemployment taxes, social security taxes, special assessments, transportation or environmental protection taxes or levies or similar taxes or levies, and personal property taxes attributable to the Shopping Center; professional fees

including, but not limited to, accounting and legal fees relating to the Shopping Center; required licenses and permits; all costs and expenses for supplies and operation of loud speakers and any other sound equipment; all costs and expenses incurred by Landlord in the testing, maintaining and repairing of sprinkler and other systems, if any, located in the Shopping Center or, at Landlord's option, in the Premises; all charges for the use and service of utility services for the Common Areas, including, but not limited to, all costs and expenses of maintaining lighting fixtures (including the cost of light bulbs and electric current); maintenance of all utility facilities not maintained by the servicing utility company; all costs, expenses, surcharges or other impositions or assessments incurred by Landlord in connection with environmental protection legislation or regulations or assessed against or imposed on the Shopping Center or any part thereof with regard or in connection with impacts on public services, facilities or infrastructure; depreciation, interest and all other costs resulting from improvements or additions imposed and required by regulatory agencies; cost of equipment, machinery and facilities not properly chargeable to capital; reasonable depreciation of equipment, machinery and facilities; rents paid for the leasing of equipment, machinery and facilities and finance charges paid for the purchase of equipment, machinery and facilities which are capital assets and are used in the operation of the Shopping Center; administrative costs attributable to the Shopping Center which are hereby stipulated and agreed to be fifteen percent (15%) of all other costs and expenses included in the Operating Costs, Real Estate Taxes, Shopping Center Insurance and HVAC Charges; and such other costs as Landlord may reasonably determine are required for the proper operation and maintenance of the Shopping Center. There shall be excluded from Operating Costs: (a) expenses for any capital improvements made to the Shopping Center (except that capital expenses for improvements which result in savings of labor or other costs shall be included at the cost of such improvements amortized over the useful life of the improvements); (b) expenses for repairs or other work occasioned by fire, windstorm or other insured casualty; (c) expenses incurred in leasing or procuring new tenants (i.e., lease commissions, tenant inducements, advertising expenses and expenses of renovating space for new tenants); (d) legal expenses in enforcing the terms of any lease; (e) interest or amortization payments on any mortgage or mortgages and/or capital improvements; (f) reserve funds; (g) administrative expenses of Landlord in excess of five percent (5%) of all rent and other charges collected from tenants; and (h) expenses in connection with maintaining and operating any garage operated by Landlord incident to the operation of the Shopping Center. All Operating Costs shall be based upon competitive charges for similar services and/or materials that are available in the general vicinity of the Shopping Center.

Section 5.4 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of the Operating Costs" shall mean the product of (a) the Operating Costs for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (b) Tenant's Pro Rata Percentage of Operating Costs during such calendar year or partial calendar year.

Section 5.5 Payment of Operating Costs. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Operating Costs equal monthly installments on the first day of each calendar month in advance, without demand or setoff, in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Operating Costs. At the end of each fiscal year Landlord uses for such purpose, Landlord shall furnish Tenant with a statement of the actual Operating Costs paid or incurred by Landlord during such period and there shall be an adjustment between Landlord and Tenant within ten (10) days after delivery of such statement with payment to, or repayment by (if Tenant is not in default hereunder) Landlord, as the case may require, so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Operating Costs for such period. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

#### ARTICLE VI. REAL ESTATE TAXES

Section 6.1 Real Estate Taxes. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Real Estate Taxes" (as hereinafter defined). The term "Real Estate Taxes" means any and all real estate taxes, public, governmental and/or quasi-governmental regular and special charges, assessments, transportation or environmental protection taxes or levies or similar tax or levy and lease taxes, attributable to the Shopping Center during the Term whether foreseen or unforeseen (less the contributions, if any, to Real Estate Taxes by any tenant which pays separately for any such charge) incurred annually by Landlord during the Term and prorated for any partial calendar year. (At the time of the execution of this Lease, Real Estate Taxes in Cook County are collected in the year subsequent to the year of assessment. For purposes of this Lease, the phrase "incurred annually" shall mean Real Estate Taxes levied and assessed for any year though the same may not be due and payable or paid until a subsequent year.) For purposes of this Lease, Real Estate Taxes attributable to the Shopping Center shall be determined based on the assessed value of the property included in the tax parcel as reflected in the assessment records of the Cook County Assessor with respect to the land and buildings thereon. The assessment shall be allocated between the Shopping Center and

the apartment portion of the buildings (the "Apartments"). The portion of the real estate tax bills covering the Apartments shall be determined based on an assessed value of 16% and the amount of the taxes attributable to the Apartments shall be determined by Landlord based on said assessment factor (as the same may be adjusted pursuant to changes in assessments made by the Cook County Assessor). The balance of the real estate taxes shall be allocated to the Shopping Center and Tenant shall pay the Tenant's Pro Rata Share of said remaining balance. Landlord shall furnish to Tenant a statement reflecting the calculation of the amount of Real Estate Taxes. Real Estate Taxes shall also include, but not be limited to, all expenses, including reasonable attorneys' fees, administrative hearing and court costs incurred in contesting or negotiating the amount or rate of any such Real Estate Taxes. Landlord and Landlord's Agent shall have the exclusive right, but not the obligation, to contest or appeal any assessment of Real Estate Taxes levied on the Shopping Center. Should the state, or any political subdivision thereof or any governmental authority having jurisdiction thereover impose a tax or assessment upon or against the rentals or other charges payable to Landlord by a tenant either by way of substitution for any Real Estate Taxes or in addition thereto, or impose an income or franchise tax or any other tax in substitution for, in lieu of or in addition to any Real Estate Taxes, such taxes and assessments shall also be deemed to constitute Real Estate Taxes.

Section 6.2 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of Real Estate Taxes" shall mean the product of (a) the Real Estate Taxes for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (b) Tenant's Pro Rata Percentage of Real Estate Taxes as of the assessment date of Real Estate Taxes.

Section 6.3 Payment of Real Estate Taxes. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Real Estate Taxes equal monthly installments on the first day of each calendar month in advance, without demand or setoff in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Real Estate Taxes. When the actual figures for such Real Estate Taxes are known, Landlord shall furnish Tenant with a statement of Tenant's actual Pro Rata Share of Real Estate Taxes, together with (a) a copy of the paid and receipted tax bill and Landlord's computation of Tenant's Pro Rata Share; (b) a statement of the Rentable Area of the Shopping Center and (c) Landlord's representation that the parcel of real estate covered by the tax bill does not include any property or improvements located outside of the Shopping Center as legally described on Exhibit A; and any over or under payment of Tenant's Pro Rata Share of Real Estate Taxes shall be adjusted and paid by Landlord (so long as Tenant is

not in default hereunder) or Tenant, as applicable, to the other, within ten (10) days after delivery of such statement so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Real Estate Taxes for such period. Tenant shall also be responsible for and shall pay all lease taxes or similar taxes levied on the business of Tenant in the Premises levied or assessed by any governmental entity having jurisdiction over the Premises. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 6.4     Timely Payment; Refunds; Penalties.

(a) Landlord covenants and agrees that it shall timely and fully pay the Real Estate Taxes levied against the Shopping Center, including the Premises and all improvements thereon.

(b) If Landlord shall obtain any abatement, refund or rebate in Real Estate Taxes accruing during the Term, Landlord shall promptly forward to Tenant its Pro Rata Share of such abatement, refund or rebate (less Tenant's Pro Rata Share of the cost and expense of obtaining them).

(c) Tenant shall not, in any event, be liable for any interest or penalty charges payable by Landlord with respect to such tax bill (but only to the extent Tenant pays its Prorata Share of Real Estate Taxes on a timely basis), and if a discount of said tax bill(s) is available by prompt payment, Tenant's Pro Rata Share of Real Estate Taxes shall be based upon the discounted amount regardless of whether in fact such prompt payment is made.

ARTICLE VII.  
SHOPPING CENTER INSURANCE

Section 7.1     Shopping Center Insurance. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Shopping Center Insurance" (as hereinafter defined). The term "Shopping Center Insurance" means any and all insurance (less he amount, if any, applicable to Common Areas and included in Operating Costs) for fire, extended coverage, malicious mischief, vandalism, sprinkler leakage, flood insurance, rent loss, wind storm, sink hole and such other forms of casualty insurance and public liability insurance, insuring any and all risks relating to conditions or operations of the Shopping Center in such form, amounts and companies as Landlord shall, in its sole judgment,

elect to carry less the contributions, if any, to Shopping Center Insurance by any tenant which pays separately for any of such charges.

Section 7.2 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of Shopping Center Insurance" shall mean the product of (a) the Shopping Center Insurance for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (a) Tenant's Pro Rata Percentage of Shopping Center Insurance as of the date such premium is due.

Section 7.3 Payment of Shopping Center Insurance. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Shopping Center Insurance equal monthly installments on the first day of each calendar month in advance, without demand or setoff in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Shopping Center Insurance. After Landlord's receipt of the actual insurance bills, Landlord shall furnish Tenant with a statement of Tenant's actual Pro Rata Share of Shopping Center Insurance and there shall be an adjustment between Landlord and Tenant within ten (10) days after delivery of such statement with payment to, or repayment by (if Tenant is not in default hereunder) Landlord, as the case may require, so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Shopping Center Insurance for such period. All or portions of coverage for Shopping Center Insurance may be maintained in so-called blanket or umbrella policies. The covenants of this section shall survive the expiration or termination of this Lease by the lapse of time or otherwise.

#### ARTICLE VIII.

##### UTILITY SERVICES AND HEATING, VENTILATING AND AIR CONDITIONING

Section 8.1 Utilities. Tenant, at Tenant's sole cost and expense, shall be solely responsible for and shall promptly pay all charges for use or consumption of heat, air conditioning, sewer, water, gas, electricity or any other utility services to the Premises. Interruption or impairment of any such utility or related service, caused or necessitated by repairs, improvements, or other causes beyond Landlord's direct control, shall not give rise to any right or cause of action by Tenant against Landlord in damages or otherwise. Landlord shall not be liable for, and Tenant shall not be entitled to, an abatement of rent in the event of any interruption in the supply of any utility or related service, and the same shall not be construed as an actual or constructive eviction of Tenant. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall

require additional utility facilities, the same shall be installed at Tenant's sole cost and expense in accordance with all laws, regulations and ordinances and in accordance with plans and specifications to be approved in writing in advance by Landlord.

Section 8.2     Heating, Ventilating and Air Conditioning.  
Heating and air conditioning shall be thermostatically controlled in the Premises and the Tenant agrees to maintain and keep in good repair during the Term of this Lease at Tenant's sole expense all heating, ventilating and air conditioning equipment and systems located in the Premises. At all times during the term, Tenant shall; at Tenant's sole cost and expense, have and keep in force a maintenance contract (in a form and with a contractor satisfactory to Landlord) providing for inspection, maintenance and necessary repairs (including replacement) of the heating, ventilating and air conditioning equipment in or serving the Premises at least once each calendar quarter unless Landlord, at Landlord's option and Tenant's expense otherwise provides such maintenance service. The maintenance contract shall provide that it will not be cancellable by either party thereto except after thirty (30) days' prior written notice to Landlord. Tenant shall provide Landlord with a copy of such maintenance contract.

Section 8.3     Payment for Services. In no event shall Tenant be required to pay with respect to any utility service or service provided or designated by Landlord an amount in excess of the amount that Tenant would be required to pay if purchasing directly from such utility company or other company.

#### ARTICLE IX. LANDLORD'S COVENANTS

Section 9.1     Repairs by Landlord. Landlord covenants at its expense to keep the foundation, floorslab, steel frame, roof, structural portions, gutters, downspouts, sprinkler system, if any, and underground utility lines of the Premises and the Shopping Center, all utility lines serving the Premises, and the structural soundness of exterior walls thereof (excluding glass, plate glass and doors), in good order, repair and condition, unless any such work is required because of damage caused by any act, omission or negligence of Tenant, any employees, agents, invitees, guests, concessionaires, licensees, sublessees or contractors of Tenant or any of their respective employees, agents, invitees, guests, concessionaires, licensees or contractors, or any person or entity claiming by, through or under Tenant in which event Tenant shall be responsible, at Tenant's sole cost and expense, or at Landlord's option, Landlord shall make such repair and be reimbursed by Tenant for such repair. Landlord shall not be required to commence any such repair until a reasonable time after Landlord receives written notice from Tenant that the same is necessary, which notice shall specifically reference the required



repair. Landlord shall make all such required repairs and replacements without, to the extent commercially practicable, materially interfering with the conduct of Tenant's business. If during such repairs and replacements the Shopping Center or the Premises are wholly or partially unsuitable for their use as provided in this Lease, there shall be an equitable abatement of Rent, Percentage Rent and all other charges until such time as such repairs and replacements have been completed. The provisions of this section shall not apply in the case of damage or destruction by fire or other casualty or a taking under the power of eminent domain, in which event the obligations of Landlord shall be controlled by Article XI. Except as otherwise provided in this section, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Premises, or any equipment facilities or fixtures contained therein or serving the Premises, which shall be the sole responsibility of Tenant as provided in this Lease.

Section 9.2 Quiet Enjoyment. Landlord covenants and agrees that so long as Tenant has committed no default under this Lease, Tenant's peaceful and quiet possession of the Premises during the Term shall not be disturbed by Landlord or by anyone claiming by, through or under Landlord, subject to the terms and conditions of this Lease and to any mortgages, trust deeds, ground or underlying leases, agreements and encumbrances to which this Lease is or may be subordinated.

Section 9.3 Character of the Shopping Center. Tenant has entered into this Lease in reliance upon the representation by Landlord that the Shopping Center is, and will remain, retail in character, and further, that no part of same shall be used as a theatre, auditorium, meeting hall, school or other place of public assembly (excluding a day care center or kindergarten of less than 2,000 square feet), gymnasium, dance hall, billiard or pool 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 (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).

Section 9.4 Access to Premises. Landlord covenants and agrees that Landlord shall not during the Term (a) eliminate or materially reduce direct and unencumbered access between the public ways and the sidewalk on either side thereof on the one hand and the Premises on the other hand and (b) construct any additional buildings, structures, obstructions, barriers and the like upon, attached or placed adjacent to the Premises, which in any event would adversely affect the access to or visibility of the Premises and/or Tenant's sign(s) on the Premises. In addition, Landlord

covenants and agrees that it will not reduce the space nor the dimensions of the Premises.

Section 9.5 Use of the Premises. Landlord represents and warrants that there is presently issued and shall remain outstanding all required permits for equipment utilized as part of or by which services are provided to the Premises, that Tenant's use and occupancy of the Premises for the purpose permitted hereunder will not be in violation of any covenant, restriction, agreement or other instrument now or hereafter affecting the Premises.

Section 9.6 Ownership. Landlord warrants and represents that as of the date of this Lease there are no zoning regulations, governmental use restrictions, restrictive agreements, leases, environmental laws or other instruments or limitations that prevent or restrict the use of the Shopping Center or any part of the Shopping Center or prevent or limit the use of the Premises for Tenant's Use, or otherwise conflict with any of the provisions of this Lease.

Section 9.7 Default by Landlord. In the event Landlord shall neglect or fail to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) days after written notice of default to Landlord and each Mortgagee (of which Tenant has been given written notice) or if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to commence to cure the same within such thirty (30) day period and thereafter proceed diligently to prosecute such cure to completion, then in that event at Tenant's option to be exercised by written notice to Landlord (a) Tenant shall be entitled to all remedies at law or in equity resulting from such default or (b) Tenant may cure such default and deliver to Landlord an invoice for the reasonable and actual cost of the same, together with evidence of payment thereof, which invoice shall be paid or reimbursed to Tenant by Landlord within ten (10) business days thereafter. If Landlord shall fail to pay such invoice and does not notify Tenant that Landlord disputes the amount of such invoice or the necessity of such cure within said ten (10) business day period, or if Tenant obtains a judgment for such amount, the Tenant shall be entitled to offset from rents due hereunder the amount of such invoice or judgment, as applicable. Landlord shall also pay Tenant's costs, expenses and reasonable attorney's fees that may be incurred by Tenant in enforcing Landlord's covenants and agreements in this Lease, provided that Tenant is the prevailing party.

Section 9.8 Landlord's Insurance. In addition to the coverages Landlord elects to carry as provided in Section 7.1, Landlord shall, at all times during the Term hereof, maintain in

effect coverage under a policy or policies of insurance covering the Shopping Center (but not Tenant's improvements, stock-in-trade, fixtures, furniture, furnishings, floor coverings and equipment and other items Tenant is required to insure), in an amount not less than one hundred percent (100%) of the full replacement value (exclusive of the cost of excavations, foundations and footings) from time to time during the Term of this Lease or the amount of such insurance that Landlord's Mortgagee requires Landlord to maintain, whichever is greater, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage, vandalism and malicious mischief. Additionally, Landlord shall carry public liability and property damage liability insurance with at least \$1,000,000 in coverage and excess coverage liability insurance on the Common Areas of the Shopping Center. Notwithstanding anything to the contrary contained in this Section 9.8, Landlord's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket or umbrella policy or policies of insurance carried and maintained by Landlord or its affiliates.

Section 9.9 Indemnification. To the extent covered by insurance or required to be covered as required in Section 9.8, Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising out of any occurrence in, upon or from the Common Areas, parking areas, roads, walks, and approaches in and to the Shopping Center, to the extent caused by the negligence or default of Landlord, its agents, contractors, employees or concessionaires.

Section 9.10 Government Requirements. In regard to any provision regarding work to be performed as required by governmental or other authorities, Tenant shall not be obligated to make any repairs, charges, alterations or additions to portions of the Premises that are otherwise expressly the obligation of the Landlord under this Lease. Notwithstanding anything to the contrary in this Lease, Landlord shall be responsible for complying, and the cost of complying, with any and all governmental regulation of environmental matters relating to substances in or about the Premises or the Shopping Center except for those substances placed there by Tenant. Specifically, but without limiting the generality of the foregoing, Landlord shall be responsible for abating any and all hazards relating to lead paint or asbestos in or about the Premises or the Shopping Center as may be required by governmental regulation, including such abatement as may be required in connection with the issuance of any building permits or otherwise.

Section 9.11 Laws and Ordinances. Landlord shall, at Landlord's sole cost and expense, promptly observe and comply with

all present or future laws, rules, requirements, recommendations, orders, directions, ordinances and regulations of the United States of America, the State, county and any other municipal, governmental or lawful authority whatsoever affecting those portions of the Premises Landlord is required to maintain and repair pursuant to Section 9.1, and of any and all of its or their departments, bureaus and officials, except when such observance or compliance is required by reason of the particular nature of Tenant's business, or the location by Tenant of partitions or trade fixtures in which event Tenant, at its sole cost and expense, shall observe and comply with same.

Section 9.12 Actions of Landlord. Whenever Landlord shall enter or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent commercially practicable, without materially interfering with the conduct of Tenant's business.

Section 9.13 Warranties.

(a) Landlord represents and warrants that the bathroom, HVAC system, plumbing system and electrical system will be in good working order at the date of delivery of the Premises and that the roof will be free from leaks and that the Landlord has not received any notices of any violations of the applicable building code.

(b) The air conditioning unit which is presently installed in the Premises is the property of Landlord. Tenant is hereby granted the right to use said equipment and is required to keep it in good repair. Notwithstanding the provisions of Section 8.2 to the contrary, it is understood that during the first Operating Year Landlord will pay for all costs of maintenance, repairs and replacements of the air conditioning equipment; thereafter Tenant will pay all costs of operation, maintenance, repairs and replacements of the air conditioning equipment.

Section 9.14 Estimates of Other Charges. The Landlord confirms that the costs for Operating Costs, Real Estate Taxes and Shopping Center Insurance are being collected as of the date of this Lease in the following amounts:

|                           |                        |
|---------------------------|------------------------|
| Operating Costs           | \$1.75 per square foot |
| Shopping Center Insurance | \$0.40 per square foot |
| Real Estate Taxes         | \$1.50 per square foot |

The foregoing amounts are estimated payments only and are subject to adjustment as provided in this Lease.

Section 9.15 Exclusive Covenant. Landlord shall not hereafter, unless required by court order or statute or unless consented to in writing by tenant in advance thereof, execute any lease to any other tenant or consent to any sublease or assignment to any other prospective tenant or permit any other tenant or occupant to utilize any portion of the Shopping Center whose business would include the sale of convertible sofas, subject to the uses granted to tenants of the Shopping Center as of the date of this Lease.

ARTICLE X.  
TENANT'S ADDITIONAL COVENANTS

Section 10.1 Affirmative Covenants. Tenant covenants and agrees at its sole cost and expense at all times during the Term, such further time as Tenant occupies the Premises or any part thereof and such further time as indicated below:

10.1.1 To promptly perform all of the obligations of Tenant set forth in this Lease and to pay when due the Annual Base Rent, Percentage Rent, Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes, and Tenant's Pro Rata Share of Shopping Center Insurance and any and all other charges, rates and other sums which by the terms of this Lease are to be paid by Tenant (Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes, and Tenant's Pro Rata Share of Shopping Center Insurance and any and all other charges, rates and other sums which by the terms of this Lease are to be paid by Tenant are sometimes collectively referred to as "other charges"), without any setoffs or counterclaims whatsoever. The foregoing covenant shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.2 To occupy and use the Premises only for Tenant's Use and for no other purposes; to operate its business in the Premises under Tenant's Trade Name only; and to conduct its business at all times in a first class and reputable manner so as to produce the maximum volume of sales and transactions and to help establish and maintain a high reputation for the Shopping Center.

10.1.3 To refer to the Shopping Center by the Shopping Center's name in designating the location of the Premises in all newspaper or other advertising, stationery, other printed material and all other references to location; to include the address and identity of its business activity in the Premises in all advertisements made by Tenant in which the address and identity of any other business activity of like character conducted by Tenant within the metropolitan area in which the Shopping Center is located shall be mentioned, and to use, in such advertising, only Tenant's Trade Name.

10.1.4 Except when and to the extent that the Premises are untenable by reason of damage by fire or other casualty, to use and continuously operate only for Tenant's Use, all of the Premises other than such minor portions thereof as are reasonably required for storage and office purposes; to use such storage and office space only in connection with the business conducted by Tenant in the Premises; to furnish and install all trade fixtures, which shall at all times be suitable and proper for carrying on Tenant's business; to carry a full and complete stock of seasonable merchandise offered for sale at competitive prices; to store in the Premises only such merchandise as is to be offered for sale at retail from the Premises within a reasonable time after receipt; to maintain adequate trained personnel for efficient service to customers; to initially open for business and to continue to remain open for business on all days during the Term during which the Shopping Center is open (as determined by Landlord), including such evenings and continuously during such hours as shall be determined by Landlord; and to light its display windows and signs, if any, every day during the Term (including days on which Tenant is not open for business) from dusk until 10:00 P.M., or such later time as Tenant in its discretion may determine. For any day that Tenant does not comply with this subsection in any material respect, the Annual Base Rent for the applicable Operating Year, prorated on a daily basis, shall be increased by twenty-five percent (25%), such sum representing liquidated damages (and not a penalty) which the parties agree Landlord will suffer by reason of Tenant's noncompliance (the parties agreeing that Landlord's damages in such event are not and will not be reasonably ascertainable) in addition to any other remedies available to Landlord under this Lease, at law or in equity.

10.1.5 To conform to all rules and regulations which Landlord may make in the management and operation of the Shopping Center and require such conformance by Tenant's employees, agents, contractors, guests, invitees, permitted sublessees, concessionaires and licensees or any person or entity claiming by, through or under Tenant provided that all rules and regulations that Landlord may make shall be uniform, reasonable, and applied equally on a non-discriminatory basis to all of the tenants and shall not conflict with any provisions of this Lease; to receive and deliver goods and merchandise only in the manner and at such times and in such areas as may be designated by Landlord; to keep all drains inside the Premises clean; and to store all trash and garbage in adequate containers within the Premises which Tenant shall maintain in a neat and clean condition so as not to be visible to members of the public shopping in the Shopping Center, and so as not to create any health or fire hazard. Tenant shall not burn any trash or garbage at any time in or about the Shopping Center and Tenant shall, at Tenant's expense, attend to the daily disposal thereof in the manner designated by Landlord. Tenant

shall provide its own garbage pickup and disposal services. If the Premises are permitted to be used for the sale of food, Tenant shall maintain any and all grease traps in good condition and repair and store all trash and garbage in a garbage storeroom or compartment which Tenant shall install and keep in repair at its sole cost and expense. The temperature shall constantly be maintained at no less than 50 degrees F (10 degrees C) or more than 55 degrees F (12.78 degrees C). If Landlord shall provide any services or facilities for trash pickup or trash compaction, Tenant shall be obligated to use the same and shall pay a proportionate share (based on volume of use) of the actual cost thereof within ten (10) days after being billed therefor. Tenant agrees to pay its proportionate share (based on the contractor's allocation if available), promptly after being billed therefor, of any costs incurred by Landlord for pest control service which Landlord may determine is necessary to employ for the Premises.

10.1.6 Except for repairs required in Section 9.1 to be performed by Landlord, to keep the Premises, including, but not limited to, all entrances, vestibules, partitions, windows and window frames, moldings, glass doors, lighting, HVAC equipment, fixtures and equipment, the fire protection system, any security screen, wall and/or store front (the installation of which shall be subject to Landlord's approval) and fixtures and displays (including show windows and signs) clean, neat and safe, and in good order, repair and condition (including all necessary replacement, painting and decorating), and to keep all glass, including that in windows, doors, store fronts, fixtures and skylights, clean, neat and safe and in good order, repair and condition, and to promptly replace glass which may be damaged or broken with glass of the same quality, damage by fire or other casualty covered by Landlord's insurance excepted. If, in an emergency, it shall become necessary to promptly make any repairs or replacements required to be made by Tenant, Landlord may enter the Premises and proceed to make such repairs or replacements and pay the cost thereof. Tenant shall reimburse Landlord for the cost thereof within thirty (30) days after Landlord renders a bill to Tenant.

10.1.7 To make all repairs, alterations, additions or replacements to the Premises and all mechanical, electrical and plumbing systems located within the Premises required by any law or ordinance or any order or regulation of any public authority, or fire underwriters or underwriters' fire prevention engineers and to keep the Premises equipped with all safety appliances required because of Tenant's Use; to procure any licenses and permits required for Tenant's Use; and to comply with the laws, orders and regulations of all governmental authorities and the reasonable recommendations and requirements of Landlord's insurance carriers and their underwriters.

10.1.8 To promptly pay when due the entire cost of any work in the Premises undertaken by Tenant, including, without limitation, Tenant's Work, so that the Premises shall at all times be free of liens for labor and materials; to procure all necessary permits before undertaking such work; to do all work in a first class, good and workmanlike manner employing new materials of good quality; to perform all work only with licensed union contractors previously approved in writing by Landlord; to comply with all governmental requirements; and to defend (with counsel reasonably satisfactory to Landlord), indemnify and save Landlord, Owner and Owner's beneficiaries and their respective partners, officers, directors, shareholders, employees and agents (collectively "Owner's Entities") harmless and indemnified from all liability, injury, loss, cost, damage and expense (including but not limited to, reasonable attorneys' fees and expenses) in respect of injury to, or death of, any person, or damage to, or loss or destruction of, any property occasioned by or growing out of such work. Tenant shall not commence any work, alterations or improvements in the Premises until Tenant has delivered to Landlord evidence of builder's risk insurance in amount, form and issued by a company reasonably satisfactory to Landlord. With respect to any work not performed by Landlord's contractor, such work may at Landlord's option be supervised by Landlord's contractor and Tenant shall pay to Landlord's contractor on account of such supervision a fee equal to 5% for the first \$20,000 of all construction costs and 4% for costs in excess thereof. Landlord's contractor shall perform such supervision, Tenant shall make such revisions to the work requested by Landlord's contractor and Landlord nor Landlord's contractor shall be liable for the adequacy or completeness of Tenant's plans or any of such work. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.9 To defend (with counsel reasonably satisfactory to Landlord), indemnify and save Landlord, the Owner and Owner's beneficiaries, partners and their respective agents, harmless from all liability, injury, loss, cost, damage and expense (including, but not limited to, reasonable attorneys' fees and expenses) with respect of any injury to, or death of, any person, or damage, theft or destruction of any property, whether or not occurring on the Premises or any other part of the Shopping Center occasioned by any act or omission of Tenant, Tenant's agents, employees, contractors, sublessees, concessionaires, licensees, invitees or guests or any other person or entity claiming by, through or under Tenant. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.10 To maintain in responsible companies approved by Landlord, public liability insurance on the Premises during the Term of this Lease, insuring Tenant as well as Landlord and



Landlord's mortgagees as additional named insureds thereunder, Landlord, the Owner and Owner's beneficiaries and all of their respective agents, beneficiaries, partners, officers, servants and employees, from and against all claims, demands or actions for injury to or death of any one person in an amount of not less than \$1,000,000, for injury or death of more than one person in any one occurrence in an amount of not less than \$1,000,000 and for damage to property with a deductible of no more than \$1,000 and in an amount not less than \$500,000 made by or on behalf of any persons, firm or corporation, arising from, related to, or connected with the conduct and operation of Tenant's business in the Premises and the businesses of all of Tenant's sublessees, concessionaires and licensees (Landlord shall have the right to direct Tenant to increase such amounts whenever Landlord considers them inadequate) and, in addition, and in like amounts, covering Tenant's contractual liability under the hold harmless provisions contained in this subsection; to carry like coverage against loss or damage by boiler or compressor or internal explosion of boilers or compressors, if there is a boiler or compressor in or serving the Premises; to maintain plate glass insurance covering all plate glass in the Premises; to maintain all-risk insurance including but not limited to, fire, vandalism and malicious mischief and sprinkler leakage, extended coverage, covering all of Tenants equipment, stock-in-trade, trade and other fixtures, furniture, furnishings, floor coverings and all other items of personal property of Tenant located on or within the Premises to the extent of one hundred percent (100%) of their replacement cost naming Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds; and in the event liquor is sold from the Premises to maintain liquor legal liability insurance. Tenant shall procure and maintain, at its expense, business interruption or extra expense insurance with coverage limits not less than those carried by a reasonably prudent tenant subject to Landlord's approval and naming Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds but in no event less than the applicable Annual Base Rent. All insurance shall be in a form, and carried with responsible companies of recognized standing authorized to do business in the state in which the Premises are located, each satisfactory to Landlord, the Owner, Owner's beneficiaries and its Mortgagee and shall (a) provide that any release from liability or waiver of claim for recovery entered into in writing by the insured or any additional insured prior to any loss or damage shall not affect the validity of such policy or the right of any insured or additional insured to recover thereunder, (b) contain a waiver of subrogation clause in form and content satisfactory to Landlord, (c) provide that it will not be subject to cancellation, non-renewal, reduction or other change except after at least thirty (30) days' prior written notice to Landlord, and (d) name Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds thereunder. The policies or duly executed certificates for the same (which shall evidence the insurer's waiver of

subrogation) together with satisfactory evidence of the payment of the premium thereon, shall be deposited with Landlord on or before the Date for Delivery of the Premises to Tenant and, upon renewals or replacements of such policies, not less than thirty (30) days prior to expiration of the term of such coverage. If Tenant fails to comply with such requirements, Landlord may obtain such insurance and keep the same in effect, and Tenant shall pay Landlord as additional rent due hereunder the premium cost thereof upon demand.

10.1.11 That Landlord, the Owner and Owner's beneficiaries and their respective partners, officers, directors, shareholders, agents and employees shall not be liable for, and Tenant shall not be entitled to an abatement of rent in respect of, and to the extent permissible by state law, Tenant waives all claims for damage to person or property sustained by Tenant or any person or entity claiming by, through or under Tenant resulting from any accident or occurrence in or upon the Premises or the building of which they shall be a part, or any other part of the Shopping Center, including, but not limited to: (a) any equipment or appurtenances becoming out of repair; (b) Landlord's failure to keep such building or the Premises in repair; (c) injury done or occasioned by wind, water or other natural element; (d) any defect in or failure of plumbing, heating, ventilating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, railings, elevators, escalators or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the discharge from any automatic sprinkler system; (h) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Premises or the building of which the Premises are a part; (i) the escape of steam or hot water; (j) water, snow or ice being upon or coming through the roof, skylight, trapdoor, stairs, walks or any other place upon or near such building or the Premises, or otherwise; (k) the falling of any fixture, plaster or stucco; and (l) any act, omission or negligence of Landlord, its beneficiaries or any of their authorized agents or employees, other tenants in the Shopping Center or of other persons or occupants of such buildings or of adjoining or contiguous buildings or of owners of adjacent or contiguous property.

10.1.12 To permit Landlord, the Owner and Owner's beneficiaries or their respective agents, to enter the Premises at reasonable times (except, in case of an emergency, at any time) for the purpose of inspecting the Premises, or making repairs, additions or alterations thereto or to the building in which the Premises are located, and of showing the Premises to prospective purchasers, lenders, and other persons having a legitimate interest in inspecting the Premises. The provisions of this subsection shall not be construed to impose any obligation upon Landlord for the maintenance, repair or alteration of the Premises, Common Areas

or Shopping Center except as otherwise set forth in this Lease. In the event Tenant requests that Landlord perform services after regular business hours, Tenant shall be deemed to have agreed to pay all overtime charges in connection therewith. Landlord shall have the right to display "For Rent" signs on the Premises and show the Premises to prospective tenants during the last one hundred eighty (180) days of the Term.

10.1.13 To remove, at Tenant's sole cost and expense, at the expiration or termination of this Lease due to the lapse of time or otherwise, all of Tenant's goods and effects as are not permanently affixed to the Premises; to remove Tenant's store sign; to remove all of the alterations and additions made by Tenant as Landlord may request; to repair any damage caused by such removals; to deliver all keys for and all combinations on all locks, safes and vaults in the Premises to Landlord; and to peaceably yield up the Premises and all alterations and additions thereto (except such as Landlord has requested Tenant to remove) and all decorations, fixtures, furnishings, partitions, heating, ventilating and cooling equipment, and other equipment and floor coverings, all of which are permanently affixed to the Premises, which shall thereupon become the property of Landlord without any payment to Tenant, in clean and good order, repair and condition, damage by fire or other casualty and reasonable wear and tear excepted. Any personal property of Tenant not removed within five (5) days following such expiration or termination shall, at Landlord's option, become the property of Landlord without payment to Tenant. Tenant waives all rights to notice and all common law and statutory claims and causes of action against Landlord subsequent to such five (5) day period. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.14 To remain fully obligated under this Lease notwithstanding any assignment or sublease or any indulgence granted by Landlord to Tenant, Tenant's assignee, sublessee or guarantor of Tenant's rights hereunder.

10.1.15 To give Landlord prompt written notice of any accident, casualty, damage or other similar occurrence in or to the Premises or the Common Areas of which Tenant has knowledge.

10.1.16 INTENTIONALLY OMITTED.

10.1.17 To keep the Premises sufficiently heated at all times to prevent water pipes from freezing and any other damage occurring due to low temperatures in the Premises.

10.1.18 To install, maintain and keep in good repair at Tenant's sole cost and expense signs bearing Tenant's Trade Name on the Premises, visible from outside of the Premises, in accor-

dance with the Sign Criteria (a copy of which is attached as Exhibit E) as amended by Landlord from time to time. Upon the expiration or termination of this Lease due to lapse of time or otherwise, Tenant shall remove Tenant's signs and any other sign permitted by Landlord and Tenant shall repair any damage to the building or Shopping Center caused thereby.

Section 10.2 Negative Covenants. Tenant covenants and agrees at all times during the Term and such further time as Tenant occupies the Premises or any part thereof:

10.2.1 INTENTIONALLY OMITTED.

10.2.2 Not to injure, overload, deface, or otherwise harm the Premises or the Shopping Center; nor commit any nuisance; nor unreasonably annoy owners or occupants of neighboring property; nor use the Premises for any extrahazardous purpose or in any manner that will suspend, void or make inoperative or increase the cost of any policy of Shopping Center Insurance; nor burn any trash or refuse within the Shopping Center; nor sell, display, distribute or give away any alcoholic liquor or beverages; nor permit or cause odors to emanate or be dispelled from the Premises; nor solicit business in the Common Areas nor distribute advertising material to, in or upon any Common Areas; nor sell, distribute or give away any product or service which tends to create a nuisance in the Common Areas; nor make any use of the Premises which is improper, offensive or contrary to any law or ordinance or any regulation of any applicable governmental authority; nor conduct or permit any liquidation, going-out-of-business, bankruptcy, fire, or auction sales in the Premises; nor use any system for the reception or broadcast of music which has not been approved by Landlord; nor use any advertising medium such as handbills, flashing lights, searchlights, signs, loudspeakers, phonographs, sound amplifiers or audio video receiving equipment in a manner to be seen or heard outside of the Premises other than Tenant's sign approved by Landlord; nor load, unload or park any truck or other delivery vehicle in any area of the Shopping Center other than the area designated therefor by Landlord; nor use any vestibule or entry of the Premises, sidewalks, walkways or Common Areas of the Shopping Center for the storage or disposal of trash or refuse or the keeping or displaying of any merchandise or other object, including, but, not limited to, the use of any of the foregoing for any newsstand, cigar stand, sidewalk shop or any business occupation or undertaking (such uses of such areas being reserved to Landlord and its designees); nor operate any heating or cooling devices, other than the HVAC system in place at the commencement of this Lease; nor place any fence, structure, barricade, building, improvement, division rail or obstruction of any type or kind on any part of the Common Areas; nor use the courts and walks for any purpose other than pedestrian traffic; nor install or use any sign or other advertising device on the exterior of the Premises other

as approved by Landlord in writing; nor use or permit the use of any portion of the Premises as living quarters, sleeping apartments or lodging rooms; nor do or permit waste or a nuisance upon the Premises nor any act tending to injure the reputation of the Shopping Center. If Tenant does any act or uses the Premises in such a manner as will increase the cost of any policy of Shopping Center Insurance, then, without prejudice to any other remedy available to Landlord hereunder or at law or in equity for such breach, Landlord shall have the right to require Tenant to pay as additional rent hereunder the amount by which the premiums for such insurance are increased as a result of such use, which payment shall be in addition to the payment of Tenant's Pro Rata Share of Shopping Center Insurance.

10.2.3 Not to make any alterations or additions in the Premises nor permit the making of any holes in the walls, partitions, ceilings, or floors; nor place any load on any floor in the Project or Premises which exceeds the floor load per square foot which such floor was designed to carry; nor permit any roof penetrations or alterations to the heating, ventilating or air conditioning system or the sprinkler system; nor install any electrical equipment which overloads the electrical panel to the Premises; nor permit the painting or placing of any exterior signs, placards or other advertising media, awnings, aerials, antennas, or the like, without on each occasion obtaining the prior written consent of Landlord, which consent shall depend in part upon Landlord's review and approval by Landlord of plans and specifications which are deemed necessary or appropriate by Landlord, and on each occasion complying with all applicable statutes, ordinances, regulations, codes and Landlord's sign and design criteria. If Landlord consents to any roof penetration or alterations to the heating, ventilating or air conditioning system or the sprinkler system, Tenant shall cause such penetration or alterations to the heating, ventilating or air conditioning system or the sprinkler system to be made under and pursuant to the supervision of Landlord's roofing contractor or HVAC or sprinkler system contractor, as applicable, at Tenant's sole cost and expense. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right without Landlord's consent, but after giving Landlord prior written notice thereof and complying with the provisions of Section 10.2.6, to make non-structural, interior repairs and alterations to the Premises, provided the same do not materially and adversely affect building systems or the structural integrity of the Premises, having in the case of repairs and alterations during any Operating Year an aggregate estimated cost of less than \$50,000.00.

10.2.4 Not to assign, sell, mortgage, pledge, hypothecate or in any manner transfer or encumber this Lease or any interest therein by operation of law or otherwise, and not to assign this Lease or sublet the Premises or any part or parts

thereof, or permit occupancy by anyone with, through or under it without the prior written consent of Landlord. Where Landlord's consent is required, if Tenant complies with the following conditions, Landlord shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the Premises or any portion thereof: Tenant shall submit in writing to Landlord (a) the name and legal composition of the proposed assignee, sublessee or transferee, (b) the nature of the proposed assignee's, sublessee's or transferee's business to be carried on in the Premises, (c) the terms and provisions of the proposed assignment, sublease or transfer, and (d) such reasonable information as Landlord may request concerning the proposed assignee, sublessee or transferee, including without limitation, financial history, credit rating and business experience. Consent by Landlord to any assignment or subletting shall not waive the necessity for consent to any subsequent assignment or subletting. Tenant shall pay to Landlord all of Landlord's actual and reasonable costs which are incurred in reviewing Tenant's request for such consent, including, but not limited to, Landlord's actual and reasonable attorneys' fees and expenses. If Tenant requests Landlord's consent to an assignment of the Lease or to a sublease of all or a portion of the Premises, Landlord may, in lieu of granting such consent or reasonably withholding the same, require that Tenant cause the proposed assignee or sublessee to enter into a direct lease with Landlord on the proposed terms of the assignment or sublease. Effective on the effective date of said direct lease with the proposed assignee or sublessee, this Lease shall terminate as to that portion of the Premises which is the subject of such direct lease. If as a consequence thereof, this Lease terminates only as to a part of the Premises, the Annual Base Rent and the Breakpoint for the remaining Operating Years or portions thereof shall be adjusted based upon the square footage of the part subleased. If this Lease is assigned, or if the Premises or any part thereof are sublet or occupied by anyone other than Tenant, Landlord may collect any and all rent and other charges from the assignee, subtenant or occupant and apply the net amount collected to the rent and other charges due hereunder, but no such collection shall be deemed a waiver of the covenant herein against assignment and subletting, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the complete performance by Tenant of the terms, covenants and conditions of this Lease. Notwithstanding anything contained in this Lease to the contrary, Tenant may assign this Lease or sublet the Premises, without Landlord's prior written consent, but after giving Landlord prior written notice thereof, when such assignment or subletting is to (i) a parent, subsidiary or other affiliate (provided such corporate relationship with Tenant continues at all times thereafter, otherwise such transfer shall be null and void), or is in connection with a merger, consolidation or combination or the sale of substantially all of the assets or stock of the retail chain of which the business in the Premises is a part in the state

in which the Premises is located or (ii) a licensee, franchisee or operating subsidiary of Tenant; provided that in case of any such assignments, subletting or transfers referred to above, such assignee, sublessee or transferees shall assume all of Tenant's obligations hereunder in writing.

10.2.5 Not to operate or use, or permit or suffer to be operated or used, all or any part of the Premises for any use or purpose other than Tenant's Use permitted hereunder nor any other use or purpose which is inconsistent with the image and standard of quality of the Shopping Center. Tenant agrees that it will not violate any exclusive rights granted to other tenants of the Shopping Center of which Tenant has been given, or in the future is given, written notice by Landlord, provided Tenant's Use and occupancy of the Premises shall not be disturbed thereby.

10.2.6 Not to suffer any mechanics', laborers' or materialmen's liens to be filed against the Premises or the Shopping Center or any interest therein by reason of any work, labor, services performed at, or materials furnished to, or claimed to have been performed at, or furnished to, the Premises, by, or at the direction or sufferance of, Tenant, or anyone holding the Premises or any portion thereof, through or under the Tenant; provided, however, that if any such liens shall, at any time, be filed or claimed, Tenant shall have the right to contest, in good faith and with reasonable diligence, any and all such liens, provided security reasonably satisfactory to Landlord is deposited with Landlord to insure payment thereof, together with all interest and other costs associated therewith, and to prevent any sale, foreclosure or forfeiture of the Premises or the Shopping Center by reason of nonpayment thereof. On final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released of record and any judgment satisfied. If Tenant shall fail to contest the same with due diligence (having provided security to Landlord as herein provided) or shall fail to cause such lien to be discharged within thirty (30) days after being notified of the filing thereof and, in any case, before judgment of sale, foreclosure or forfeiture thereunder, then, in addition to any other remedy available to Landlord hereunder or at law or in equity, Landlord may, at its option, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Landlord, and the amount so paid by Landlord and all costs and expenses, including, but not limited to, reasonable attorneys' fees, expenses and court costs, incurred by Landlord in procuring the discharge of such lien or judgment shall be deemed to be additional rent and, together with the interest thereon at the Default Rate, as hereinafter defined, shall be due and payable by Tenant on demand by Landlord. Nothing in this Lease shall be construed as a consent on the part of Landlord

to subject Landlord's estate in the Premises to any lien or liability under any jurisdiction in which the Premises are located.

10.2.7 Not to locate any fixtures, equipment, inventory, signs, placards or any other kind of advertising material in the Common Areas nor outside of the store front or store windows in the areas, if any, of the Premises between such front or windows and the border line between the Premises and the Common Areas.

10.2.8 Other than customary window displays installed in compliance with Landlord's sign criteria and consistent with the character and standards of the Shopping Center, not to affix, maintain or locate (1) upon the glass panes or supports of any window (or within less than twenty-four [24] inches of any window), (2) upon doors or any exterior walls including the rear of the Premises, or (3) within twenty-four (24) inches of the lease line where the Premises shall have an open or glass front, any merchandise, inventory, fixtures, equipment, signs, advertising placards, names, insignias, trademarks, descriptive material or any other such like item or items, except all such items as shall have first been approved in writing by Landlord as to size, type, color, location, copy, nature and display qualities. No signs or items shall materially obstruct the view of Tenant's store from the outside. All signs, placards or other advertising material permitted hereunder shall be professionally prepared and shall not be handwritten. Notwithstanding any provision of this Lease to the contrary, Tenant shall not affix any sign to the roof or exterior of the Premises without Landlord's prior written consent, provided that Tenant shall, at its expense, cause to be prepared and installed a sign, subject to Landlord's approval, in the space provided on the front of the Premises in accordance with the sign criteria attached as Exhibit E, as such criteria may be modified by Landlord from time to time. Landlord may, without notice, and without any liability, enter the Premises and remove any items installed or maintained by Tenant in violation of subsection 10.2.7 and this subsection.

#### ARTICLE XI.

##### DAMAGE OR TAKING AND RESTORATION

##### Section 11.1 Fire, Explosion or Other Casualty.

11.1.1 Except as otherwise provided in Subsection 11.1.2, in the event the Premises are damaged by fire, explosion or other cause or casualty to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the damage shall be repaired by Landlord at Landlord's expense within ninety (90) days after Landlord receives notice of the occurrence of such casualty, provided that Landlord shall not be obligated to



spend for such repair an amount in excess of the insurance proceeds (other than proceeds paid with respect to loss of rents or income) recovered and available for such purpose as a result of such damage and that in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, fixtures, furniture, furnishings, floor coverings, equipment and all other improvements to the Premises, except Landlord's Work and further provided that such ninety (90) day period shall be extended so long as Landlord continues to diligently prosecute the completion of such repairs.

11.1.2 In the event of any such damage and (a) Landlord is not required to repair as hereinabove provided, or (b) the Premises shall be damaged to the extent of fifty percent (50%) or more of the cost of replacement or (c) the building of which the Premises are a part is damaged to the extent of twenty-five percent (25%) or more of the cost of replacement, or (d) the buildings (taken in the aggregate) in the Shopping Center shall be damaged to the extent of more than twenty-five percent (25%) of the aggregate cost of replacement, Landlord may elect either to repair or to rebuild the Premises or the building or buildings, or to terminate this Lease upon giving notice of such election in writing to the Tenant within ninety (90) days after the occurrence of the event causing such damage. If Landlord elects to terminate this Lease, such termination shall be effective thirty (30) days after such notice and Tenant shall pay any and all rent and other charges due hereunder up to such effective termination date, with an appropriate refund by Landlord of such rent or other charges as may have been paid in advance for any period subsequent to the date of such termination.

11.1.3 If the casualty, repairing or rebuilding shall render the Premises untenable, in whole or in part, and the damages shall not have been due to the default or neglect of Tenant, a proportionate abatement of the Annual Base Rent for the applicable Operating Year(s) shall be allowed from the date when the damage occurred until the date Landlord completes the work in the Premises pursuant to this section, such proportion to be computed on the basis of the relation which the gross square foot area of the space rendered untenable bears to the floor area of the Premises. If Landlord is required or elects to repair the Premises as provided herein, Tenant shall repair or replace its stock-in-trade, fixtures, furniture, furnishings, floor coverings and equipment and, if Tenant has closed, Tenant shall promptly reopen for business upon Landlord's completion of its repair of the Premises.

11.1.4 Except as provided in Section 11.3, Tenant waives any right to cancel or terminate this Lease as a result of damage to the Premises because of fire or other casualty pursuant to any presently existing statute, any statute that may be enacted in the future, or any other law.

Section 11.2 Eminent Domain.

11.2.1 If the whole of the Premises shall be taken by any public authority by the exercise, or under the threat of the exercise, of the power of eminent domain, this Lease shall terminate as of the day the right to possession shall be taken by such public authority and Tenant shall pay any and all rent and other charges due hereunder up to such date with an appropriate refund by Landlord of such rent as may have been paid in advance for any period subsequent to the date the right to possession is taken.

11.2.2 If less than all of the floor area of the Premises shall be so taken, the Term shall cease only on the parts so taken as of the day the right to possession shall be taken by such public authority, and Tenant shall pay any and all rent and other charges due hereunder up to such day with appropriate refund by Landlord of such rent as may have been paid in advance on the portion of the floor area so taken for any period subsequent to the date the right to possession is taken and thereafter the Annual Base Rent, Percentage Rent, and any and all other charges due hereunder for the remaining Operating Years, or portions thereof, and the Breakpoint shall be equitably adjusted, based upon the square footage of the Premises remaining. Landlord shall, at its expense, make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining Premises a complete architectural unit within ninety (90) days after the day the right to possession is taken (such period to be automatically extended so long as Landlord continues to diligently prosecute such repairs and alterations), provided that Landlord shall not be obligated to undertake any such repairs and alterations if the cost thereof exceeds the award received by Landlord and is available for such purpose. If the portion of the floor area of the Premises so taken leaves space no longer suitable for Tenant's Use, then this Lease shall terminate as of the day the right to possession is taken and Tenant shall pay any and all rent and other charges due hereunder up to such day with an appropriate refund by Landlord of such rent as may have been paid in advance for any period subsequent to such day.

11.2.3 If more than twenty-five percent (25%) of the floor area of the building in which the Premises are located, or more than twenty-five percent (25%) of the aggregate floor area of all the buildings in the Shopping Center shall be taken by the exercise, or under the threat of the exercise, of the power of eminent domain, Landlord may, by notice in writing to Tenant delivered on or before the day of surrendering the right to possession to the public authority, terminate this Lease and any and all rent and other charges due hereunder shall be paid up to the date of termination.

All compensation awarded for any taking under the power of eminent domain, whether for the whole or a part of the Premises shall be the property of Landlord, whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Premises or otherwise and Tenant hereby assigns to Landlord all of the Tenant's right, title and interest in and to any and all such compensation; provided, Tenant may seek a separate award in a separate action for Tenant's personal property, moving expenses and lost business, and Landlord will cooperate with Tenant with regard thereto, so long as no such award is based upon a diminution of Tenant's leasehold interest hereunder and no such award will reduce the amount of any award which would otherwise be receivable by Landlord. Tenant agrees to execute such instruments of assignment as may be required by Landlord, to join with Landlord in any petition for the recovery of damages, if requested by Landlord, and to turn over to Landlord any such damages that may be recovered in any such proceeding.

Section 11.3 Election to Terminate. Notwithstanding the foregoing provisions of this Article, if Landlord does not complete such repairs, rebuilding or restoration and comply with the conditions of this Article within nine (9) months after the date of such damage, destruction or taking, then Tenant may cancel and terminate this Lease by giving written notice to Landlord within thirty (30) days after the end of the applicable period, except, however, said notice of cancellation shall not be effective if Landlord within said thirty (30) day period shall complete and comply aforesaid. If the Premises are destroyed or damaged from any cause during the last twelve (12) months of the Term of this Lease as it may have been extended, Landlord or Tenant may cancel and terminate this Lease upon written notice within sixty (60) days after the occurrence of the event causing such damage unless Tenant exercises its Extension Option in which event Landlord shall proceed to repair or restore, if otherwise required, in accordance with the terms hereof.

## ARTICLE XII.

### TENANT'S DEFAULT AND REMEDIES

Section 12.1 Defaults by Tenant. Without further notice, Landlord may, at its option, exercise any of the remedies for breach of this Lease provided herein or provided at law, in equity or by statute, if any of the following events ("Event of Default") occurs:

- (a) Tenant fails to pay any and all rent or any other charges or payments provided to be made hereunder within five (5) business days after notice that the same is overdue;

(b) Tenant fails to initially open for business and remain open for business as provided in Subsection 10.1.4 or ceases operation in all or a material portion of the Premises prior to the Termination Date or abandons or vacates the Premises for more than ten (10) days after notice of such failure, cessation, abandonment or vacation, as applicable;

(c) Tenant fails to immediately cure any hazardous condition which Tenant has created in violation of law, governmental regulations or in breach of this Lease, after Tenant receives notice thereof or, earlier, after Tenant has actual knowledge thereof;

(d) Tenant does not pay within ten (10) days after written demand any other liability to Landlord arising out of, or in connection with, any obligation of Tenant to Landlord relating to the Shopping Center;

(e) Tenant fails to perform in a complete manner any other term, covenant or condition of Tenant in this Lease and unless it is expressly provided in this Lease that a specified act or omission by Tenant constitutes a default hereunder without notice from Landlord, such failure continues for thirty (30) days after notice thereof;

(f) a receiver or similar officer becomes entitled to this leasehold;

(g) Tenant's interest in this Lease is taken by execution or other process of law in any action against Tenant;

(h) the Premises are levied upon by any revenue officer or similar officer;

(i) Tenant does, or permits to be done, any act which creates a mechanic's lien or claim against the Premises or the land or building of which the Premises are a part and Tenant does not promptly comply with the provisions hereunder with respect thereto;

(j) Tenant shall repeatedly be late in the payment of any rent or other charges to be paid hereunder or shall repeatedly default in the keeping, observing or performing of any other term, covenant or condition to be kept, observed or performed by Tenant (provided notice of such late payment or other defaults shall have been given to Tenant, but whether or not Tenant shall have

timely cured any such late payment or other defaults of which notice was given). For purposes of this section only, the term "repeatedly" shall mean three (3) or more occurrences within any period of twelve (12) consecutive calendar months; or

(k) Tenant has submitted any fraudulent report required to be furnished hereunder or breaches any representation or warranty made hereunder.

Section 12.2 Termination Upon Default. Upon the occurrence of any Event of Default, Landlord may, in addition to all other rights and remedies it may have, terminate this Lease by giving written notice to Tenant. Either before or after such termination of this Lease, Landlord may reenter the Premises, with or without process of law, using such force as may be necessary, to remove all persons, fixtures and chattels therefrom and at Landlord's option to store the same at Tenant's expense. Tenant shall pay to Landlord on demand, as damages and not as a penalty, the sum of (1) any and all rents and other charges due and payable by Tenant as of the date of termination, plus (2) the unamortized cost to Landlord, computed in accordance with generally accepted accounting principles, of improvements to the Premises, if any, provided by Landlord at its expense or otherwise paid for by Landlord, plus (3) a sum of money equal to the then present value, using an annual discount rate of three percent (3%) of (i) the Annual Base Rent, Percentage Rent for the remainder of the Term calculated for purposes of this section as the average annual Percentage Rent payable for the three (3) calendar years immediately preceding such default (or for the entire preceding portion of the Term if less than three [3] years), Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes and Tenant's Pro Rata Share Shopping Center Insurance and all other charges provided herein to be paid by Tenant to Landlord for the remainder of the Term, less (ii) the fair rental value of the Premises for said period (net of the cost of reletting the Premises), plus (4) the cost of performing any other covenants to be performed by Tenant for the remainder of the Term, plus (5) any other damages sustained by Landlord due to any Event of Default, including, but not limited to, reasonable attorneys' fees and court costs. Nothing contained herein shall limit or prejudice the right of Landlord to prove and obtain as damages, by reason of such Event of Default, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount referred to above.

Section 12.3 Repossession Upon Default. Upon the occurrence of any Event of Default, Landlord may repossess the Premises by forcible entry, detainer suit or otherwise, without

demand or notice of any kind to Tenant (except as otherwise expressly provided for) and without terminating this Lease, in which event Landlord shall use commercially reasonable efforts to relet all or any part of the Premises for such rent and upon such terms as shall be satisfactory to Landlord (including the right to relet the Premises for a term greater or lesser than that remaining under the Term, the right to relet the Premises as a part of a larger area, and the right to change the character or use of the Premises). For the purpose of such reletting, Landlord may decorate and make any repairs, changes, alterations or additions in or to the Premises that may be necessary or convenient. Whether or not the Premises or any part are relet, Tenant shall pay to Landlord on demand any and all rents and other charges payable by Tenant as of the date Landlord repossesses the Premises. Tenant shall be liable for and shall pay from time to time upon demand from Landlord the difference between (a) the Annual Base Rent or any portion thereof, the average annual Percentage Rent payable for the three (3) calendar years immediately preceding such default (or for the entire preceding portion of the Term if less than three [3] years) or any portion thereof, Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes and Tenant's Pro Rata Share of Shopping Center Insurance and all other charges provided herein to be paid by Tenant for the remainder of the Term and (b) the net avails of any reletting, if any, during the Term and Tenant agrees that Landlord need not wait until the termination of this Lease to recover any sums falling due under the terms of this section. If the Premises are relet, Tenant shall pay to Landlord, upon demand, any cost or expense incurred by Landlord in such reletting including, but not limited to, any and all expenses for decorations, repairs, changes, alterations, additions, broker's commissions and reasonable attorneys' fees. In no event, however, shall Landlord be under any obligation to relet the Premises for any purpose, nor shall Landlord be liable for any failure to relet (provided Landlord has used commercially reasonable efforts to do so), failure to collect rent or giving rental or other concessions to any new tenant. No such re-entry by Landlord shall constitute an election to terminate this Lease unless and until Landlord gives Tenant written notice of Landlord's election to terminate nor shall it relieve Tenant of its obligations under this Lease, all of which shall survive such repossession.

Section 12.4 Tenant's Failure to Comply with Certain Covenants. In the event Tenant fails to comply with the terms, covenants or conditions in this Lease pertaining to the appearance, maintenance, repair or operation of the Premises or the Shopping Center in any material respect, then, whether or not Tenant shall have timely cured such default, if such default recurs, or any substantially similar default or any combination thereof, occurs thereafter twice within one (1) year from the date of the initial default (each recurrence of such default or similar default being referred to collectively as "Repeated Default"), the Annual Base

Rent for the applicable Operating Year(s) (pro rated on a daily basis) and the applicable portion of the Base Term Rent shall be increased by twenty-five percent (25%) for each day the second or subsequent Repeated Default occurs or continues. This increase in Annual Base Rent and Base Term Rent shall be in addition to, and not in substitution for or diminution of, any other rights and remedies under this Lease or pursuant to law or equity, to which Landlord may be entitled. This increase in Annual Base Rent and Base Term Rent shall be treated as liquidated damages and not as a penalty (Landlord and Tenant agreeing that damages would be difficult, if not impossible, to ascertain).

Section 12.5 Bankruptcy Default. If Tenant or any Guarantor of this Lease shall become bankrupt or insolvent or unable to pay its debts as such become due, or shall file any debtor proceedings, or if Tenant or any Guarantor shall take or shall have taken against either party, in any court, pursuant to any statute either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's or any such Guarantor's property, which petition is not dismissed within thirty (30) days, or if Tenant or any such Guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, then the occurrence of any one of such events shall constitute an Event of Default and Landlord may exercise any of the remedies for an Event of Default provided herein or provided at law, in equity or by statute and, in addition thereto, Landlord shall have the immediate right of reentry and may remove all persons and property from the Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

Section 12.6 Interest and Late Charge on Late Payment. Any rent or other charges to be paid hereunder by Tenant which shall not be paid within five (5) days after the same shall be due shall bear interest at the lesser of (a) the maximum rate then permitted under applicable state law, or, (b) the Corporate Base Rate as announced from time to time by The First National Bank of Chicago at the time of the Event of Default plus two percent (2%), from the sixth (6th) day after the date when the same is due and payable under the terms of this Lease until the same shall be paid (the "Default Rate"). In addition, if Tenant fails to pay rent or any other charge when due, then Tenant shall pay Landlord a late payment service charge covering administrative and overhead expenses of One Hundred Dollars (\$100). Tenant shall pay a Twenty-Five Dollar (\$25) charge for any checks written to Landlord and returned for insufficient funds.

Section 12.7 Holdover by Tenant. Any holding over by Tenant of the Premises after the expiration of the Term or termination of this Lease shall operate and be construed to be a tenancy from month-to-month only, at a rental rate equal to twice the Monthly Base Rent, Percentage Rent and any and all other charges payable hereunder at the expiration of the Term or termination of this Lease, or at the election of Landlord expressed in a written notice to Tenant, and not otherwise, such holding over shall constitute a renewal of this Lease for one (1) year at the same rental and upon all of the other terms, covenants and conditions contained in this Lease at the expiration of the Term. If Tenant holds over after a written demand by Landlord for possession at the expiration of the Term or after termination of this Lease by either party of a month-to-month tenancy created pursuant to this section, or after termination of the Lease or of Tenant's right to possession pursuant to Sections 12.3 or 12.5, Tenant shall pay monthly rent at a rate equal to twice the Monthly Base Rent plus Percentage Rent calculated on the basis of monthly Gross Sales at twice the Percentage Rent Rate, each payable immediately prior to the expiration or other termination of this Lease or Tenant's right to possession. In addition, Tenant shall remain liable for any other charges payable hereunder. Nothing in this section shall be construed to give Tenant the right to hold over after the expiration or termination of this Lease, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Premises.

Section 12.8 Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to, at any time, without notice, cure any default by Tenant under this Lease, and whenever Landlord so elects, all costs and expenses paid by Landlord in curing such default, including, without limitation, reasonable attorneys' fees and expenses, shall be so much additional rent immediately due and payable upon demand, together with interest (except in the case of attorneys' fees) at the Default Rate.

Section 12.9 Effect of Waiver of Default; Valuation Laws. No consent or waiver, expressed or implied, by either party to or of any breach of any term, covenant or condition of this Lease by either party shall be construed as a consent or waiver to or of any other breach of the same or any other term, covenant or condition. No payment by Tenant nor receipt from Landlord of a lesser amount than the rent or other charges due hereunder shall be deemed to be other than on account of the earliest unpaid rent or other charges due hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord shall accept such check for payment without prejudice to Landlord's right to recover the balance of such rent or other charge or pursue any other remedy available to Landlord. Any recovery under this



Article shall be without relief from any valuation and appraisal laws now or hereafter enacted.

Section 12.10 Remedies Cumulative. No remedy herein or otherwise conferred upon or reserved to Landlord or Tenant shall be considered to exclude or suspend any other remedy but the same shall be cumulative, shall not be deemed inconsistent with each other and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease to Landlord or Tenant may be exercised from time to time and so often as occasion may arise or as may be deemed expedient by Landlord or Tenant.

Section 12.11 Costs of Collection. Tenant shall on demand pay or reimburse Landlord for the payment of Landlord's expenses, including, but not limited to, reasonable attorneys' fees, expenses and administrative hearing and court costs, in both the trial and any and all appellate proceedings, incurred either directly or indirectly in enforcing any obligation of Tenant under this Lease, in curing any default by Tenant, in connection with appearing, defending or otherwise participating in any action or proceeding arising from the filing, imposition, contesting, discharging or satisfaction of any lien or claim for lien, in defending or otherwise participating in any legal proceedings initiated by or on behalf of Tenant where Landlord is not adjudicated to be in default under this Lease, or in connection with any investigation or review of any conditions or documents in the event Tenant requests Landlord's approval or consent to any action of Tenant which may be desired by Tenant or required hereunder. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 12.12 INTENTIONALLY OMITTED.

#### ARTICLE XIII. MISCELLANEOUS PROVISIONS.

Section 13.1 Mutual Waiver of Claims and Subrogation. Whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease or anyone claiming by, through or under them in connection with the Premises and (b) such party is then either covered in whole or in part by insurance with respect to such loss, cost, damage or expense, or required under this Lease to be so insured, then the party so insured (or so required) hereby releases the other party from any liability the other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered had insurance been carried as so required) and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release

of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate such insurance coverage or increase the cost thereof (provided that in the case of increased cost, the other party shall have the right, within thirty [30] days following written notice, to pay such increased cost, thereupon keeping such release and waiver in full force and effect). If the party released from liability hereunder is the Landlord, said term "Landlord" for the purpose of this section only, shall include the Owner, the Owner's beneficiaries or partner(s) thereof, and their respective agents, shareholders, officers, directors and employees.

Section 13.2 Notices. Any notice or demand from Landlord to Tenant or from Tenant to Landlord shall be in writing and shall be mailed by registered or certified mail, or sent by a nationally recognized air courier, such as, but not limited to Federal Express or Purolator Courier, addressed, if to Tenant, to the Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord, and, if to Landlord, to the place then established for the payment of rent, or such other address as Landlord shall have last designated by notice in writing to Tenant. The customary receipt shall be conclusive evidence of such service. Notices shall be effective on the date of mailing.

Section 13.3 Brokerage. Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease other than Lakewest, Inc. and the Leasing Broker(s) and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost (including reasonable attorneys' fees), expense or liability for any compensation, commissions and charges claimed by any other broker or other agent with respect to this Lease or the negotiation thereof.

Section 13.4 Voting Control of Tenant. If Tenant is a corporation, or the general partner of Tenant is a corporation, and, if at any time prior to the expiration or termination of this Lease, the person or persons who own a majority or controlling number of its voting shares at the time of the execution of this Lease cease to own such shares (except as the result of transfers by gift, bequest or inheritance) and such cessation shall not first have been approved in writing by Landlord, then such cessation shall, at the option of Landlord, be deemed an Event of Default and Landlord shall have available the remedies set forth in Article XII of this Lease. This section shall not prohibit a transfer permitted pursuant to Section 10.2.4 nor prohibit the transfer, assignment or hypothecation of any stock or interest in Tenant provided Tenant is a corporation, the outstanding voting stock of which is listed on a recognized security exchange or if at least eighty percent (80%) of its voting stock is owned by another corporation, the voting stock of which is so listed. For the

purpose of this section, stock ownership shall be determined in accordance with the principles set forth in Section 544 of the Internal Revenue Code of 1954 as the same exists on the date hereof, and the term "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation.

Section 13.5 Relationship of the Parties. Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party, as creating the relationship of principal and agent, of partnership, of joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant.

Section 13.6 Subordination. The rights and interests of Tenant under this Lease shall be subject and subordinate to the lien of any mortgage, trust deed or any other lien resulting from any financing or refinancing currently or hereafter placed upon the Shopping Center or any part thereof, or upon any portion or all of the Shopping Center and other property (a "Mortgage"). The mortgagee or trustee (a "Mortgagee") named in any Mortgage shall agree upon request of Tenant to recognize the rights of Tenant hereunder in the event of foreclosure and not to disturb Tenant's continued possession of the Premises during the Term (as extended, if applicable) so long as Tenant is not in default hereunder. If such Mortgagee shall elect by written notice to Tenant to subject and subordinate the Mortgage to the rights and interests of Tenant under this Lease, the Mortgage shall be so subject and subordinate. If such Mortgagee desires to evidence such subordination of this Lease to such Mortgage, or such Mortgage to this Lease, as applicable, then Tenant shall execute and deliver whatever instruments may be required for such purposes. At Landlord's election, Tenant's failure to execute and deliver such instrument within ten (10) days after Landlord's written request shall be deemed an Event of Default. If requested by Tenant such Mortgagee shall execute and deliver a non-disturbance agreement to Tenant, whereby the Mortgagee agrees not to disturb the possession and other rights of Tenant under or pursuant to this Lease during the lease Term, so long as Tenant is not in default hereunder and continues to perform its obligations hereunder, and, as provided in Section 13.7, in the event of acquisition of title, or coming into possession by said Mortgagee by foreclosure proceedings or otherwise, to accept Tenant as Tenant of the Premises under the terms and conditions hereunder and to assume and perform all of Landlord's obligations hereunder. If any Mortgagee shall request in a written notice to Tenant that Tenant thereafter shall give such Mortgagee notice simultaneously with any notice given to Landlord and an opportunity to cure any default of Landlord in the performance of any of the terms, covenants and conditions to be performed by the Landlord hereunder, Tenant shall thereafter comply with such request and agrees that such Mortgagee shall have the

right within thirty (30) days after receipt of any such notice to cure such default or otherwise perform Landlord's covenants and obligations before the Tenant, by reason of such default or failure to perform, may take any action to terminate this Lease or any other action with respect to this Lease or the rents and other charges payable hereunder; provided such thirty (30) day period shall be extended so long as such Mortgagee is proceeding diligently to correct and remedy such default.

Section 13.7 Attornment. Upon written request of any Mortgagee, Tenant shall agree in writing that: (a) no action to foreclose a Mortgage shall terminate this Lease or invalidate or constitute a breach of any of the terms or conditions hereof, (b) Tenant will attorn to the purchaser at any foreclosure sale or the grantee in any conveyance in lieu of foreclosure as landlord of the Premises, and (c) Tenant will, upon written request of such purchaser or grantee, execute such instruments as may be necessary or appropriate to evidence such attornment; provided that the Mortgagee agrees with Tenant in writing that so long as Tenant is not in default hereunder, Tenant's right to possession and enjoyment of the Premises shall be and remain undisturbed and unaffected by the Mortgagee or by any foreclosure proceedings under its mortgage. Tenant waives the provisions of any statute or rule of law, nor or hereafter in effect, that may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of the prosecution or completion of any such foreclosure proceeding. Neither the Mortgagee nor any purchaser at a foreclosure sale or any grantee in a deed in lieu of foreclosure shall be liable for any amounts paid by Tenant to Landlord prior to the time such amounts become due hereunder, or any act or omission of Landlord which occurred prior to such sale or conveyance, nor shall Tenant be entitled to any offset against or deduction from rent due hereunder after such date by reason of any such prepayment by Tenant or any such act or omission of Landlord prior to such date.

Section 13.8 Estoppel Certificates. At any time, and from time to time, Tenant agrees, upon request in writing from Landlord, to execute, acknowledge and deliver to Landlord a statement in writing in form reasonably satisfactory to Landlord, certifying to Landlord, any Mortgagee or any potential purchaser of the Shopping Center, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the dates to which the Monthly Base Rent, Percentage Rent and any and all other charges have been paid, the absence of any default or any claim or offset by Tenant against Landlord (or specifying any such default, claim or offset) and making such other accurate certifications as Landlord, such Mortgagee or such potential purchaser may reasonably require. At Landlord's election, failure to deliver such statement to Landlord

within ten (10) days from the date of Tenant's receipt of Landlord's request therefore shall be deemed an Event of Default.

Section 13.9 Applicable Law and Construction. The laws of the state in which the Premises are located shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease (other than those provisions relating to the payment of rent or other charges) shall not affect or impair any other provision. The headings of the articles, sections or subsections contained herein are for convenience only and do not define, limit or construe the contents of such articles, sections or subsections. Whenever a singular term is used herein, the same shall include the plural. Whenever the masculine gender is used herein, the same shall include the feminine and neuter genders.

Section 13.10 Time of the Essence. Time is of the essence in this Lease.

Section 13.11 Execution of Lease by Landlord. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. When executed and delivered to Landlord, this Lease shall be considered an irrevocable offer by Tenant which shall remain open for a period of fourteen (14) days from the date of delivery. Upon execution by Landlord, this Lease shall be deemed made as of the date of such execution, and an executed copy of this Lease shall be sent to Tenant. In the event Tenant's offer is not accepted within said fourteen (14) day period, Landlord may consider Tenant's offer to be a continuing offer, which may be accepted at any time prior to Landlord's receipt of a written revocation of said offer from Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement in writing between Landlord and Tenant, and no act or omission of any employee or other agent of Landlord or Leasing Broker(s) shall alter, change or modify any of the provisions hereof. This Lease constitutes the entire Agreement between Landlord and Tenant and there are no representations, warranties, promises, agreement, conditions or undertakings, oral or written, between Landlord and Tenant other than those set forth herein. Any subsequent change, addition or alteration to this Lease shall not be binding upon Landlord or Tenant unless in writing and signed by both parties.

Section 13.12 Binding Effect of Lease. The terms, covenants, agreements, obligations and conditions contained herein, except as otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and assigns subject to the rights of Landlord under Subsection 10.2.4 above. Landlord,

at any time and from time to time, may make an assignment of its interest in this Lease and, in the event of such assignment and the assumption by the assignee of the terms, covenants and conditions to be performed by Landlord herein arising on or after the date of such assignment, Landlord and its successors and assigns (other than the assignee of this Lease) shall be released from any and all liability hereunder with respect to terms, covenants, agreements, obligations and conditions to be performed by Landlord.

Section 13.13 Agency or Independent Contractor. Any service which Landlord is required or elects to furnish under this Lease may be furnished by any agent employed by Landlord or by an independent contractor, and the cost to Landlord of such agent or independent contractor shall be included in any cost chargeable to Tenant for such services.

Section 13.14 INTENTIONALLY OMITTED.

Section 13.15 Financial Statements. Tenant hereby represents and warrants to Landlord that the financial statements given by Tenant to Landlord prior to the execution of this Lease are true, correct and complete, and accurately state the financial condition of the Tenant and of any and all guarantors of the Tenant's obligations under this Lease without material omission. Within sixty (60) days after the end of each of Tenant's fiscal years falling within the Term, Tenant shall deliver to Landlord a copy of its annual financial statement prepared in accordance with generally accepted accounting principles. Tenant hereby consents that Landlord may, from time to time, review Tenant's credit information as the same may be available to Landlord.

Section 13.16 Landlord's Lien. Tenant hereby grant to Landlord a lien upon all of Tenant's property now or hereafter located upon the Premises for all rent and other charges due and Tenant's performance of all obligations under this Lease. Tenant agrees, at Landlord's request, to execute a satisfactory security agreement financing statement and if Tenant fails to immediately execute such financing statement, Tenant does hereby appoint and grant Landlord its irrevocable power of attorney for the purpose of executing such instrument.

Section 13.17 Riders and Exhibits. Any and all Riders, if any, and all Exhibits referred to in or attached hereto are hereby incorporated into and made a part of this Lease.

Section 13.18 Force Majeure. Neither Landlord nor Tenant shall be deemed to be in default with respect to any obligation to perform any of the terms, covenants and conditions of this Lease (other than Tenant's obligation to pay Landlord any and all rent and other charges after the Commencement Date when the same are due and all such amounts shall be paid when due), if the

failure to perform any such obligation is due in whole or in part to any strike, lockout, labor dispute (whether legal or illegal and whether such dispute is with Landlord, Tenant or some other person or entity), labor shortage, civil disorder, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, freight embargo, contractor or supplier delays, fuel, water, material or supply shortages or the inability to obtain such commodities on reasonable terms, delays in transportation, accidents, casualties, severe weather, acts of God, acts caused directly or indirectly by the other party (or such other party's agents, employees, guests or invitees), acts of other tenants or occupants of the Shopping Center or any other cause beyond the reasonable control of the party which is obligated to perform. In such event, the time for performance by such party shall be extended by an amount of time equal to the period of the delay so caused.

Section 13.19 Recording. This Lease shall not be recorded by Tenant. If Tenant records this Lease, then such action shall be deemed an Event of Default. Upon the execution of this Lease, Landlord and Tenant shall, at either party's option, execute a short form of lease in recordable form in accordance with applicable statutes, and reasonably satisfactory to Landlord's and Tenant's attorneys, which may be recorded by the party requesting the same provided that the failure to record such short form of lease shall not affect or impair the validity and effectiveness of this Lease. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease and is not intended to vary the terms and conditions of this Lease. Tenant shall execute such documents necessary to terminate any such short form of lease, if any, which has been recorded upon the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 13.20 Limitation of Liability. Notwithstanding anything to the contrary contained in this Lease, it is specifically understood and agreed that the liability of Landlord hereunder shall be limited to the interest of Landlord in the Shopping Center in the event of a breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord. Tenant hereby agrees that any judgment it may obtain against Landlord shall be enforceable solely against Landlord's ownership interest in the Shopping Center.

Section 13.21 Personal Property Taxes. Tenant shall pay before delinquency any personal property taxes attributable to the furniture, fixtures, merchandise, equipment or other personal property situated in or on the Premises. If any such personal property taxes are levied against Landlord or Landlord's property, and if Landlord pays the same (which Landlord shall have the right,

but not the obligation, to do) or if the assessed value of Landlord's property is increased by the inclusion of a value placed on Tenant's property, and if Landlord pays the taxes based on such increased assessment (which Landlord shall have the right, but not the obligation, to do), Tenant upon demand shall repay to Landlord the taxes levied against the Landlord or the proportion of such taxes resulting from any increase in the assessment on Landlord's property.

Section 13.22 Easements. Landlord shall have the right to grant any easements on, over, under and above the Premises for such purposes as Landlord determines, provided such easements will not materially interfere with Tenant's Use and retail sales.

Section 13.23 Corporate Authority. Tenant represents and warrants that it has full corporate or partnership power and authority, as the case may be, to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed this Lease constitutes a valid and binding obligation enforceable in accordance with its terms. If Tenant is a corporation, Tenant shall provide Landlord with a corporate resolution in a form acceptable to Landlord, authorizing execution of the Lease at the time of such execution.

Section 13.24 Consent. Where pursuant to the terms of this Lease or in connection with the administration of the Lease, the consent, approval, judgment, satisfaction or similar exercise of discretion of or by one party shall be required, requested or appropriate, such party covenants and agrees that its consent, approval, judgment, satisfaction or similar exercise of discretion shall not be unreasonably withheld, delayed or conditioned.

Section 13.25 Default Under Other Lease. If the term of any lease, other than this Lease, made by the Tenant for any premises in the Shopping Center shall be terminated or terminable after the making of this Lease because of any default by the Tenant under such other lease, such fact shall empower the Landlord, at the Landlord's sole option, to terminate this lease by notice to the Tenant.

Section 13.26 Agent's Authority. If Landlord is an agent for the beneficiaries under a land trust, this Lease is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations and agreements of the agent individually, or for the purpose of binding it personally, but this Lease is executed and delivered by the agent solely in the

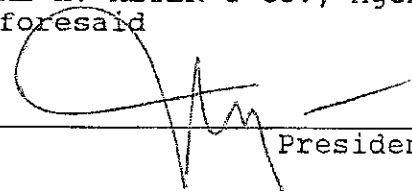


exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiaries of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiaries of said trust or its agent on account hereof, or on account of any covenants, undertaking, representation, warranty or agreement herein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under this Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgment or other liability arising out of the Landlord's obligations created by this Lease. Landlord hereby confirms that Owner's beneficiaries have the authority to manage the Shopping Center and such beneficiaries have designated LAKEWEST, INC., as agent for the beneficiaries in connection with the management of the Shopping Center. Notwithstanding anything herein to the contrary, the undersigned agent represents and warrants that it has the authority and power to bind the beneficiaries of that certain Trust Agreement with American National Bank and Trust Company of Chicago, as Trustee, dated January 4, 1962, and known as Trust Number 17351, to the terms and conditions of this Lease.

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

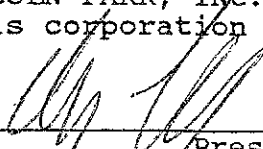
LANDLORD:

JEROME H. MEYER & CO., Agent,  
as aforesaid

By  \_\_\_\_\_  
President

TENANT:

J. C. LINCOLN PARK, INC.,  
an Illinois corporation

By  \_\_\_\_\_  
President

ATTEST:

 \_\_\_\_\_  
Secretary

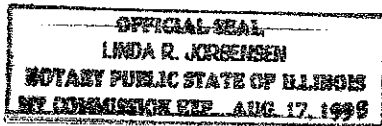
FEDERAL EMPLOYER IDENTIFICATION  
NUMBER:  
\_\_\_\_\_

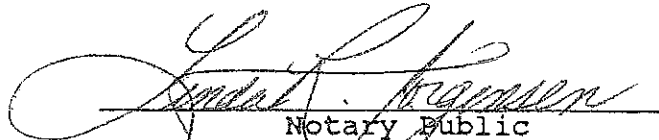
LANDLORD'S ACKNOWLEDGMENT

STATE OF ILLINOIS     )  
                              ) SS  
COUNTY OF COOK        )

I, Linda R. Jorgensen, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT JEROME H. MEYER, the President of JEROME H. MEYER & CO., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 8th day of August, 1991.



  
Notary Public

My Commission Expires:

August 17, 1995

TENANT'S ACKNOWLEDGMENT

STATE OF New York) ) SS  
COUNTY OF New York)

I, Jay Winegard, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Harley Greenfield and Bernard Wincig personally known to me to be the \_\_\_\_\_ President and \_\_\_\_\_ Secretary, respectively, of J. C. LINCOLN PARK, INC., an Illinois corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such \_\_\_\_\_ President and \_\_\_\_\_ Secretary, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said corporation; and the said \_\_\_\_\_ Secretary acknowledged that he, as custodian of the corporate seal of said corporation, did affix said corporate seal to said instrument as his own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 2nd day of August, 1991.

Notary Public

My Commission Expires:

JAY WINEGARD  
Notary Public, State of New York  
No. 41-463645  
Qualified in Queens County  
Commission Expires May 31, 1992

EXHIBIT A

LEGAL DESCRIPTION OF THE SHOPPING CENTER

PARCEL 1:

LOTS 38 THROUGH 42 INCLUSIVE (EXCEPT THE SOUTH 11 FEET OF SAID LOTS 38 THROUGH 42) AND THAT PART OF LOT 37 LYING SOUTH OF A LINE DESCRIBED AS BEGINNING AT A POINT IN THE EAST LINE OF SAID LOT 37 WHICH IS 124.75 FEET NORTH OF THE SOUTH LINE OF SAID LOTS 38 THROUGH 42; THENCE WEST ALONG A LINE PARALLEL TO THE SOUTH LINE OF LOTS 38 TO 42, A DISTANCE OF 100.345 FEET; THENCE NORTHWESTERLY ALONG A STRAIGHT LINE FORMING A DEFLECTION ANGLE OF 9 DEGREES 44 MINUTES 26 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, A DISTANCE OF 24.81 FEET TO A POINT ON THE WEST LINE OF SAID LOT 37 WHICH IS 128.95 FEET NORTH OF THE SOUTH WEST CORNER OF SAID LOT 42, BEING THE TERMINATION OF THE ABOVE MENTIONED LINE, ALSO: LOTS 43 THROUGH 47 INCLUSIVE (EXCEPT THE SOUTH 11 FEET OF SAID LOTS 43 THROUGH 47) AND THAT PART OF LOTS 48 AND 49 LYING SOUTH OF A LINE DESCRIBED AS BEGINNING AT A POINT IN THE WEST LINE OF LOT 49 WHICH IS 20.00 FEET SOUTH OF THE NORTH WEST CORNER OF SAID LOT 49; THENCE EAST ALONG A LINE PARALLEL TO THE NORTH LINE OF LOT 49, A DISTANCE OF 88.056 FEET; THENCE SOUTHEASTERLY ALONG A STRAIGHT LINE FORMING A DEFLECTION ANGLE OF 9 DEGREES 43 MINUTES 28 SECONDS TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, A DISTANCE OF 37.28 FEET TO A POINT IN THE EAST LINE OF SAID LOT 48 WHICH IS 132.038 FEET NORTH OF THE SOUTH EAST CORNER OF LOT 43, AFORESAID, BEING THE TERMINATION OF THE ABOVE MENTIONED LINE, ALL IN THE SUBDIVISION OF BLOCK 6 IN SHEFFIELD'S ADDITION TO CHICAGO IN SECTION 32, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOT 165 (EXCEPT THAT PART THEREOF LYING NORTHEASTERLY OF A LINE EXTENDING FROM A POINT ON THE NORTHWESTERLY LINE OF SAID LOT 165 WHICH IS 6.00 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER OF LOT 165 TO A POINT ON THE EAST LINE OF LOT 165 WHICH IS 42.635 FEET SOUTH OF THE NORTHEASTERLY CORNER OF SAID LOT, ALL IN THE SUBDIVISION OF BLOCK 6 IN SHEFFIELD'S ADDITION TO CHICAGO, AFORESAID, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

ALL OF THE VACATED 10 FOOT ALLEY LYING NORTH OF AND ADJOINING LOTS 38 THROUGH 42; ALSO ALL OF THE 10 FOOT ALLEY LYING NORTH OF AND ADJOINING LOTS 43 THROUGH 47; ALSO ALL OF THE 18 FOOT NORTH-SOUTH ALLEY LYING WEST OF AND ADJOINING LOTS 37 AND 42, EAST OF AND ADJOINING LOTS 43 AND 48 AND LYING SOUTH OF A LINE EXTENDING FROM A POINT ON THE EAST LINE OF SAID ALLEY WHICH IS 128.94 FEET NORTH OF THE NORTH LINE OF WEST NORTH AVENUE TO A POINT ON THE WEST LINE OF SAID ALLEY WHICH IS 132.038 FEET NORTH OF THE NORTH LINE OF WEST NORTH AVENUE AND LYING NORTH OF A LINE WHICH IS 11.00 FEET NORTH OF THE NORTH LINE OF WEST NORTH AVENUE EXTENDED, ALL IN THE SUBDIVISION OF BLOCK 6 IN SHEFFIELD'S ADDITION TO CHICAGO, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

THAT PART OF NORTH DAYTON STREET (60 FEET WIDE) LYING NORTH OF THE NORTHEASTERLY LINE OF NORTH CLYBOURN AVENUE EXTENDED SOUTH EAST; NORTH OF A LINE WHICH IS 11 FEET NORTH OF AND PARALLEL TO THE NORTH LINE OF WEST NORTH AVENUE EXTENDED WEST AND SOUTH OF A LINE DESCRIBED AS BEGINNING AT A POINT ON THE EAST LINE OF NORTH DAYTON STREET WHICH IS 20 FEET SOUTH OF THE NORTH WEST CORNER OF LOT 49 IN THE SUBDIVISION OF BLOCK 6 IN SHEFFIELD'S ADDITION TO CHICAGO, SAID POINT BEING ALSO 138.37 FEET NORTH OF THE NORTH LINE OF WEST NORTH AVENUE; THENCE WEST PARALLEL TO THE NORTH LINE OF WEST NORTH AVENUE EXTENDED WEST, A DISTANCE OF 11.50 FEET; THENCE NORTHWESTERLY ON A LINE FORMING AN ANGLE OF 45 DEGREES TO THE RIGHT WITH A PROLONGATION OF THE LAST DESCRIBED COURSE, A DISTANCE OF 2.828 FEET TO A POINT WHICH IS 140.37 FEET NORTH OF THE NORTH LINE OF WEST NORTH AVENUE EXTENDED WEST; THENCE WEST PARALLEL TO THE NORTH LINE OF WEST NORTH AVENUE EXTENDED WEST, A DISTANCE OF 46.50 FEET TO A POINT ON THE WEST LINE OF NORTH DAYTON STREET, BEING THE TERMINATION OF THE ABOVE MENTIONED LINE, IN COOK COUNTY COUNTY, ILLINOIS.

Common Address of Property: 1600-1610 North Halsted Street  
1601-1609 North Clybourn Avenue  
800-824 West North Avenue  
Chicago, Illinois

PIN: 14-32-425-045  
14-32-426-030  
14-32-426-031  
14-32-426-032  
14-32-426-033  
14-32-426-034  
14-32-426-035  
14-32-426-060  
14-32-426-063  
14-32-426-065

EXHIBIT B

MAP OF THE SHOPPING CENT

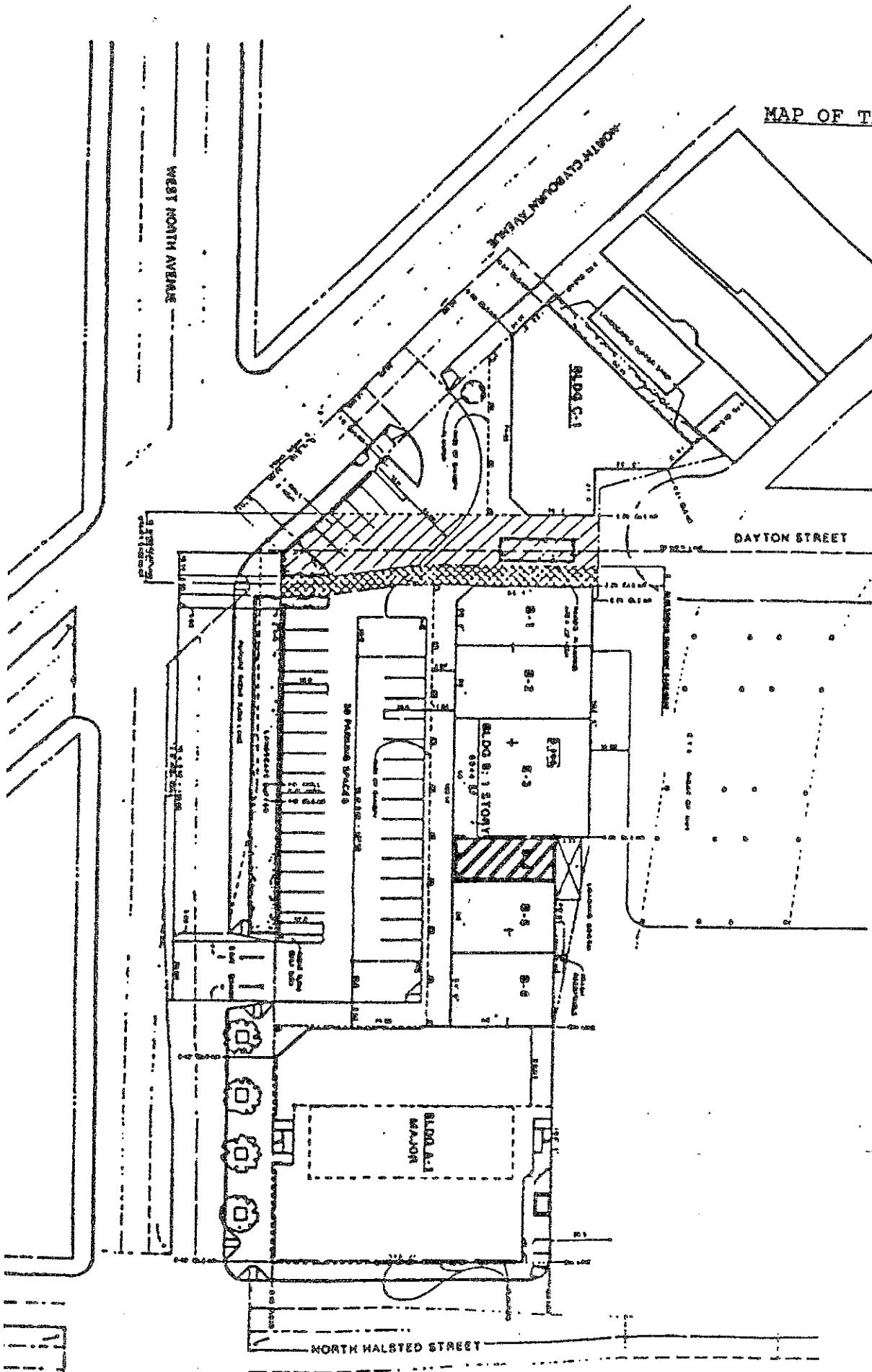


EXHIBIT C  
PLAN OF THE PREMISES

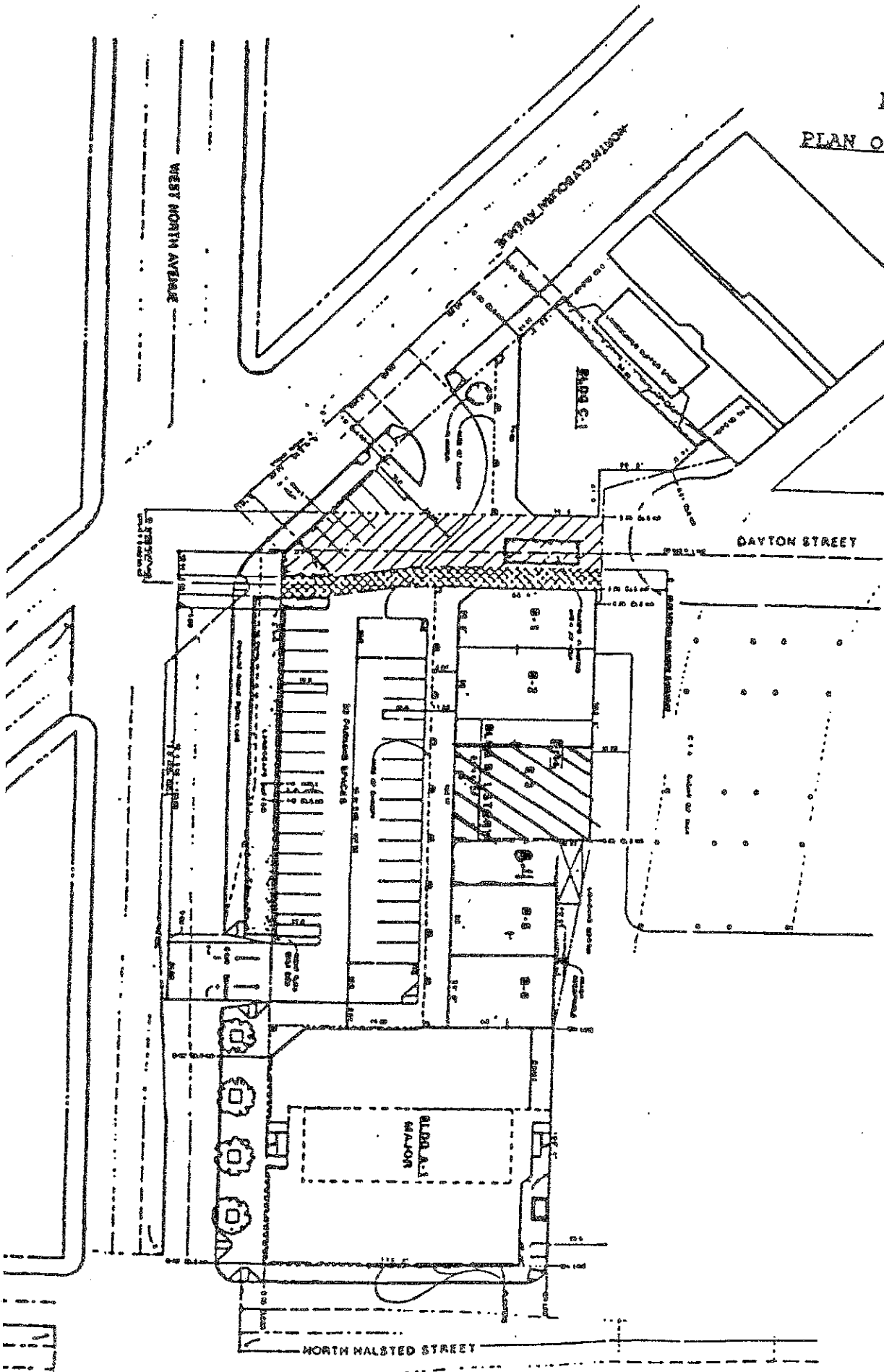


EXHIBIT D

PLANS AND SPECIFICATIONS FOR TENANT'S WORK

Tenant's Plans and Specifications for Tenant's Work are not attached hereto and Tenant will submit them pursuant to the terms of this Lease.



## EXHIBIT E

### SIGN CRITERIA

Tenant, at tenant's sole cost and expense, shall design, furnish and install one illuminated storefront sign on the south elevation facing North Avenue identifying the Premises with Tenant's trade name. Tenant shall submit three sets of drawings and specifications to Landlord for Landlord's approval and/or comments along with the samples of material and colors for all of Tenant's proposed sign work. The drawings clearly show the location, graphics, color and construction and attached details for said signs. The signs shall be subject to Landlord's approval and the following criteria:

1. The wording of the signs shall be limited to Tenant's Trade Name only and shall not include any logos, pictures or diagrams.
2. The length of the illuminated storefront sign is limited to 70% of the width of the Premises and shall be centered horizontally and vertically and shall be limited to 24" in height. The letters shall be 3" deep and shall be mounted 2" off the face of the brick.
3. The illuminated storefront sign shall be of individual back-lit letters and connected to Tenant's electric service with an automatic timer. The internal lamps shall be contained and concealed wholly within the depth structure of the letters and shall be white neon.
4. All letters shall have concealed attachment devices, clips, wiring and transformers. No exposed raceways, ballast boxes or electrical transformers will be permitted except as required by code and approved by Landlord in writing in advance of installation thereof.
5. All signs shall be fabricated and installed in compliance with applicable building and electrical codes.
6. The following is prohibited:
  - a. Paper signs and/or stickers utilized as signs, except for 8"x8" sticker which may be affixed to entrance indicating Tenant's hours of operation.
  - b. Signs of a temporary character or purpose, irrespective of the composition of the sign or material used therefor.

c. Printed signs, except, however, one non-illuminated, small scale "signature sign" which is lettered on the glass portion of the store front of Tenant and/or affixed to such store front surface, provided such sign does not exceed three (3) inches in height nor project more than one inch.

d. Freestanding or mobile signs.

e. Moving signs.

f. Signs, except for aisle signs hanging from the ceiling or comparable type of interior hanging signage, within the Premises if visible from outside without written permission of Landlord.

g. Box type signs or signs with former plastic letters.

h. Signs, pictures and paintings, except for paintings on the interior walls of the Premises or similar type of interior wall treatment, within the Premises, if visible from outside the Premises without written permission of Landlord.

i. Flashing, moving, flickering, floodlight or blinking illumination.

j. The name and/or stamp of the sign contractor exposed to view.

# EXHIBIT F

## STATEMENT AS TO COMMENCEMENT DATE AND TERMINATION DATE

It is hereby agreed among the parties to a certain Lease dated July 9, 1991, for the store located at 814-816 W. North Avenue, Chicago, IL in Halsted/North/Clybourn Shopping Center (the "Lease") between J.C. Lincoln Park, Inc. ("Tenant") and Jerome H. Meyer & Co., Agents for Halsted/Clybourn Limited Partnership ("Landlord") that:

1. The Commencement Date of the Lease, referred to in Section 2.3, is October 1, 1991.

2. The Termination Date referred to in Section 2.3 is December 31, 2001.

3. That the first Lease Year shall commence on the first day of October, 1991 and end on December 31, 1992.

4. Tenant acknowledges that the Landlord has complied with all the terms, covenants and conditions of the Lease on Landlord's part to be performed. The Tenant agrees that it has taken possession of the Premises on September 27, 1991.

5. The Tenant's pro rata percentages are as follows:

|                      |               |
|----------------------|---------------|
| Common Area Charges: | <u>9.60 %</u> |
| Real Estate Taxes:   | <u>9.60 %</u> |
| Insurance:           | <u>9.60 %</u> |

6. Annual Minimum Rent:

| <u>Lease Year</u>  | <u>Annual Minimum Rent</u> | <u>Monthly Minimum Rent</u> |
|--------------------|----------------------------|-----------------------------|
| 1 - 2              | \$49,992.00                | \$4,166.00                  |
| 3 - 5              | 52,212.00                  | 4,351.00                    |
| 6 - 7              | 54,444.00                  | 4,537.00                    |
| 8 - 10             | 56,664.00                  | 4,722.00                    |
| <u>Option Term</u> |                            |                             |
| 11 - 12            | 61,104.00                  | 5,092.00                    |
| 13 - 15            | 63,324.00                  | 5,277.00                    |

Agreed to by Landlord:

JEROME H. MEYER & CO., AGENTS  
FOR HALSTED/CLYBOURN LIMITED  
PARTNERSHIP, as aforesaid

By: [Signature]  
Its: President

Agreed to by Tenant:

J.C. LINCOLN PARK, INC.

By: [Signature]

## EXHIBIT G

### LANDLORD'S WORK

This exhibit sets forth the division of responsibility regarding the construction work and materials between Landlord and Tenant under the terms and conditions of this Lease. In every instance where responsibility is not specifically vested in the Landlord under the provisions of this exhibit, the responsibility shall be that of the Tenant.

Landlord shall provide a standard store consisting of the following:

1. Floor. Floor acceptable for Tenant carpeting.
2. Demising Partitions. Studs and gypsum board taped and sanded ready for paint.
3. Interior Partitions. Studs and gypsum board taped and sanded ready for paint.
4. Ceiling. Landlord standard configuration suspended 2'x4' acoustical T-bar ceiling; ceiling to be or equal to Armstrong Cortega, color white. Ceiling height to be even with top of storefront glass except to be lower in rear of Premises for bathroom and to accommodate HVAC ductwork and mechanicals servicing other tenants.
5. Additional Storefront. Furnish and install approximately twelve (12) linear feet of approximately eight foot (8') high storefront glass on the east elevation of the Premises closest to Diversey Parkway.
6. Electrical. Adequate electrical service to the Premises based on normal retail loads and electrical outlets placed every six (6) feet on all demising walls.
7. HVAC. The Premises shall have one roof-mounted HVAC unit (in compliance with all building codes) to provide heating and cooling capacity as follows:

Winter Heating: 10 degrees F. exterior/+75 degrees F. interior.

Summer Cooling: 95 degrees F. exterior/+75 degrees F. interior.

Landlord's Work will include heating and cooling sheet metal distributed in the Premises. However, this criteria is based

upon a total connected load not to exceed 7 Watts per square foot.

8. Fire Sprinklers. If required by code, a system and distribution to meet all local building and fire codes; to be in configuration existing on the date of this Lease or pursuant to Landlord's standard configuration.
9. Bathroom. One handicapped bathroom complete with VCT flooring, lavatory, toilet, mirror, light, toilet paper dispenser, soap dispenser, paper towel dispenser and all handicapped grab bars in accordance with local building codes.
10. Plumbing. Sewer service, hot and cold water to the Premises in accordance with all local building and health codes.
11. Storefront. Glass storefront on the south elevation of the Premises as existing on the date of this Lease.
12. Rear Service or Exit Door. As existing on the date of this Lease.
13. Illuminated Exit Signs. Provide all illuminated exit signs as required by local building code.
14. Paint. Paint all walls with one coat latex paint, color: white.
15. Demolition. Remove all interior partitions except for bathroom and small room to the east of and leading into the bathroom.

## LIMITED GUARANTY OF LEASE

THIS LIMITED GUARANTY OF LEASE (the "Guaranty") dated as of the 9th day of July, 1991, is given by JENNIFER CHICAGO, L.P., an Illinois limited partnership ("Guarantor") to JEROME H. MEYER & CO., AGENT for HALSTED-CLYBOURN LIMITED PARTNERSHIP, an Illinois limited partnership ("Landlord").

### I. RECITALS

1.1 Description of Lease. Landlord and J. C. LINCOLN PARK, INC., an Illinois corporation ("Tenant"), have entered into a Lease of even date herewith (the "Lease") of 814-816 WEST NORTH AVENUE (the "Premises"), located at Lincoln Park Gateway Shopping Center, Chicago, Illinois.

1.2 Inducement. Guarantor hereby acknowledges receipt of an executed copy of the Lease and that the Lease will economically benefit Guarantor. This Guaranty is made by the Guarantor in order to induce Landlord to enter into the Lease.

### II. THE GUARANTY

#### 2.1 Guaranty.

2.1(a) Guarantor hereby absolutely and unconditionally guarantees the full and prompt payment of the Monetary Obligations (as hereinafter defined) for the first through third Operating Years (as such term is defined in the Lease).

2.1(b) For purposes hereof, the term "Monetary Obligations" means each installment of Monthly Base Rent (as defined in the Lease) when and as the same become due under the terms of the Lease.

### III. OTHER PROVISIONS

3.1 Actions by Landlord Not to Affect Liability. The liability of Guarantor hereunder shall not be affected by:

3.1(a) Any extension in the time for making any payment due under the Lease or acceptance of partial payment from Tenant;

3.1(b) The failure during any period of time whatsoever of Landlord to attempt to collect any amount due under the Lease from Tenant or to exercise any remedy available under the Lease or any other security instrument given as security for performance of the Lease, in the event of a default in the performance by Tenant of the terms of the Lease;

3.1(c) Landlord's consent to (i) any assignment or successive assignments of the Lease, or (ii) any subletting or successive sublettings of the Premises;

3.1(d) Any assignment or successive assignments of Landlord's interest under the Lease (whether absolute or as collateral);

3.1(e) Landlord's consent to any changed, expanded or different use of the Premises;

3.1(f) The assertion by Landlord against Tenant of any rights or remedies reserved or granted to Landlord under the Lease, including the commencement by Landlord of any proceedings against Tenant;

3.1(g) Any subletting of the Premises or any part thereof, or any assignment or other transfer, by operation of law or otherwise, of any or all of the Tenant's interest in the Lease;

3.1(h) Any dealings, transactions or other matters occurring between Landlord and Tenant; or

3.1(i) The invalidity or unenforceability of the Lease, or any disability or other defense of Tenant thereunder.

3.2 Waivers. Guarantor hereby expressly waives:

3.2(a) Notice of acceptance of this Guaranty;

3.2(b) Presentment, demand, notice of dishonor, protest and notice of protest, and all other notices whatsoever, including, without limitation, notice of any event or matter described in Section 3.1 hereof.

3.2(c) Any and all claims or defenses based upon lack of diligence in:

(i) collection of any amount the payment of which is guaranteed hereby;

(ii) the discharge, liquidation or reorganization of Tenant in bankruptcy or the rejection of the Lease by Tenant or a trustee in bankruptcy; or

(iii) the discharge or bankruptcy of any other guarantor of the Lease;

(iv) any other matters described in 3.1 above; and

3.2(d) Any and all defenses of suretyship.

3.3. Nature of Remedies. No delay or omission on the part of Landlord in the exercise of any right or remedy hereunder shall operate as a waiver thereof. All remedies of Landlord hereunder shall be in addition to, and exercisable consecutively or concurrently in any combination with, any and all remedies available to Landlord by operation of law or under the Lease, and Landlord may exercise its remedies hereunder against Guarantor without the necessity for any suit or proceedings of any kind or nature against the Tenant or any third party or exhaustion of any remedies against Tenant or any third party.

3.4 No Subrogation. Guarantor shall not be subrogated to any of the rights of Landlord under the Lease or in or to the Premises or to any other rights of Landlord by reason of any of the provisions of this Guaranty or by reason of the performance by Guarantor of any of his, her, its or their obligations hereunder and Guarantor shall look solely to Tenant for recoupment.

3.5 Assignment. This Guaranty shall not be assignable by Guarantor, but shall be binding upon the heirs, legal representative, legatees, successors and assigns of Guarantor. This Guaranty shall be assignable by Landlord and shall inure to the benefit of its successor and assigns.

3.6 Governing Law. This Guaranty shall be governed by, and construed in accordance with, the law of the State of Illinois.

3.7 Jurisdiction. Guarantor hereby submits to personal jurisdiction in the State of Illinois for the enforcement of this Guaranty.

3.8 Severability. If any term, restriction or covenant of this Guaranty is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstances is deemed illegal, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

3.9 Modification. This Guaranty shall not be modified by oral agreement, but only by written amendment executed by Landlord and Guarantor.

3.10 Joint and Several Liability. If this Guaranty is made by more than one party, then each Guarantor agrees that the obligations and liabilities of each Guarantor under this Guaranty shall be joint and several and any action to enforce this Guaranty



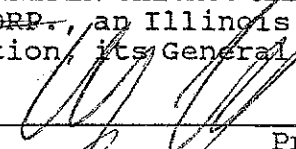
may be brought against either or all Guarantors without any reimbursement or joinder of Tenant or the other Guarantors in such action.

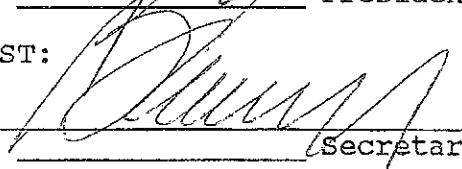
3.11 Limitation on Liability. Notwithstanding anything contained herein to the contrary, Guarantor's liability under this Guaranty shall be limited to all Monetary Obligations payable by Tenant for the first through third Operating Years. This Guaranty does not guaranty any obligation of Tenant in the event Landlord exercises any acceleration rights under the Lease during the first three (3) Operating Years other than any sums due at any given time through the first three (3) Operating Years as if the Tenant's obligations had not been accelerated.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the day and year first above written.

JENNIFER CHICAGO, L.P.,  
an Illinois limited partnership

BY: JENNIFER CHICAGO MANAGEMENT <sup>247</sup>  
CORP., an Illinois corporation,  
its General Partner

By:  President

ATTEST:  Secretary


Federal Employer Identification  
Number: \_\_\_\_\_

GUARANTOR'S ACKNOWLEDGMENT

STATE OF                    )  
                              ) SS  
COUNTY OF                 )

I, Jay Winegard, a Notary Public in and for  
and residing in said County and State, DO HEREBY CERTIFY THAT  
Harley Greenfield and Bernard Wincig,  
personally known to me to be the \_\_\_\_\_ President and  
\_\_\_\_\_ Secretary of JENNIFER-CHICAGO, LTD.  
an Illinois corporation; which is personally known to me to be the  
general partner of JENNIFER CHICAGO, L.P., an Illinois limited  
partnership, and personally known to me to be the same persons  
whose names are subscribed to the foregoing instrument as such  
\_\_\_\_\_ President and \_\_\_\_\_ Secretary, appeared  
before me this day in person and acknowledged that they signed and  
delivered said instrument as their own free and voluntary act and  
as the free and voluntary act of said corporation; and the said  
\_\_\_\_\_ Secretary acknowledged that he, as custodian of the  
corporate seal of said corporation, did affix said corporate seal  
to said instrument as his own free and voluntary act and as the free  
and voluntary act of said corporation for the uses and purposes  
therein set forth.

GIVEN under my hand and notarial seal this 2nd day of  
August, 1991.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

JAY W. NEGARD  
Notary Public State of New York  
No. 414636646  
Qualified in Queens County  
Commission Expires May 31, 1992

## LIMITED GUARANTY

THIS GUARANTY (the "Guaranty") dated as of the 9th day of July, 1991, is given by JENNIFER CONVERTIBLES, INC., a Delaware corporation, ("Guarantor") to JEROME H. MEYER & CO., AGENT for HALSTED-CLYBOURN LIMITED PARTNERSHIP, an Illinois limited partnership ("Landlord").

### I. RECITALS

1.1 Description of Lease. Landlord and J. C. LINCOLN PARK, INC., an Illinois corporation ("Tenant"), have entered into a Lease of even date herewith (the "Lease") of 814-816 WEST NORTH AVENUE (the "Premises"), located at Lincoln Park Gateway Shopping Center, Chicago, Illinois. JENNIFER CHICAGO, L.P., an Illinois limited partnership ("JCLP"), ~~an affiliate of Guarantor~~, entered into a Limited Guaranty of Lease of even date herewith (the "JCLP Guaranty") whereby JCLP guaranteed the full and prompt payment of the Monetary Obligations (as hereinafter defined) for the first through third Operating Years (as such term is defined in the Lease). For purposes hereof, the term "Monetary Obligations" means each installment of Monthly Base Rent (as defined in the Lease) when and as the same become due under the terms of the Lease.

1.2 Inducement. Guarantor hereby acknowledges receipt of an executed copy of the Lease and that the Lease and the JCLP Guaranty will economically benefit Guarantor. This Guaranty is made by the Guarantor in order to induce Landlord to enter into the Lease and accept the JCLP Guaranty.

### II. THE GUARANTY

#### 2.1 Guaranty.

2.1(a) Guarantor hereby absolutely and unconditionally guarantees the full and prompt payment by JCLP of all amounts due under the JCLP Guaranty. However, Landlord may not enforce this guaranty against guarantor until it exercises its remedies by lawsuit against Jennifer Chicago, L.P.

### III. OTHER PROVISIONS

3.1 Actions by Landlord Not to Affect Liability. The liability of Guarantor hereunder shall not be affected by:

3.1(a) Any extension in the time for making any payment due under the Lease or the JCLP Guaranty or acceptance of partial payment from Tenant or JCLP;

3.1(b) The failure during any period of time whatsoever of Landlord to attempt to collect any amount due under the Lease or the JCLP Guaranty from Tenant or JCLP or to exercise any remedy available under the Lease or the JCLP Guaranty or any other security instrument given as security for performance of the

Lease or the JCLP Guaranty, in the event of a default in the performance by Tenant or JCLP of the terms of the Lease or the JCLP Guaranty;

3.1(c) Landlord's consent to (i) any assignment or successive assignments of the Lease, or (ii) any subletting or successive sublettings of the Premises;

3.1(d) Any assignment or successive assignments of Landlord's interest under the Lease (whether absolute or as collateral);

3.1(e) Landlord's consent to any changed, expanded or different use of the Premises;

3.1(f) The assertion by Landlord against Tenant of any rights or remedies reserved or granted to Landlord under the Lease, including the commencement by Landlord of any proceedings against Tenant;

3.1(g) Any subletting of the Premises or any part thereof, or any assignment or other transfer, by operation of law or otherwise, of any or all of the Tenant's interest in the Lease;

3.1(h) Any dealings, transactions or other matters occurring between Landlord and Tenant or JCLP; or

3.1(i) The invalidity or unenforceability of the Lease or the JCLP Guaranty, or any disability or other defense of Tenant or JCLP thereunder.

3.2 Waivers. Guarantor hereby expressly waives:

3.2(a) Notice of acceptance of this Guaranty;

3.2(b) Presentment, demand, notice of dishonor, protest and notice of protest, and all other notices whatsoever, including, without limitation, notice of any event or matter described in Section 3.1 hereof.

3.2(c) Any and all claims or defenses based upon lack of diligence in:

(i) collection of any amount the payment of which is guaranteed hereby;

(ii) the discharge, liquidation or reorganization of Tenant or JCLP in bankruptcy or the rejection of the Lease or the JCLP Guaranty by Tenant or JCLP or a trustee in bankruptcy; or

(iii) the discharge or bankruptcy of any other guarantor of the Lease;

(iv) any other matters described in 3.1 above; and

3.2(d) Any and all defenses of suretyship.

3.3. Nature of Remedies. No delay or omission on the part of Landlord in the exercise of any right or remedy hereunder shall operate as a waiver thereof. All remedies of Landlord hereunder shall be in addition to, and exercisable consecutively or concurrently in any combination with, any and all remedies available to Landlord by operation of law or under the Lease or the JCLP Guaranty, and Landlord may exercise its remedies hereunder against Guarantor without the necessity for any suit or proceedings of any kind or nature against the Tenant ~~or JCLP or any third party~~ or exhaustion of any remedies against Tenant or JCLP or any third party.

3.4 No Subrogation. Guarantor shall not be subrogated to any of the rights of Landlord under the Lease or in or to the Premises or to any other rights of Landlord by reason of any of the provisions of this Guaranty or by reason of the performance by Guarantor of any of his, her, its or their obligations hereunder and Guarantor shall look solely to Tenant for recoupment.

3.5 Assignment. This Guaranty shall not be assignable by Guarantor, but shall be binding upon the heirs, legal representative, legatees, successors and assigns of Guarantor. This Guaranty shall be assignable by Landlord and shall inure to the benefit of its successor and assigns.

3.6 Governing Law. This Guaranty shall be governed by, and construed in accordance with, the law of the State of Illinois.

3.7 Jurisdiction. Guarantor hereby submits to personal jurisdiction in the State of Illinois for the enforcement of this Guaranty.

3.8 Severability. If any term, restriction or covenant of this Guaranty is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstances is deemed illegal, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

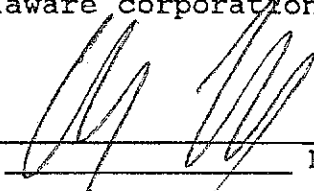
3.9 Modification. This Guaranty shall not be modified by oral agreement, but only by written amendment executed by Landlord and Guarantor.

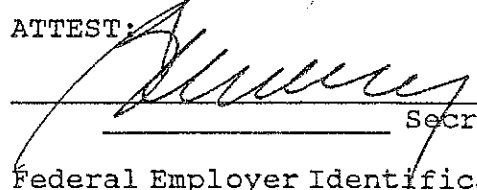
3.10 Joint and Several Liability. If this Guaranty is made by more than one party, then each Guarantor agrees that the obligations and liabilities of each Guarantor under this Guaranty shall be joint and several and any action to enforce this Guaranty may be brought against either or all Guarantors without any reimbursement or joinder of Tenant or the other Guarantors in such action.

3.11\*

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the day and year first above written.

JENNIFER CONVERTIBLES, INC.,  
a Delaware corporation,

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

ATTEST:  \_\_\_\_\_ Secretary

Federal Employer Identification  
Number: \_\_\_\_\_

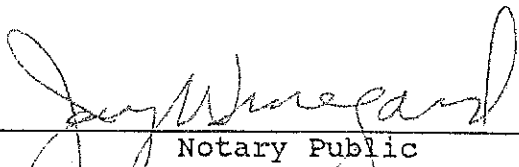
\*Limitation on Liability. Notwithstanding anything contained herein to the contrary, Guarantor's liability under this Guaranty shall be limited to all Monetary Obligations (as defined in this Guaranty) payable by Tenant for the first through third Operating Years. This Guaranty does not guaranty any obligation of Tenant in the event Landlord exercises any acceleration rights under this Lease during the first three (3) Operating Years other than any sums due at any given time through the first three (3) Operating Years as if the Tenant's obligations had not been accelerated. This Guaranty shall be null and void commencing with the first day of the 1st month of the fourth (4) Operating Year and the Guarantor shall have no further liability to Landlord.

GUARANTOR'S ACKNOWLEDGMENT

STATE OF New York  
COUNTY OF New York ) SS

I, Jay Winegard, a Notary Public in and for  
and residing in said County and State, DO HEREBY CERTIFY THAT  
Harley Greenfield and Bernard Wiscig,  
personally known to me to be the \_\_\_\_\_ President and  
Secretary of JENNIFER CONVERTIBLES, INC., a  
Delaware corporation, personally known to me to be the same persons  
whose names are subscribed to the foregoing instrument as such  
President and Secretary, appeared  
before me this day in person and acknowledged that they signed and  
delivered said instrument as their own free and voluntary act and  
as the free and voluntary act of said corporation; and the said  
Secretary acknowledged that he, as custodian of the  
corporate seal of said corporation, did affix said corporate seal  
to said instrument as his own free and voluntary act and as the free  
and voluntary act of said corporation for the uses and purposes  
therein set forth.

GIVEN under my hand and notarial seal this 6th day of  
August, 1991.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

JAY WINEGARD  
Notary Public, State of New York  
No. 41-463645  
Qualified in Queens County  
Commission Expires May 31, 1992

**FIRST AMENDMENT TO LEASE**Number 1 of2 execute

counterparts

THIS FIRST AMENDMENT TO LEASE made and entered into as of the 22nd day of November, 1995, by and between **JEROME H. MEYER & CO., AGENT FOR HALSTED-CLYBOURN LIMITED PARTNERSHIP** ("Landlord") and **J. C. LINCOLN PARK, INC.**, an Illinois corporation ("Tenant"),

**WITNESSETH:**

WHEREAS, on July 9, 1991, Landlord and Tenant entered into a certain Lease for the premises commonly known as 814-816 West North Avenue, Chicago, Illinois (the "Premises") consisting of approximately 2,222 rentable square feet of Floor Area located in the building commonly known as the Lincoln Park Gateway Shopping Center, in Chicago, Illinois (the "Shopping Center"), for a Term commencing October 1, 1991, and ending on December 31, 2001, with one five (5) year Option Term (the "Lease"); and

WHEREAS, the Tenant desires to reallocate its rental obligations under the Lease by amending the Lease as hereinafter provided and the Landlord is agreeable thereto.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree as follows:

1. All of the foregoing WHEREAS clauses be and are incorporated hereby by reference as though the same were fully set forth.

2. Effective on the date hereof, the Lease is amended in that Subsection 1.1.14, ANNUAL BASE RENT is deleted and the following is inserted in its place and stead:

**1.1.14 ANNUAL BASE RENT:****Operating Year:**

| <u>Primary Term</u>    | <u>Annual Base Rent</u> |
|------------------------|-------------------------|
| 10/01/91 thru 12/31/93 | \$49,992.00             |
| 01/01/94 thru 12/31/95 | \$52,212.00             |
| 01/01/96 thru 12/31/96 | \$46,990.00             |
| 01/01/97 thru 12/31/98 | \$57,055.00             |
| 01/01/99 thru 12/31/01 | \$56,664.00             |
| <u>Option Term</u>     | <u>Annual Base Rent</u> |
| 01/01/02 thru 12/31/03 | \$61,104.00             |
| 01/01/04 thru 12/31/06 | \$63,324.00             |

3. Tenant represents that Tenant has not dealt with any real estate broker, sales person, or finder in connection with this First Amendment to Lease other than Jerome H. Meyer & Co., and no such person initiated or participated in the negotiation of this First Amendment to Lease. Tenant hereby agrees to indemnify and hold harmless Landlord, the Owner of the Shopping Center and its beneficiaries, and their partners, shareholders, officers and directors from and against any and all liabilities and claims for commissions and fees arising out of a breach of the foregoing representation.

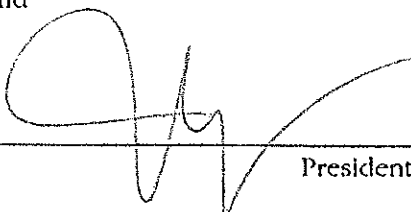


4. In all other respects the Lease is hereby ratified and affirmed.
5. Upon the execution hereof, this First Amendment to Lease shall become an integral part of the Lease.
6. Except as expressly provided herein, all of the terms and provisions of the Lease, as amended from time to time, shall remain in full force and effect. In the event of any conflict or inconsistency between the terms of the Lease and this First Amendment to Lease, the terms of this First Amendment to Lease shall prevail.
7. This First Amendment to Lease is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations and agreements of the agent individually, or for the purpose of binding it personally, but this First Amendment to Lease is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings, representation, warranty or agreement herein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgment or other liability arising out of the Landlord's obligations created by the Lease. Such trustee hereby confirms that its beneficiary(ies) has authority to manage the Shopping Center and has designated JEROME H. MEYER & CO. as agent for the beneficiary(ies) in connection with the management of the Shopping Center.

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

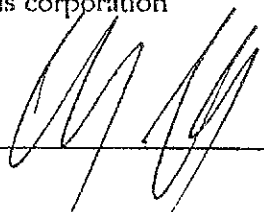
LANDLORD:

JEROME H. MEYER & CO., AGENT, as  
aforesaid

By  \_\_\_\_\_  
President

TENANT:

J. C. LINCOLN PARK, INC.  
an Illinois corporation

By  \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

## ASSIGNMENT OF LEASE AGREEMENT

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

### WITNESSETH:

WHEREAS, Jerome H. Meyer & Co., agent for Halsted-Clybourn Limited Partnership, the address of which is 740 North Rush Street, Suite 600, Chicago, Illinois 60611, as Landlord ("Landlord") demised certain premises located at Lincoln Park Gateway Shopping Center, 814-816 West North Avenue, Chicago, Illinois (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as of July 9, 1991; and

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

### AGREEMENT:

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

1. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title, and interest together with any Security Deposit, and any accrued interest thereon, and obligations in and to and under the Lease and any and all amendments and modifications thereto effective as of the date hereof.

2. This Assignment shall be binding on and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.

3. As a material inducement to Assignee to execute and deliver this Agreement, Assignor represents to Assignee the following :

(a) As of the date hereof, Assignor has not entered into any other

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

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

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

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

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

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

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 26 day of July, 2000.

J.C. Lincoln Park, Inc., Assignor

By: 

Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

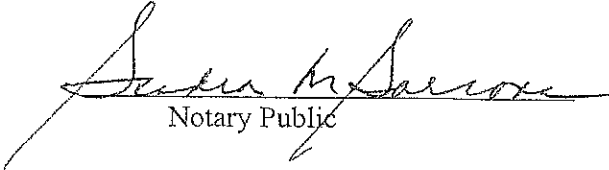
By: 

Rami Abada, President

STATE OF NEW YORK )

SS:  
COUNTY OF Nassau

On the 26 day of July, 2000, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of J.C. Lincoln Park, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

  
Notary Public

STATE OF NEW YORK )

SS:  
COUNTY OF Nassau

On the 26 day of July, 2000, before me personally came Rami Abada, to me known, who, being by me duly sworn, did depose and say that he is the President of Jennifer Convertibles, Inc., (Assignee), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

  
Notary Public

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

## SECOND AMENDMENT TO LEASE

7<sup>th</sup> THIS SECOND AMENDMENT TO LEASE (this "Amendment") is made and entered into this day of March, 2006, by and between JEROME H. MEYER & CO., AGENT for Halsted-Clybourn Limited Partnership, an Illinois limited partnership as "Landlord" and JENNIFER CONVERTIBLES, INC., a Delaware corporation, as "Tenant".

### WITNESSETH:

**WHEREAS**, on July 9, 1991, Landlord and J.C. Lincoln Park, Inc. ("J.C.") entered into that certain Lease for the premises commonly known as 814-816 W. North Avenue, Chicago, Illinois (the "Premises") consisting of approximately 2,222 rentable square feet of Floor Area located in the building commonly known as the Lincoln Park Gateway Shopping Center, in Chicago, Illinois (the "Shopping Center") for a ten (10) year Term commencing October 1, 1991, and automatically extending on April 1, 2001 for one five (5) year option term (the "Lease"). The Term of the Lease as extended expires on December 31, 2006;

**WHEREAS**, as of November 22, 1995, the Landlord and J.C. entered into that certain First Amendment To Lease whereby the parties thereto, among other things, amended the definition of Annual Base Rent;

**WHEREAS**, as of September 1, 2000 J.C. assigned its interest in and to the Lease to Tenant pursuant to that certain Assignment of Lease Agreement; and

**WHEREAS**, the Tenant desires to, among other things, extend the Term of the Lease to December 31, 2011.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree to amend the Lease in the following manner effective as of the date hereof:

1. All of the foregoing WHEREAS clauses be and are incorporated herein by reference as though the same were fully set forth.
2. Effective as of January 1, 2007, the Lease is amended in that Subsection 1.1.12, TERM is deleted and the following is inserted in its place:

TERM: January 1, 2007 through December 31, 2011, for a period of five (5) years.

3. Effective as of January 1, 2007, the Lease is hereby amended in that Subsection 1.1.14, ANNUAL BASE RENT is deleted and the following is inserted in its place:

#### 1.1.14 ANNUAL BASE RENT:

| <u>Rental Period</u>       | <u>Annual Rent</u> | <u>Monthly Rent</u> |
|----------------------------|--------------------|---------------------|
| 01/01/2007 thru 12/31/2007 | \$ 116,640.00      | \$ 9,720.00         |
| 01/01/2008 thru 12/31/2008 | \$ 121,308.00      | \$ 10,109.00        |
| 01/01/2009 thru 12/31/2009 | \$ 126,156.00      | \$ 10,513.00        |
| 01/01/2010 thru 12/31/2010 | \$ 131,208.00      | \$ 10,934.00        |
| 01/01/2011 thru 12/31/2011 | \$ 136,452.00      | \$ 11,371.00        |



4. Effective as of January 1, 2007, the Lease is hereby amended in that Subsection 1.1.15, PERCENTAGE RENT RATE is deleted and the following is inserted in its place:

1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint:

| <u>Rental Period</u>       | <u>Breakpoint</u> |
|----------------------------|-------------------|
| 01/01/2007 thru 12/31/2007 | \$ 2,592,000.00   |
| 01/01/2008 thru 12/31/2008 | \$ 2,695,733.33   |
| 01/01/2009 thru 12/31/2009 | \$ 2,803,466.66   |
| 01/01/2010 thru 12/31/2010 | \$ 2,915,733.33   |
| 01/01/2011 thru 12/31/2011 | \$ 3,032,266.66   |

5. Effective as of January 1, 2007, the Lease is amended in that Section 2.3.1; Primary Term is deleted and the following is substituted in its place:

2.3.1 Primary Term. The primary five (5) year term of this Lease (the "Primary Term") shall commence on January 1, 2007 and end on December 31, 2011, unless sooner terminated by lapse of time or otherwise pursuant to the terms of this Lease (the "Term").

6. Effective as of January 1, 2007, the Lease is amended in that Section 2.3.2, Option Term is deleted in its entirety.
7. Tenant represent that the Tenant has dealt directly with and only with Jerome H. Meyer & Co. in connection with this Amendment and that insofar as the Tenant knows no broker negotiated this Amendment or is entitled to any commission in connection therewith. Tenant indemnifies and holds Landlord, its beneficiaries and their respective agents and employees harmless from any claims of any other broker or brokers who claim to have dealt with Tenant in connection with this Amendment.
8. Except as expressly provided herein, all of the terms and provisions of the Lease shall remain in full force and effect during the Term as hereby extended.
9. This Amendment is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations of the agent individually, or for the purpose of binding it personally, but this Amendment is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings representation, warranty or agreement therein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgments or another liability arising out of the Landlord's obligations created by the Lease. Such trustee hereby confirms that its beneficiary(ies) has authority to manage the Building and has designated JEROME H. MEYER & CO. as agent for the beneficiary(ies) in connection with the management of the Building.



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

**LANDLORD:**

JEROME H. MEYER & CO., AGENT,  
aforesaid

By: 

Name: JEROME H. MEYER

Title: PRESIDENT/CEO

**TENANT:**

JENNIFER CONVERTIBLES, INC., as  
Tenant

By: 

Name: EDWARD B. SEIDNER

Title: EXECUTIVE VICE. PRESIDENT

**EXHIBIT "E"**

**West North Avenue Stub Rent:**

|               |                   |
|---------------|-------------------|
| Base Rent:    | \$4,852.00        |
| CAM:          | \$566.00          |
| Taxes:        | \$734.00          |
| <b>TOTAL:</b> | <b>\$6,152.00</b> |



ORIGINAL

Number 3 of3 executed  
counterparts.

[PH-COPY-AM]

**FIRST AMENDMENT TO LEASE**

THIS FIRST AMENDMENT TO LEASE made and entered into as of the 22nd day of November, 1995, by and between **GIFFORD INVESTMENT CO.**, AGENT for beneficiary(ies) under Trust Agreement dated June 1, 1987, and known as Trust Number 102674-09, with American National Bank and Trust Company of Chicago, Trustee ("Landlord") and **J. C. SCHAUMBURG, INC.**, an Illinois corporation ("Tenant"),

**WITNESSETH:**

WHEREAS, on February 18, 1992, Landlord and Tenant entered into a certain Lease for the premises commonly known as 695 East Golf Road, Schaumburg, Illinois (the "Premises") consisting of approximately 3,800 rentable square feet of Floor Area located in the building commonly known as the Golf Road Center, in Schaumburg, Illinois (the "Shopping Center"), for a Term commencing April 11, 1992, and ending on July 31, 2002, with two five (5) year Option Terms (the "Lease"); and

WHEREAS, the Tenant desires to reallocate its rental obligations under the Lease by amending the Lease as hereinafter provided and the Landlord is agreeable thereto.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree as follows:

1. All of the foregoing WHEREAS clauses be and are incorporated hereby by reference as though the same were fully set forth.

2. Effective on the date hereof, the Lease is amended as follows:

a. Notwithstanding anything to the contrary contained in Subsection 1.1.14 or in any other portion of the Lease, Monthly Base Rent for the period January 1, 1996, through December 31, 1998, shall be payable, as follows:

|                   |            |
|-------------------|------------|
| 01/01/96-12/31/96 | \$5,362.50 |
| 01/01/97-07/31/98 | \$6,256.25 |
| 08/01/98-12/31/98 | \$6,852.08 |

b. Section 1.1.15, PERCENTAGE RENT RATE, is deleted and the following is inserted in its place and stead:

1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint.

Operating Year:

Primary Term

Breakpoint

Years 1-3

\$1,400,000.00

Years 4-6

\$1,000,000.00

| <u>Primary Term</u>       | <u>Breakpoint</u> |
|---------------------------|-------------------|
| Years 7-9                 | \$1,100,000.00    |
| Year 10                   | \$1,210,000.00    |
| <u>First Option Term</u>  | <u>Breakpoint</u> |
| Years 11-12               | \$1,210,000.00    |
| Years 13-15               | \$1,330,993.00    |
| <u>Second Option Term</u> | <u>Breakpoint</u> |
| Years 16-18               | \$1,464,097.00    |
| Years 19-20               | \$1,610,503.00    |

3. Tenant represents that Tenant has not dealt with any real estate broker, sales person, or finder in connection with this First Amendment to Lease other than Gifford Investment Co. and no such person initiated or participated in the negotiation of this First Amendment to Lease. Tenant hereby agrees to indemnify and hold harmless Landlord, the Owner of the Shopping Center and its beneficiaries, and their partners, shareholders, officers and directors from and against any and all liabilities and claims for commissions and fees arising out of a breach of the foregoing representation.

4. In all other respects the Lease is hereby ratified and affirmed.

5. Upon the execution hereof, this First Amendment to Lease shall become an integral part of the Lease.

6. Except as expressly provided herein, all of the terms and provisions of the Lease, as amended from time to time, shall remain in full force and effect. In the event of any conflict or inconsistency between the terms of the Lease and this First Amendment to Lease, the terms of this First Amendment to Lease shall prevail.


7. This First Amendment to Lease is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations and agreements of the agent individually, or for the purpose of binding it personally, but this First Amendment to Lease is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings, representation, warranty or agreement herein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that

the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgment or other liability arising out of the Landlord's obligations created by the Lease. Such trustee hereby confirms that its beneficiary(ies) has authority to manage the Shopping Center and has designated GIFFORD INVESTMENT CO. as agent for the beneficiary(ies) in connection with the management of the Shopping Center.

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

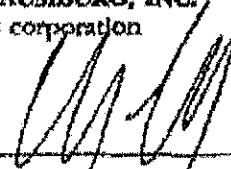
LANDLORD:

GIFFORD INVESTMENT CO., AGENT,  
as aforesaid

By   
President  
General Partner

TENANT:

J. C. SCHAUMBURG, INC.  
an Illinois corporation

By   
President

ATTEST:

\_\_\_\_\_  
Secretary

## ASSIGNMENT OF LEASE AGREEMENT

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

## WITNESSETH:

WHEREAS, Gifford Investment Co., as agent for the beneficiaries of American National Bank and Trust Company of Chicago, as Trustee under Trust Agreement dated June 1, 1987 and known as Trust No. 102674-09, its successor in interest being Jerome H. Meyer & Co., as agent for the beneficiaries of Trustee, the address of which is 740 North Rush Street, Chicago, Illinois 60611, as Landlord ("Landlord") demised certain premises located at Golf Road Center, 695 East Golf Road, Schaumburg, Illinois (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as of February 18, 1992; and

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

## AGREEMENT:

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 3 day of July, 2000.

J.C. Schaumburg, Inc., Assignor

By:   
Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

By:   
Rami Abada, President

STATE OF NEW YORK )

COUNTY OF Nassau ) SS:

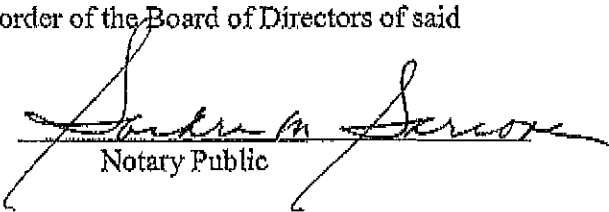
On the 31 day of July, 2000, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of J.C. Schaumburg, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto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

  
Notary Public

STATE OF NEW YORK )

COUNTY OF Nassau ) SS:

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

  
Notary Public

SANDRA M. SARCONA  
Notary Public State of New York  
No. 015A4726457  
Qualified in Nassau County  
Commission Expires May 31, 2002

*Law Office of*  
**WINCIG & WINCIG**

BERNARD WINCIG  
OWEN WINCIG

AMY I. DON  
BARRY M. WEISS\*

ANDREW KLINE  
WASHINGTON D.C. COUNSEL  
ADMITTED ONLY IN D.C. & MD.

\*ALSO ADMITTED IN FLORIDA

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

*574 Fifth Avenue, New York, N.Y. 10036*

TELEPHONE: 212-575-8333

FACSIMILE: 212-575-8525

August 17, 2000

Jerome H. Meyer & Co.  
740 North Rush Street  
Chicago, Illinois 60611

Re: Tenant: J.C. Schaumburg, Inc.  
Premises: Golf Road Center, 695 East Golf  
Road, Schaumburg, Illinois  
Our File No. 3133/5922

Dear Sir or Madam:

We are the attorneys for the tenant at the above referenced premises. Pursuant to the terms of the lease, we hereby notify you that the lease is being assigned to Jennifer Convertibles, Inc. which is the parent company of the tenant. The assignment will be effective as of September 1, 2000.

Enclosed please find a copy of the assignment for your records.

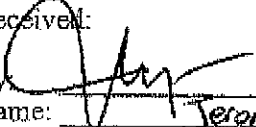
Please sign your acknowledgment of receipt of this notice and the assignment below, and return a signed copy of this letter to our office for our records.

Very truly yours,

Bernard Wincig

Enc.

Received:

By:   
Name: Jerome H. Meyer  
Title: Agent

## SECOND AMENDMENT TO STORE LEASE

THIS SECOND AMENDMENT TO STORE LEASE (this "Amendment") is made and entered into this 17 day of June, 2009, by and between ZIFKIN REALTY MANAGEMENT, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, dated June 1, 1987, as "Landlord" and JENNIFER CONVERTIBLES INC., a Delaware corporation, as "Tenant" as successor-in-interest to J.C. Schaumburg, Inc. ("Original Tenant").

### WITNESSETH:

WHEREAS, Landlord's predecessor-in-interest and Original Tenant entered into that certain Store Lease dated February 18, 1992 (the "Original Lease") for the premises commonly known as 695 East Golf Road, Schaumburg, Illinois (the "Premises") consisting of approximately 3,800 rentable square feet located in the shopping center commonly known as the Golf Road Shopping Center, located at 681-697 East Golf Road, Schaumburg, Illinois (the "Shopping Center") for a Primary Term commencing April 11, 1992, as amended by that certain First Amendment to Lease dated as of November 22, 1995 (the "First Amendment").

WHEREAS, Original Tenant and Tenant entered into that certain Assignment of Lease Agreement effective as of September 1, 2000 (the "Lease Assignment") wherein and whereby Original Tenant assigned all of its interest under the Original Lease and the First Amendment to Tenant. The Original Lease, the First Amendment and the Lease Assignment are hereinafter collectively referred to as the "Lease."

WHEREAS, the Tenant and Landlord desire to, among other things, (i) relocated Tenant to the East end of the Shopping Center, and (ii) reduce the square footage of the leased Premises to approximately 3,186 square feet, as more fully set forth below.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree to amend the Lease in the following manner effective as of the date hereof:

1. **Incorporation of Recitals.** The foregoing recitals are incorporated into this Amendment by this reference as fully and with the same force and effect as if repeated herein at length. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Lease. If and to the extent this Amendment and Lease contain inconsistent or conflicting terms, the terms of this Amendment shall govern and control the interpretation of the Lease and this Amendment. The Lease, as modified and extended by this Amendment, shall constitute the entire agreement between Landlord and Tenant.

2. **Premises.** Tenant and Landlord desire to:

A. Relocate Tenant from its current premises (the "Existing Jennifer Space") to the premises located at the East end of the Shopping Center and which is currently known as 697 East Golf Road (the "New Jennifer Space") as shown on Exhibit A attached hereto and made a part hereof. The definition of "Premises" in the Lease shall be modified to refer only to the New Jennifer Space.

B. Reduce the square footage of leased spaced from approximately 3,800 to approximately 3,186 square feet.

3. **Landlord Work.** Landlord agrees to relocate Tenant to the New Jennifer Space as follows:

A. Landlord shall pay all costs of the improvements in the New Jennifer Space equal to or better than the standard of finish in the Existing Jennifer Space, and consistent with plans and specifications attached hereto as Exhibit B. In addition, Landlord will pay for new exterior signage and installation thereof, and removal of existing exterior signage, and installation of new interior signage consistent with Existing Jennifer Space. Landlord agrees to accept surrender of Existing Jennifer Space in as-is condition.



B. Landlord shall reimburse Tenant for all reasonable costs associated with relocating Tenant from the Existing Jennifer Space to the New Jennifer Space, including but not limited to actual physical relocation, as well as stationery, purchase orders, cards, and the like, and telephone and internet wiring, installation and start-up service.

C. It is intended by this Second Amendment that Tenant will not incur any expense whatsoever in connection with the relocation.

D. Upon the completion of the relocation, Tenant shall sign a statement confirming the Relocation Date (hereinafter defined) and confirming that Landlord has substantially completed the Landlord work described in this Paragraph 3, subject to minor punch list items, which punch list items shall be completed within not less than thirty (30) days thereafter, provided that all necessary parts and materials are available.

4. **Term.** The Term of the Lease shall remain unchanged. The Second Extension Option (as defined in the Original Lease) shall expire on July 31, 2012.

5. **Rent.** Tenant's current rental obligation shall remain unchanged until the date Tenant has been relocated to the New Jennifer Space (the "Relocation Date") and continuing through the remainder of the Second Extension Option, the Base Rent shall be as follows:

| <u>Rental Period</u>         | <u>Annual Base Rent</u> | <u>Monthly Base Rent</u> |
|------------------------------|-------------------------|--------------------------|
| Relocation Date – 07/31/2010 | \$ 87,774.36            | \$7,314.53               |
| 08/01/2010 – 7/31/2012       | \$ 96,535.80            | \$8,044.65               |

6. **Additional Rent.** Tenant's Pro Rata Share of Operating Costs shall be reduced from 20.19% to 16.92%.

7. **Notices.** All notices to Tenant shall be addressed to Jennifer Convertibles, Inc., 417 Crossways Park Drive, Woodbury, New York 11797, Attention: Edward B. Seidner, with a copy to The Law Offices of Wincig & Wincig, 137 Fifth Avenue, New York, New York 10010, Attention: Owen Wincig, Esq. All notices to Landlord shall be addressed to Zifkin Realty Management, 560 W. Washington Street, Suite 330, Chicago, Illinois 60661, Attention: Tyler Quast, with copies to Lakewest, Inc., 833 N. Orleans Street, Suite 400, Chicago, Illinois 60610, Attention: David W. Ruttenberg, and to Ruttenberg & Ruttenberg, 833 N. Orleans Street, Suite 400, Chicago, Illinois 60610, Attention: David W. Ruttenberg.

8. **Effectiveness.** Upon the execution hereof, this Amendment shall become an integral part of this Lease. Except as expressly provided herein, all of the terms and provisions of the Lease shall remain in full force and effect through the Second Extended Term.

9. **Broker.** Tenant and Landlord each represent that the Tenant and Landlord have dealt directly with and only with Jerome H. Meyer & Co. and Zifkin Realty Management, LLC in connection with this Amendment and that insofar as the Tenant and Landlord knows no broker negotiated this Amendment or is entitled to any commission in connection therewith. Tenant and Landlord hereby indemnify and hold each other, each of its respective beneficiaries and their respective agents and employees harmless from any claims of any other broker or brokers who claim to have dealt with Tenant and/or Landlord in connection with this Amendment.

10. **Agent.** This Amendment is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary

notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations of the agent individually, or for the purpose of binding it personally, but this Amendment is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings representation, warranty or agreement therein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part and/or the proceeds and rents derived therefrom, for payment of any lien, claim, judgments or another liability arising out of the Landlord's obligations created by the Lease. Such beneficiary(ies) has designated ZIFKIN REALTY MANAGEMENT, LLC, as Agent for the beneficiary(ies) in connection with the management of the Shopping Center.

11. Transition Plan. The parties will agree on a transition plan so that the New Jennifer Space will be stocked by Tenant while the Existing Jennifer Space continues in business, it being the intent of the parties that Tenant will not close the Existing Jennifer Space until the New Jennifer Space is fully-stocked by Tenant and ready for business. It is further agreed that Rent for the New Jennifer Space will not commence until such time as Tenant commences business in the New Jennifer Space, at which time Rent and possession of the Existing Jennifer Space shall terminate.

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

LANDLORD:

ZIFKIN REALTY MANAGEMENT, LLC,  
AGENT, as aforesaid,

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TENANT:

JENNIFER CONVERTIBLES, INC.  
a Delaware corporation

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

Name: Edward B. Seidner

Title: Executive Vice President

EXHIBIT A  
NEW JENNIFER SPACE

(Attached)

# EXHIBIT A

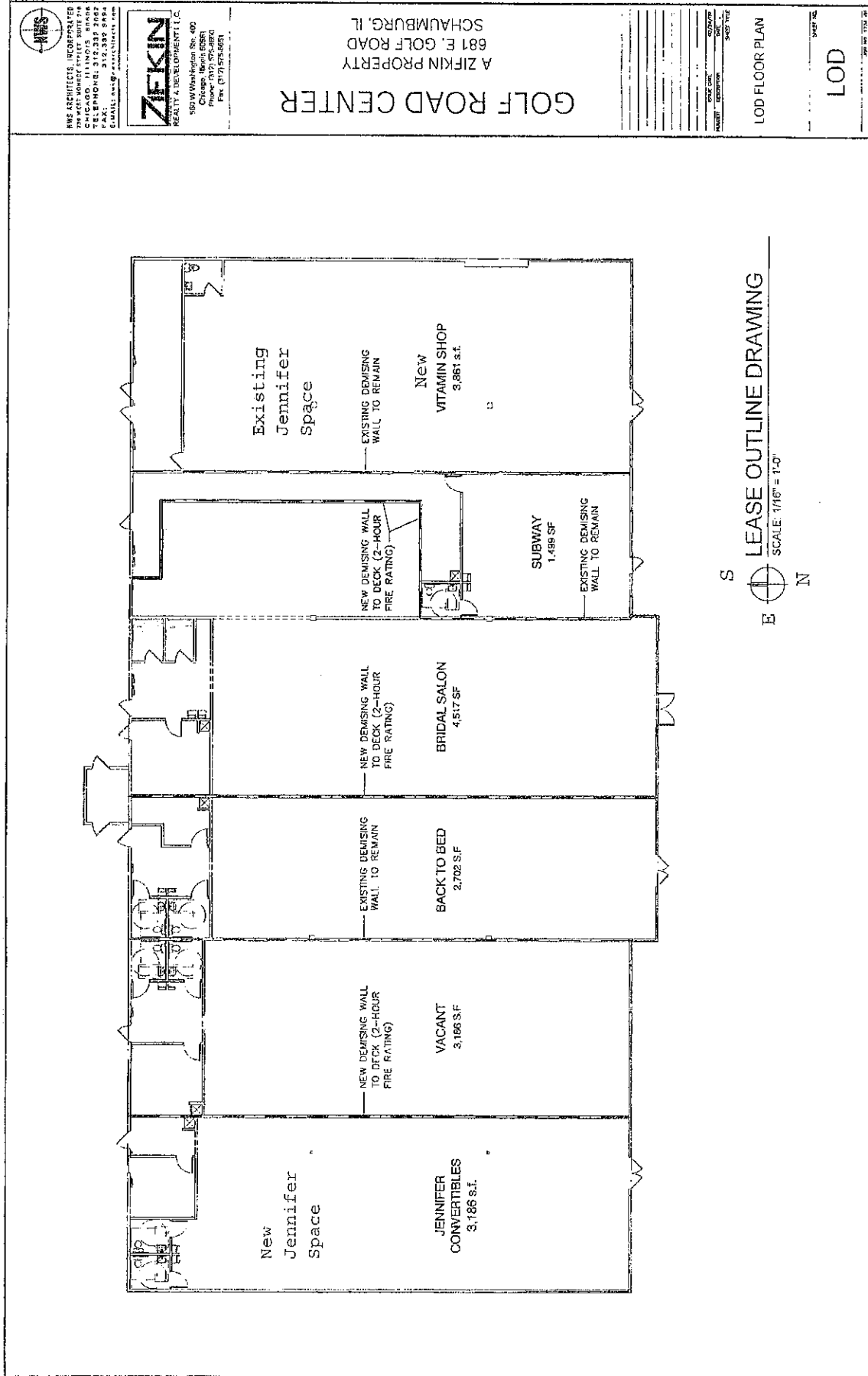


EXHIBIT B  
PLANS AND SPECIFICATIONS  
(Attached)



Jennifer Convertibles, Inc., 417 Crossways Park Drive, Woodbury, NY 11797 516/496-1900

May 21, 2009

Jerome H. Meyer & Co  
630 N La Salle Street, Suite 605  
Chicago, IL 60654  
Attention: Jerome H. Meyer

Re: Jennifer Convertibles - Schaumburg, IL

Dear Jerome:

Attached is a "DRAFT" of a proposed work letter for the new Jennifer Convertibles location. In order to finalize, we will need the following questions answered:

1. What will the suspended ceiling height be for the showroom? Can you make it 11 feet?
2. Need copy of sign criteria.
3. Need digital photos of the interior of new space.
4. Need set of plans.

**YES  
LL WILL COMPLY  
APPROVED**

Additionally, if you were to use our contractor to bring the space up to a finished product from a vanilla box, the cost would be \$17,000.00. This would include the following items:

|               |                   |  |
|---------------|-------------------|--|
| Painting      | \$7,000.00        | (sponge painting)                                      |
| Molding       | \$4,000.00        |  |
| Fortress      | \$3,000.00        | (includes construction, paneling, flooring, & counter) |
| Poster Boxes  | \$2,000.00        |  |
| Miscellaneous | <u>\$1,000.00</u> | (includes signs, phone and stereo wiring)              |
|               | \$17,000.00       |  |

NOTE: This does not include permitting or electrical.

Please call me at 516-496-1900, ext 3200 or 516-510-8058 to discuss once you have reviewed the attached.

Sincerely,

  
Leslie Falchuck  
Senior Vice President-Administration

Enclosures



DRAFT

Jennifer Convertibles, Inc., 417 Crossways Park Drive, Woodbury, NY 11797 516/496-1900

May 20, 2009

**Jennifer Convertibles**  
**Schaumburg, IL (ISH) Work Letter**

Landlord shall provide a standard store consisting of the following:

1. **Concrete Floor** - Concrete floor slab smooth and acceptable for tenant floor finish. If demolition is required, store floor slab shall be patched and ground smooth and level.
2. **Demising Partitions** - Studs and gypsum board taped and sanded ready for paint finish. (The interior back wall must be finished.)
3. **Backroom** - Build an 8' x 8' closet area, which shall include one (1) quad outlet on each wall.
4. **Interior Partitions** - Studs and gypsum board taped and sanded ready for paint finish. Interior partitions shall be installed for stock room (when applicable) and toilet(s) per tenant's plans. To be painted using Glidden Lace Corsage Semi-Gloss. **Shelving**: Two 5-tier plastic snap-together shelving units from Home Depot. Color Beige. Each shelf is 18" deep.
5. **Ceiling** - Placement of a 2 1/4" colonial casing molding along the ceiling, 10' high. Molding to be painted using attached formula for Glidden paint.
6. **Suspended 2' x 4' Acoustical T-bar Ceiling** - Ceiling height to be 11' 0"
7. **Walls** - All walls, door and trim to be painted (per tenant's specs).

All walls must be primed. The first coat will be Glidden Lace Corsage Semi-Gloss. Sponging/Ragging effect by applying Benjamin More 1096 Semi-Gloss. (Evenly sponge on Benjamin Moore 1096 then texture if using a rag-rolling roller.)

All doors to be ragged rolled. All trim to be painted using attached formula for Glidden paint.

**Bathroom** - To be painted using Glidden Lace Corsage Semi-Gloss. Brown rubber cove base to be installed at base of walls.

**Storage Room** - To be painted using Glidden Lace Corsage Semi-Gloss.

8. Flooring - Entire showroom to have carpet. (Shaw - 26 oz. Capital III 80200 Election). Fortress area, backroom and bathroom floor to have tile (VCT - Armstrong #51830)
9. Floor Base - 3 1/4" clamshell casing, base molding finger jointed around the entire perimeter of store, stockroom and desk area. To be painted using attached formula for Glidden paint.
10. Lighting - Metal Halide track lighting per Jennifer plans.....(Contech, Lazer)  
Track - Single circuit, white track.  
Fixture - Halo L5130 - 70E = 70W electronic ballast or Contech CTL 1610 70 MHEP Lamp CDM 70 Par 30 LMFL  
Lighting to be set up on a contactor. One switch to be placed in front of showroom with locking cover.
11. Electrical - Electrical duplex outlets placed every 15 feet. Proper AMP/Voltage panel distribution. Dedicated lines with circuit breaker locks as follows:
  - a. Exterior sign circuits on a two-pole single throw time clock.
  - b. Window track lighting on a two-pole single throw time clock.
  - c. Designated alarm system circuit located in closet.
  - d. Four quad outlets in desk (fortress) area on separate circuit. Centered on each inside wall of fortress. Two duplex outlets centered on front and side walls.
  - e. Duplex outlets every 15 feet on perimeter walls.
  - f. Outlet for door announcer to be supplied and installed at front door.
  - g. Cable runs for phone and DSL service. Three jacks in desk area for voice. One jack bridged for fax, credit card and modem. One jack in sales area for wall mount. Dual RJ 45 ports to be used.
  - h. Landlord to reimburse tenant for all costs associated with telephone and DSL (computer) needs.
12. HVAC - System and distribution to adequately heat and cool a store which has track lighting generating excessive heat. Must meet all building codes. New system to be installed, guaranteed and maintained by Landlord. A Lightstat thermostat to be added for each unit. Landlord to provide equipment use permit.
13. Roof - Structure to be guaranteed.
14. Fire Sprinklers and Extinguishers - Systems and distribution to meet all local building and fire codes.
15. Toilet - One handicapped toilet complete with lavatory, toilet, mirror, light and toilet paper dispenser, soap dispenser, paper towel dispenser and all handicapped grab bars in accordance with all local building codes. Wall mounted medicine cabinet (36" x 48") in matching color. All items to be guaranteed by landlord. If a second bathroom required, Landlord to provide.



16. **Plumbing** - Sewer service and hot and cold running water. Must meet all local building and health codes. Hot water heater to be maintained and guaranteed by landlord. Landlord to be responsible for all start up fees.
17. **Store Front** - Build out stucco wall on top of storefront. Glass storefront in an anodized color aluminum frame with double front entry doors complete with hardware per local building codes.
18. **Rear Service or Exit Door** - 3' x 7' x 1 1/4" fire rated (if required) hollow metal door and frame, complete with lockset and all hardware per all local building codes. Door and frame work to be guaranteed for length of lease.
19. **Interior Column** - Finish all exposed columns visible in tenant's sales area.
20. **Illuminated Exit Signs** - Provide all illuminated exit signs and lighting as required by local building codes. Emergency light combo exit signs to have LED bulbs.
21. **Signage** - Landlord to install channel letters per tenant's specs. Landlord to install new pylon face per tenant's specs.
22. **Half Wall (Fortress) Specs**
  - a. Area to be 10' x 9'.
  - b. Wall to be framed out with 2' x 4' metal studs
  - c. Wall height to be 42" finished.
  - d. Sheetrock both sides with 5/8" sheetrock
  - e. 4 3/4" pine to be placed on the top of half wall
  - f. 2 1/4" finger joint clamshell molding to be placed on both side of half wall to finish off 3/4" pine edge.
  - g. Exterior to be wainscoted and painted using attached formula for Glidden paint. Primed particleboard wainscoting available at Home Depot.
  - h. Counter - purchased from Home Depot and installed per specs.
23. All architectural fees, permits and licenses necessary for completion of project and final Certificate of Occupancy. All existing building violations removed prior to construction. All handicap requirements satisfied.
24. **Jennifer Leather Hide Racks** - Minimum of three 1' x 4" x 4' long, clear pine with three #10 cut nails. Hide racks to be painted using attached formula for Glidden paint.
25. Install Jennifer supplied stereo speakers. Wire to be run to designated area. Jennifer to supply speakers and wall mounts. Number of speakers to vary depending on the size of the showroom (4 to 5). Install tenant supplied door announcer.
26. **Poster Boxes (Quantity 12)** - (48.5" x 72.5") - Framed out using 2" x 4" lumber. Frame to measure 3.5" deep. Top and bottom on inside to have a metal sheetrock 90 bracket in order to be wall mounted. 7/8" lattice molding to be used to finish off all edges on the poster boxes. Boxes to be painted using attached formula for Glidden paint. Installation day after set up.

27. Two interior signs to be framed using 2 1/4" colonial casing molding. Finish to be painted using attached formula for Glidden paint. Landlord to reimburse tenant for window decals and interior signage.
28. Landlord to reimburse tenant for all costs associated with alarm move.
29. Complete set of architectural drawings needed.

### THIRD AMENDMENT TO STORE LEASE

THIS THIRD AMENDMENT TO STORE LEASE (this "Amendment") is made and entered into this 25<sup>th</sup> day of January, 2010, by and between **ZIFKIN REALTY MANAGEMENT, LLC**, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, dated June 1, 1987, as "Landlord" and **JENNIFER CONVERTIBLES INC.**, a Delaware corporation, as "Tenant" as successor-in-interest to J.C. Schaumburg, Inc. ("Original Tenant").

#### WITNESSETH:

**WHEREAS**, Landlord's predecessor-in-interest and Original Tenant entered into that certain Store Lease dated February 18, 1992 (the "Original Lease") for the premises commonly known as 695 East Golf Road, Schaumburg, Illinois (the "Premises") consisting of approximately 3,800 rentable square feet located in the shopping center commonly known as the Golf Road Shopping Center, located at 681-697 East Golf Road, Schaumburg, Illinois (the "Shopping Center") for a Primary Term commencing April 11, 1992, as amended by that certain First Amendment to Lease dated as of November 22, 1995 (the "First Amendment").

**WHEREAS**, Original Tenant and Tenant entered into that certain Assignment of Lease Agreement effective as of September 1, 2000 (the "Lease Assignment") wherein and whereby Original Tenant assigned all of its interest under the Original Lease and the First Amendment to Tenant.

**WHEREAS**, Tenant and Landlord entered into that Second Amendment to Lease dated June 17, 2009 (the "Second Amendment") wherein and whereby Tenant and Landlord agreed to (i) relocated Tenant to the East end of the Shopping Center, and (ii) reduce the square footage of the leased Premises to approximately 3,186 square feet. The Original Lease, the First Amendment, the Lease Assignment, and the Second Amendment are hereinafter collectively referred to as the "Lease."

**WHEREAS**, the Tenant would like to terminate the Lease and vacate the premises prior to the end of the Term (the "Early Termination") at no cost to Tenant.

**WHEREAS**, Landlord is agreeable to the Early Termination, provided that Landlord has executed a lease with a replacement tenant for the Premises.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions herein contained, the parties agree to amend the Lease in the following manner effective as of the date hereof:

1. **Incorporation of Recitals.** The foregoing recitals are incorporated into this Amendment by this reference as fully and with the same force and effect as if repeated herein at length. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Lease. If and to the extent this Amendment and Lease contain inconsistent or conflicting terms, the terms of this Amendment shall govern and control the interpretation of the Lease and this Amendment. The Lease, as modified and extended by this Amendment, shall constitute the entire agreement between Landlord and Tenant.
2. **Termination.** At any time during the Term of this Lease, Landlord may elect to terminate this Lease at the end of any calendar month upon not less than thirty (30) days prior written notice to Tenant.
3. **Effectiveness.** Upon the execution hereof, this Amendment shall become an integral part of this Lease. Except as expressly provided herein, all of the terms and provisions of the Lease shall remain in full force and effect through the Second Extended Term.
4. **Agent.** This Amendment is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations of the agent individually, or for

the purpose of binding it personally, but this Amendment is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings representation, warranty or agreement therein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part and/or the proceeds and rents derived therefrom, for payment of any lien, claim, judgments or another liability arising out of the Landlord's obligations created by the Lease. Such beneficiary(ies) has designated ZIFKIN REALTY MANAGEMENT, LLC, as Agent for the beneficiary(ies) in connection with the management of the Shopping Center.

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

**LANDLORD:**

**ZIFKIN REALTY MANAGEMENT, LLC,**  
**AGENT,** as aforesaid,

By: [Signature]  
Name: JAMES WILSON  
Title: Property Manager

**TENANT:**

**JENNIFER CONVERTIBLES, INC.**  
a Delaware corporation

By: [Signature]  
Name: EDWARD B. DEWBEN  
Title: EXECUTIVE V.P.



RAWOOD BUILDING/GOLF ROAD LP  
TENANT POSSESSION CERTIFICATE

LANDLORD: Rawood Building/Golf Road LP  
TENANT: Jennifer Convertibles, Inc.  
PREMISES ADDRESS: 697 East Golf Road  
Schaumburg, IL 60173  
SQUARE FOOTAGE: Approximately 3,186 square feet  
DELIVERY OF POSSESSION DATE: November 16, 2009  
GAS METER NUMBER: 09NG4451256  
ELECTRIC METER NUMBER: 95823285  
WATER METER NUMBER: 51737545

Landlord and Tenant acknowledge and agree that the Leased Premises described in the above referenced location have been delivered to Tenant for the performance of Tenant's work (as said work is defined in the Lease) on Delivery of Possession Date noted above.

Tenant Acknowledges receipts of keys to the aforementioned space.

Tenant further acknowledges that all the Landlord's Work, pursuant to said Lease, has been substantially completed as outlined in the lease.

Tenant has submitted its Certificate of Insurance.

Tenant acknowledges and agrees that all utilities will be transferred into Tenant's name within five (5) working days from date of possession. *Electric still not transferred. Landlord needs to handle.*

LANDLORD:

Rawood Building/Golf Road LP

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

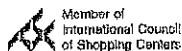
Its: *project manager*

TENANT:

Jennifer Convertibles, Inc.

By: *[Signature]*

Its: *12/21/09*



**EXHIBIT "K"**

**East Golf Road Stub Rent:**

|                    |                   |
|--------------------|-------------------|
| Base Rent:         | \$3,067.38        |
| Insurance:         | \$17.90           |
| CAM:               | \$396.19          |
| Real Estate Taxes: | \$966.32          |
| <b>TOTAL:</b>      | <b>\$4,447.79</b> |

ORIGINAL  
Number 1 of  
4 executed  
counterparts.

**STORE LEASE**

TENANT: J. C. DIVERSEY, INC., an Illinois corporation

PREMISES: 730 West Diversey Parkway, Chicago, Illinois  
60614

DATE: July 9, 1991

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| ARTICLE I. BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS                       | 1           |
| Section 1.1 Basic Lease Provisions and Definitions .                                | 1           |
| Section 1.2 Significance of Basic Lease Provisions and<br>Definitions . . . . .     | 4           |
| Section 1.3 Enumeration of Exhibits . . . . .                                       | 4           |
| ARTICLE II. PREMISES AND TERM . . . . .   | 4           |
| Section 2.1 Shopping Center . . . . .   | 4           |
| Section 2.2 Premises . . . . .  | 4           |
| Section 2.3 Term . . . . .  | 4           |
| Section 2.4 Statement as to Commencement Date . . . .                               | 5           |
| Section 2.5 Reservation of Rights by Landlord . . . .                               | 5           |
| Section 2.6 Measurement of Premises . . . . .                                       | 6           |
| ARTICLE III. DELIVERY OF PREMISES AND THE PERFORMANCE OF<br>TENANT'S WORK . . . . . | 6           |
| Section 3.1 Plans and Specifications for Tenant's<br>Work . . . . .                 | 6           |
| Section 3.2 Delivery of the Premises . . . . .                                      | 7           |
| Section 3.3 Failure to Deliver Possession . . . . .                                 | 7           |
| Section 3.4 Obligations of Tenant Before the Term<br>Begins . . . . .               | 8           |
| Section 3.5 Landlord's Contribution . . . . .                                       | 9           |
| ARTICLE IV. RENT . . . . .  | 9           |
| Section 4.1 Rent . . . . .  | 9           |
| Section 4.2 Operating Year . . . . .  | 10          |
| Section 4.3 Definition of Gross Sales . . . . .                                     | 11          |
| Section 4.4 Percentage Rent . . . . .   | 12          |
| Section 4.5 Maintenance of Records and Examination .                                | 12          |
| Section 4.6 Rent Abatement . . . . .  | 14          |
| ARTICLE V. COMMON AREAS AND OPERATING COSTS . . . . .                               | 14          |
| Section 5.1 Common Areas and Facilities . . . . .                                   | 14          |
| Section 5.2 Use of Common Areas . . . . .   | 14          |
| Section 5.3 Operating Costs . . . . .   | 15          |
| Section 5.4 Tenant's Pro Rata Share . . . . .                                       | 16          |
| Section 5.5 Payment of Operating Costs . . . . .                                    | 17          |
| ARTICLE VI. REAL ESTATE TAXES . . . . .   | 17          |
| Section 6.1 Real Estate Taxes . . . . .   | 17          |
| Section 6.2 Tenant's Pro Rata Share . . . . .                                       | 18          |
| Section 6.3 Payment of Real Estate Taxes . . . . .                                  | 18          |
| Section 6.4 Timely Payment; Refunds; Penalties . . .                                | 18          |



|   |    |
|---|----|
| ARTICLE VII. SHOPPING CENTER INSURANCE . . . . .  | 19 |
| Section 7.1 Shopping Center Insurance . . . . .   | 19 |
| Section 7.2 Tenant's Pro Rata Share . . . . .   | 19 |
| Section 7.3 Payment of Shopping Center Insurance . . . . .                                | 19 |
| ARTICLE VIII. UTILITY SERVICES AND HEATING, VENTILATING AND<br>AIR CONDITIONING . . . . . | 20 |
| Section 8.1 Utilities . . . . .   | 20 |
| Section 8.2 Heating, Ventilating and Air<br>Conditioning . . . . .                        | 20 |
| Section 8.3 Payment for Services . . . . .  | 21 |
| ARTICLE IX. LANDLORD'S COVENANTS . . . . .  | 21 |
| Section 9.1 Repairs by Landlord . . . . .   | 21 |
| Section 9.2 Quiet Enjoyment . . . . .   | 21 |
| Section 9.3 Character of the Shopping Center . . . . .                                    | 22 |
| Section 9.4 Access to Premises . . . . .  | 22 |
| Section 9.5 Use of the Premises . . . . .   | 22 |
| Section 9.6 Ownership . . . . .   | 22 |
| Section 9.7 Default by Landlord . . . . .   | 23 |
| Section 9.8 Landlord's Insurance . . . . .  | 23 |
| Section 9.9 Indemnification . . . . .   | 24 |
| Section 9.10 Government Requirements . . . . .  | 24 |
| Section 9.11 Laws and Ordinances . . . . .  | 24 |
| Section 9.12 Actions of Landlord . . . . .  | 24 |
| Section 9.13 Warranties. . . . .  | 24 |
| Section 9.14 Estimates of Other Charges . . . . .   | 25 |
| Section 9.15 Exclusive Covenant. . . . .  | 25 |
| ARTICLE X. TENANT'S ADDITIONAL COVENANTS . . . . .  | 25 |
| Section 10.1 Affirmative Covenants . . . . .  | 25 |
| Section 10.2 Negative Covenants . . . . .   | 32 |
| ARTICLE XI. DAMAGE OR TAKING AND RESTORATION . . . . .                                    | 37 |
| Section 11.1 Fire, Explosion or Other Casualty. . . . .                                   | 37 |
| Section 11.2 Eminent Domain . . . . .   | 38 |
| Section 11.3 Election to Terminate . . . . .  | 39 |
| ARTICLE XII. TENANT'S DEFAULT AND REMEDIES . . . . .                                      | 40 |
| Section 12.1 Defaults by Tenant . . . . .   | 40 |
| Section 12.2 Termination Upon Default . . . . .   | 41 |
| Section 12.3 Repossession Upon Default . . . . .  | 42 |
| Section 12.4 Tenant's Failure to Comply with Certain<br>Covenants . . . . .               | 43 |
| Section 12.5 Bankruptcy Default . . . . .   | 43 |
| Section 12.6 Interest and Late Charge on Late<br>Payment . . . . .                        | 44 |
| Section 12.7 Holdover by Tenant . . . . .   | 44 |
| Section 12.8 Landlord's Right to Cure Defaults . . . . .                                  | 45 |

|               |   |    |
|---------------|---|----|
| Section 12.9  | Effect of Waiver of Default; Valuation Laws . . . . . | 45 |
| Section 12.10 | Remedies Cumulative . . . . .                         | 45 |
| Section 12.11 | Costs of Collection . . . . .                         | 45 |
| Section 12.12 | Intentionally Omitted . . . . .                       | 46 |
| ARTICLE XIII. | MISCELLANEOUS PROVISIONS . . . . .                    | 46 |
| Section 13.1  | Mutual Waiver of Claims and Subrogation . . . . .     | 46 |
| Section 13.2  | Notices . . . . .                                     | 46 |
| Section 13.3  | Brokerage . . . . .                                   | 47 |
| Section 13.4  | Voting Control of Tenant . . . . .                    | 47 |
| Section 13.5  | Relationship of the Parties . . . . .                 | 47 |
| Section 13.6  | Subordination . . . . .                               | 47 |
| Section 13.7  | Attornment . . . . .                                  | 48 |
| Section 13.8  | Estoppel Certificates . . . . .                       | 49 |
| Section 13.9  | Applicable Law and Construction . . . . .             | 49 |
| Section 13.10 | Time of the Essence . . . . .                         | 49 |
| Section 13.11 | Execution of Lease by Landlord . . . . .              | 49 |
| Section 13.12 | Binding Effect of Lease . . . . .                     | 50 |
| Section 13.13 | Agency or Independent Contractor . . . . .            | 50 |
| Section 13.14 | Intentionally Omitted . . . . .                       | 50 |
| Section 13.15 | Financial Statements . . . . .                        | 50 |
| Section 13.16 | Landlord's Lien . . . . .                             | 51 |
| Section 13.17 | Riders and Exhibits . . . . .                         | 51 |
| Section 13.18 | Force Majeure . . . . .                               | 51 |
| Section 13.19 | Recording . . . . .                                   | 51 |
| Section 13.20 | Limitation of Liability . . . . .                     | 52 |
| Section 13.21 | Personal Property Taxes . . . . .                     | 52 |
| Section 13.22 | Easements . . . . .                                   | 52 |
| Section 13.23 | Corporate Authority . . . . .                         | 52 |
| Section 13.24 | Consent . . . . .                                     | 53 |
| Section 13.25 | Default Under Other Lease . . . . .                   | 53 |
| Section 13.26 | Agent's Authority . . . . .                           | 53 |

#### EXHIBITS

|           |  |
|-----------|--|
| Exhibit A | Legal Description of Shopping Center.                  |
| Exhibit B | Map of the Shopping Center                             |
| Exhibit C | Plan of the Premises                                   |
| Exhibit D | Plans and Specifications for Tenant's Work             |
| Exhibit E | Sign Criteria  |
| Exhibit F | Statement as to Commencement Date and Termination Date |
| Exhibit G | Landlord's Work  |



**DIVERSEY/HALSTED SHOPPING CENTER**

**LEASE**

**ARTICLE I.**

**BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS**

**Section 1.1      Basic Lease Provisions and Definitions.**

The following terms whenever used in this Lease shall have the meanings set forth in this Article unless otherwise limited or expanded elsewhere in this Lease.

- 1.1.1      DATE:    JULY 9, 1991
- 1.1.2      LANDLORD:    LAKEWEST, INC., AGENT for beneficiary(ies) under Trust Agreement dated January 4, 1962, and known as Trust Number 17351, with American National Bank and Trust Company of Chicago, Trustee, (which trust is sometimes referred to herein as "Owner").
- 1.1.3      LANDLORD'S ADDRESS:    LAKEWEST, INC., 325 West Huron Street, Suite 806, Chicago, Illinois 60610.
- 1.1.4      TENANT:      J. C. DIVERSEY, INC., an Illinois corporation.
- 1.1.5      ADDRESS OF TENANT:    c/o JENNIFER WAREHOUSE, 245 ROGER AVENUE, INWOOD, NEW YORK 11696; with a copy to: Law Office of Bernard Wincig, Attention: Bernard Wincig, Esquire, 574 Fifth Avenue, New York, New York 10036
- 1.1.6      TENANT'S TRADE NAME:    JENNIFER CONVERTIBLES
- 1.1.7      SHOPPING CENTER:    DIVERSEY/HALSTED SHOPPING CENTER
- 1.1.8      PREMISES:    730 WEST DIVERSEY PARKWAY, CHICAGO, ILLINOIS 60614.
- 1.1.9      FLOOR AREA OF THE PREMISES:    APPROXIMATELY 3,190 RENTABLE SQUARE FEET.
- 1.1.10     DATE FOR DELIVERY OF THE PREMISES TO TENANT:    AUGUST 1, 1991.
- 1.1.11     TENTATIVE COMMENCEMENT DATE:    SEPTEMBER 1, 1991, as may be extended pursuant to Section 3.3.
- 1.1.12     TERM:      Commencing with the Commencement Date and ending with the Termination Date for a period of approximately 10 years and 3 months.

1.1.13 RENTABLE AREA OF THE SHOPPING CENTER: 22,065 SQUARE FEET.

1.1.14 ANNUAL BASE RENT:

Operating Year:

Primary Term

Annual Base Rent

|            |             |
|------------|-------------|
| Years 1-2  | \$68,580.00 |
| Years 3-5  | \$71,772.00 |
| Years 6-7  | \$74,964.00 |
| Years 8-10 | \$78,156.00 |

Option Term

Annual Base Rent

|             |             |
|-------------|-------------|
| Years 11-12 | \$85,740.00 |
| Years 13-15 | \$87,720.00 |

1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint.

Operating Year:

Primary Term

Breakpoint

|            |                |
|------------|----------------|
| Years 1-2  | \$1,524,000.00 |
| Years 3-5  | \$1,594,933.00 |
| Years 6-7  | \$1,665,867.00 |
| Years 8-10 | \$1,736,800.00 |

Option Term

Breakpoint

|             |                |
|-------------|----------------|
| Years 11-12 | \$1,905,333.00 |
| Years 13-15 | \$1,949,333.00 |

1.1.16 INTENTIONALLY OMITTED.

1.1.17 USE: Retail sale of sofas, furniture, home furnishings and related and ancillary items AND FOR NO OTHER PURPOSE.

1.1.18 INTENTIONALLY OMITTED.

1.1.19 GUARANTOR: JENNIFER CHICAGO, L.P., an Illinois limited partnership.

GUARANTOR'S ADDRESS: 245 ROGERS AVENUE, INWOOD, NEW YORK 11696.

- 1.1.20 SECURITY DEPOSIT: None.
- 1.1.21 TERMINATION DATE: The last day of the tenth (10th) Operating Year, subject to Section 2.3.
- 1.1.22 THE LEASING BROKER(S): HIFFMAN, SHAFFER, ANDERSON, INC. and FRAIN, CAMINS & SWARTCHILD
- 1.1.23 TENANT'S PRO RATA PERCENTAGES:

|                    |        |
|--------------------|--------|
| Operating Costs:   | 14.46% |
| Real Estate Taxes: | 14.46% |
| Insurance:         | 14.46% |

In the event of a change in the Floor Area of the Premises and/or the Rentable Area of the Shopping Center, Tenant's Pro Rata Percentages shall be adjusted accordingly by Landlord.

- 1.1.24 PARTNERSHIP: THE DIVERSEY/HALSTED LIMITED PARTNERSHIP, an Illinois Limited Partnership

| 1.1.25 | OTHER DEFINITIONS AND REFERENCES                           | SEE SECTION |
|--------|--|-------------|
|        | Annual Statement.....                                      | 4.5         |
|        | Breakpoint.....  | 4.4         |
|        | Commencement Date.....                                     | 2.3         |
|        | Common Areas.....  | 5.1         |
|        | Default Rate.....  | 12.6        |
|        | Event of Default .....                                     | 12.1        |
|        | Gross Sales .....  | 4.3         |
|        | Incurred annually.....                                     | 6.1         |
|        | Monthly Base Rent .....                                    | 4.1         |
|        | Mortgage .....   | 13.6        |
|        | Mortgagee .....  | 13.6        |
|        | Operating Year .....                                       | 4.2         |
|        | Operating Costs .....                                      | 5.3         |
|        | Other charges.....   | 10.1.1      |
|        | Owner.....   | 1.1.2       |
|        | Percentage Rent.....                                       | 4.4         |
|        | Plans and Specifications .....                             | 3.1         |
|        | Real Estate Taxes .....                                    | 6.1         |
|        | Repeated Default .....                                     | 12.4        |
|        | Repeatedly.....  | 12.1        |
|        | Shopping Center Insurance .....                            | 7.1         |
|        | Tenant's Pro Rata Share of Operating Costs .....           | 5.4         |
|        | Tenant's Pro Rata Share of Real Estate Taxes .....         | 6.2         |
|        | Tenant's Pro Rata Share of Shopping Center Insurance ..... | 7.2         |



|                     |      |
|---------------------|------|
| Tenant's Work ..... | 3.1  |
| Term .....          | 2.3  |
| Voting stock.....   | 13.4 |

Section 1.2 Significance of Basic Lease Provisions and Definitions. Each reference in this Lease to any of the Basic Lease Provisions and Definitions contained in Section 1.1 shall be deemed and construed to incorporate all of the terms provided under each Basic Lease Provision and Definition.

Section 1.3 Enumeration of Exhibits. The exhibits enumerated in this section and attached to this Lease are incorporated in this Lease by this reference and are to be construed as a part of this Lease.

|           |  |
|-----------|--|
| Exhibit A | Legal Description of Shopping Center.                  |
| Exhibit B | Map of the Shopping Center                             |
| Exhibit C | Plan of the Premises                                   |
| Exhibit D | Plans and Specifications for Tenant's Work             |
| Exhibit E | Sign Criteria  |
| Exhibit F | Statement as to Commencement Date and Termination Date |
| Exhibit G | Landlord's Work  |

## ARTICLE II. PREMISES AND TERM

Section 2.1 Shopping Center. Owner is the owner of a tract of land legally described on Exhibit A which is being operated as the shopping center depicted on Exhibit B and known as the Shopping Center set forth in Subsection 1.1.7. Landlord is the agent for the beneficiaries of the Owner.

Section 2.2 Premises. Landlord hereby leases to Tenant, and Tenant hereby accepts from Landlord, subject to and with the benefit of the terms, covenants and conditions of this Lease, the Premises commonly known as set forth in Subsection 1.1.8.

Section 2.3 Term. TO HAVE AND TO HOLD the Premises, as follows:

2.3.1 Primary Term. The primary ten (10) year and three (3) month term of this Lease (the "Primary Term") shall commence on the earlier of (a) the Tentative Commencement Date (as set forth in Subsection 1.1.11 and subject to Section 3.3 below), or (b) the day Tenant opens for business in the Premises (the date upon which the Term actually commences is referred to as the "Commencement Date"), and ending on the Termination Date, unless sooner



terminated by lapse of time or otherwise pursuant to the terms of this Lease (the "Term").

2.3.2 Option Term. Provided that no Event of Default exists, Tenant shall have the option (the "Extension Option") to extend the Term for one (1) five (5) year period (the "Option Term"), commencing on the date following the Termination Date. Such Extension Option shall be self-executing unless written notice is given by Tenant to Landlord no less than nine (9) months prior to the Termination Date unequivocally stating that Tenant elects not to extend the Term for the Option Term. Annual Base Rent for such Option Term shall be at the rate set forth in Section 1.1.14. Notwithstanding any provision of this Lease to the contrary, in no event shall Tenant have the right to extend the Term of this Lease beyond the end of the fifteenth (15) Operating Year.

Section 2.4 Statement as to Commencement Date. When the Commencement Date and Termination Date of the Term have been determined as provided in Section 2.3, Landlord and Tenant shall execute and deliver a written statement completed by Landlord in substantially the form attached hereto as Exhibit F, which shall specify the Commencement Date and the Termination Date of the Term. Tenant shall execute and deliver this statement within ten (10) days after Landlord's written request and in the event Tenant fails to execute this statement within such ten (10) day period, then the statements contained in such statement shall conclusively be deemed to be as set forth in such statement as completed by Landlord or, if Landlord notifies Tenant after said ten (10) day period of such failure and Tenant fails to execute and deliver such statement to Landlord within five (5) days after delivery of said notice, then at Landlord's election such failure shall be deemed to be an Event of Default hereunder.

Section 2.5 Reservation of Rights by Landlord. Landlord reserves the right to change the name of the Shopping Center, the size of the Shopping Center, the number, configuration, size and location of buildings therein, the dimensions of such buildings, the number of floors in any of the buildings, dimensions of stores in such buildings and the identity and type of other stores and tenancies in the Shopping Center. Landlord reserves to itself the use of the exterior walls, the roof, the air space above the roof, the space below the floor and the exclusive right to install, maintain, use, repair and replace pipes, ducts, conduits and wires leading through, to or from the Premises and serving other parts of the Shopping Center in locations which will not materially interfere with Tenant's Use. Landlord further reserves the right to locate kiosks and other similar structures (whether temporary or permanent) and to make available, alter, add to or delete from common areas in the Shopping Center, provided only that the Premises shall be located substantially as depicted on Exhibit



C. Notwithstanding anything to the contrary, no representation or warranty, express or implied, is made as to the accuracy of the information, scale, design, configuration or locations on Exhibit B and Exhibit C and the same is subject to errors, omissions, changes, alterations, additions and withdrawals without notice.

Section 2.6 Measurement of Premises. Tenant shall have the right to have its architect measure the square footage of the Premises which 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 without reduction for any columns, stairs, shafts or other equipment within the Premises. If, prior to the Commencement Date, Tenant submits to Landlord a certificate from Tenant's architect containing calculations of the measured square footage of the Premises and such measured square footage is less than that set forth in Section 1.1.9, then the Annual Base Rent, Breakpoint and Tenant's Pro Rata Percentages shall be proportionally reduced.

### ARTICLE III. DELIVERY OF PREMISES AND THE PERFORMANCE OF TENANT'S WORK

Section 3.1 Plans and Specifications for Tenant's Work. If not attached as part of Exhibit D at the execution of this Lease, within five (5) days after the date hereof, Tenant shall submit to Landlord at Tenant's sole cost and expense, Tenant's plans and specifications for Tenant's Work, as hereinafter defined (the "Plans and Specifications"). "Tenant's Work" is hereby defined to mean any and all work to be performed by Tenant necessary to render the Premises suitable for Tenant's Use. Notwithstanding anything contained herein to the contrary, Tenant shall not be required to submit Plans and Specifications to Landlord for, or obtain Landlord's approval of, the carpeting, painting or trade fixturing of the Premises. Landlord shall respond in writing to such Plans and Specifications within five (5) days after receipt from Tenant. Landlord shall have the right in its sole discretion to object to or to approve the Plans and Specifications submitted by Tenant for Tenant's Work; provided that if Landlord objects to the Plans and Specifications, it shall specify its reasons for the objections. If Landlord objects to the Plans and Specifications, Tenant shall diligently proceed to modify the Plans and Specifications in order to satisfy such objections and shall resubmit the revised Plans and Specifications to Landlord for its approval. Within one week of Landlord's approval, Tenant shall apply for and diligently pursue a permit for construction of Tenant's Work from the appropriate local authorities. Upon receipt of a permit for construction of Tenant's Work, Tenant shall immediately commence construction of Tenant's Work. Tenant shall diligently pursue and complete Tenant's Work on or before the



Tentative Commencement Date. All of Tenant's Work shall be in accordance with the Plans and Specifications submitted to and approved by Landlord and in compliance with all applicable statutes, ordinances, regulations and codes. Tenant's Work shall not be commenced until after the receipt by Tenant of Landlord's written approval of the Plans and Specifications. Except as otherwise provided below, there shall be no extension of the Tentative Commencement Date if Tenant fails to deliver its Plans and Specifications to Landlord within the time period provided in this Section 3.1.

Section 3.2 Delivery of the Premises. Landlord shall deliver to Tenant possession of the Premises in the condition described on Exhibit "G" (which is a "vanilla box"). Delivery of possession of the Premises to Tenant shall in no event be deemed to have occurred until actual and exclusive physical possession of the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations, prior leases, tenants and/or occupants and free and clear of all fixtures and other property of all prior tenants and/or occupants, and with any warranties and representations contained in this Lease being true and fulfilled as of such date, and with the construction and condition of the Premises being such as to allow the issuance of a building permit for work to be performed by Tenant. Notwithstanding anything contained herein to the contrary, in no event shall Tenant's acceptance or occupancy of the Premises constitute an opinion, agreement or acknowledgement by Tenant that the structural condition of the Premises is in compliance with law, including all municipal and other regulations, fire insurance and other codes, and the like; nor shall any such acceptance or occupancy waive or reduce any of Tenant's rights or Landlord's obligations under this Lease.

Section 3.3 Failure to Deliver Possession. If Landlord is unable to deliver the Premises to Tenant on or before the Date for Delivery of the Premises to Tenant for any reason, Landlord shall not be subject to any liability for the failure to deliver possession on such date, and such failure to deliver possession on such date shall not affect the validity of this Lease or the obligations of Tenant hereunder; provided, however, that if Tenant has theretofore provided Landlord with its Plans and Specifications as required under Section 3.1, the Tentative Commencement Date shall be delayed so that the interval between the date of the actual delivery of the Premises to Tenant and the delayed Tentative Commencement Date is equal to the interval between the Date for Delivery of the Premises to Tenant and the Tentative Commencement Date. However, if Tenant's failure to deliver the Plans and Specifications as required under Section 3.1, interferes with Landlord's Work or changes its Plans and Specifications, then the delay of the Tentative Commencement Date shall be



reduced by the number of days such failure, change or interference continues in excess of the term permitted under Section 3.1. Notwithstanding anything to the contrary herein contained, if Landlord is unable to deliver possession of the Premises to Tenant as required hereunder on or before October 1, 1991, for any reason other than any delay by Tenant, Tenant shall have the right to terminate this Lease by written notice to Landlord on or before October 31, 1991. This Lease shall continue in full force and effect if not terminated as herein set forth.

Section 3.4 Obligations of Tenant Before the Term Begins. Tenant shall observe and perform all of its obligations under this Lease (except its obligation to operate and to pay rent and those operational charges not applicable to the construction period prior to the Commencement Date), including, but not limited to, payment of all charges for utilities furnished to or used in connection with the Premises, from the date upon which the Premises are delivered to Tenant until the Commencement Date in the same manner as though the Term began when the Premises were delivered to Tenant. Landlord shall have no liability whatsoever for loss or damage to Tenant's Work or to fixtures, equipment or other property of Tenant or Tenant's contractors. Prior to the Commencement Date, Tenant shall furnish detailed evidence satisfactory to Landlord that Tenant's Work has been completed and paid for in full, and that any and all liens which have been, or which may be filed, have been released or satisfied of record. Tenant shall be solely responsible for the payment for and the performance and quality of Tenant's Work and Landlord shall have no responsibility therefor. Tenant's Work shall be performed and completed in accordance with the Plans and Specifications approved by Landlord and shall be performed in a first class and workmanlike manner in accordance with all laws, rules, regulations and court orders. Tenant shall not commence Tenant's Work until Landlord has been provided with insurance certificates evidencing that the contractors and subcontractors performing Tenant's Work have in full force and effect adequate worker's compensation insurance as required by the laws of the state in which the Premises are located, public liability and builder's risk insurance in such amounts and according to terms reasonably satisfactory to Landlord. Any liability of the Landlord or of the Landlord's property for any such work or any other improvements upon the Premises by the Tenant is hereby expressly prohibited. The interest of the Landlord in and to the Premises and the Shopping Center shall not be subject to liens for improvements made in or to the Premises by Tenant or by Tenant's employees, contractors or agents. In the event Tenant fails to open for business upon the Commencement Date, Landlord, in addition to any and all other available remedies, may require Tenant to pay to Landlord, in addition to all other rent and charges specified in this Lease, as liquidated damages and not as a penalty, an amount equal to one-one-hundred-eightieth (1/180th)



of the Annual Base Rent for the first Operating Year for each day such failure to open continues, it being agreed that Landlord's damages as a result of such failure by Tenant are not, and will not be, reasonably ascertainable.

Section 3.5 Landlord's Contribution. Landlord's contribution toward the cost of Tenant's start-up costs shall be equal to \$55,000.00 ("Landlord's Contribution"). As conditions precedent to Landlord's payment of Landlord's Contribution:

(a) Tenant shall have first substantially completed all of Tenant's Work in a first-class, workmanlike manner;

(b) Tenant shall have opened to the public for business;

(c) Tenant shall have furnished to Landlord, if requested, a UCC search on all State of Illinois and Cook County filings, conducted at Landlord's expense, dated on or after the date Tenant opens for business, showing no liens or encumbrances exist against any of Tenant's interest in the Premises or any of the improvements, fixtures, trade fixtures, inventory (excluding inventory on consignment) or equipment located in the Premises; and

(d) Tenant shall have furnished to Landlord, appropriate invoices, mechanics' lien waivers and sworn statements sufficient to enable Landlord to obtain an endorsement to its title policy insuring over mechanics' liens arising out of Tenant's Work or Tenant shall provide to Landlord's title insurer security or a personal undertaking satisfactory to such title insurer sufficient to insure over mechanic's liens arising out of Tenant's Work.

Within five (5) business days after satisfaction of conditions (a) through (d) above, Landlord shall pay to Tenant Landlord's Contribution.

#### ARTICLE IV. RENT

Section 4.1 Rent. Tenant agrees to pay rent, in lawful money of the United States in advance and without demand, deduction or setoff, to the Landlord, at Landlord's Address or to such other person or at such other place as Landlord may direct by notice in writing to Tenant from time to time, at the following rates and times:

(a) on the first day of each calendar month, commencing with the Commencement Date and continuing thereafter through and including the Termination Date,



an amount equal to 1/12th of the Annual Base Rent for such Operating Year, as hereinafter defined (the "Monthly Base Rent"), except that the first installment of Monthly Base Rent shall be paid concurrently with the execution of this Lease by Tenant. If the Commencement Date is on a day prior to the first day of the first Operating Year, then the Monthly Base Rent for such period will be prorated and the amount by which the installment of Monthly Base Rent paid concurrently with the execution of this Lease exceeds such prorated amount for the initial period shall be applied against Monthly Base Rent for the first month of the first Operating Year; and

(b) Percentage Rent (as hereinafter defined) calculated and paid as provided in Section 4.4.

Monthly Base Rent, Percentage Rent and other charges payable by Tenant may be paid by check which shall be made payable to Landlord (or to any other entity upon Landlord's instructions to Tenant, upon which instructions Tenant may rely without any further investigation, such payment being deemed full and proper payment of rent under this Lease). Landlord may designate any other address for payments by Tenant not less than thirty (30) days prior to the due date of such payments by written notice to Tenant in the manner provided in this Lease. After two (2) years from the issuance by Landlord of any bill or statement or charges to be paid by Tenant, whether Monthly Base Rent, Percentage Rent or other charges, Landlord shall not modify, revise, amend, challenge or otherwise increase the amount covered by such bill or statement. In the event that Landlord has not billed for any charge that may be payable by Tenant, in whole or in part, within two (2) years of incurring such charges (except for Real Estate Taxes if the amount of the final bill is not ascertainable), Tenant shall not be obligated to pay such charge. Tenant shall not be obligated to honor any demand for payments under this Lease from anyone other than Landlord until Tenant shall have received written instructions to do so from Landlord or the person to whom Tenant shall then be making payments (whether that person shall be Landlord or a successor thereto as to which Tenant shall have previously been notified in the manner set forth herein) or shall otherwise receive evidence of the right of the person making the demand. Tenant shall continue to make such payments to Landlord (or a successor thereto as to which Tenant shall have previously been notified in the manner set forth therein) pending notification in the manner provided above. Tenant's obligation to pay rent and all other amounts due hereunder shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 4.2 Operating Year. The term "Operating Year" means (a) for the first Operating Year the period beginning



on the Commencement Date and ending on the last day of the fifteenth (15th) full calendar month thereafter (i.e., if the Commencement date is September 15, 1991, the first Operating Year shall be the period September 15, 1991, through December 31, 1992) and (b) for each succeeding Operating Year, a period of twelve (12) consecutive calendar months with the second Operating Year commencing on the first day of the calendar month immediately following the end of the first Operating Year.

Section 4.3 Definition of Gross Sales. The term "Gross Sales" is defined to mean the total amount of dollars of the actual sales price, or in the event of trade or barter, the fair market value at retail of any item or service traded or bartered, whether for cash, credit, trade, barter or otherwise, or partly for cash, partly on credit, partly for trade and/or partly for barter, of all goods, wares and merchandise sold, charges for all services performed and all other receipts of business conducted in or from the Premises, without deduction or reserve for uncollected or uncollectible amounts, including, without limitation, all catalogue, mail, telephone, telegraph and/or electronic sales and orders received or filled at or from the Premises, all deposits not refunded to purchasers, all orders taken in and from the Premises whether or not such orders are filled elsewhere, receipts or sales through any vending machine or other coin or token operated device, receipts from any rentals made from the Premises and receipts or sales by any sublessee, concessionaire, licensee and any other person or entity doing business in or from the Premises. Nothing contained in this section shall be deemed to permit Tenant to sublease all or a portion of the Premises or allow a concessionaire to conduct business therein, without Landlord's prior written consent. Gross Sales shall not include any sums collected and paid out by Tenant for any sales or retail excise tax imposed by any duly constituted governmental authority, any exchange of goods or merchandise between the stores of Tenant where such exchange of goods or merchandise is made solely for the convenient operations of the business of Tenant and not for the purpose of consummating a sale which has been made at, in or from the Premises, the amount of returns to shippers or manufacturers, the amount of any cash or credit refund made with respect to any sale where the merchandise sold at or from the Premises, or some part thereof, is thereafter returned by the purchasers and accepted by the Tenant, sales of merchandise at a discount to employees of Tenant (which shall not exceed three percent (3%) of Gross Sales), nor sales of fixtures which are not a part of Tenant's stock-in-trade. Each sale upon installment or credit shall be treated as a sale for the full price in the month during which such sale is made, irrespective of the time when Tenant may receive payment from its customer and no deduction shall be allowed for uncollected or uncollectible credit accounts. No deduction shall be made from Gross Sales for any franchise, income or gross receipts taxes, or for any other taxes



based upon income of Tenant or for any use, tangible or property tax assessed against Tenant.

Section 4.4 Percentage Rent. Within forty-five (45) days after the expiration or termination of this Lease and within forty-five (45) days after the end of each Operating Year which falls within the Term in which Gross Sales exceeds the then applicable Breakpoint, Tenant shall pay to Landlord, as additional rent, an amount equal to the product of the Percentage Rent Rate multiplied by the amount of Gross Sales during such Operating Year in excess of the then applicable Breakpoint. If upon the expiration or termination of this Lease an Operating Year of less than a full twelve (12) month period results, then the Breakpoint shall be equal to the Breakpoints in Section 1.1.15 divided by 365 and multiplied by the number of days elapsed in such Operating Year. Promptly upon receipt by Landlord of Tenant's Annual Statement of Tenant's Gross Sales, as provided in Section 4.5 below, there shall be an adjustment between Landlord and Tenant, with payment to or credit by Landlord, as the case may require, to the end that Landlord shall be paid with respect to each Operating Year an amount equal to the product of (a) the Percentage Rent Rate multiplied by (b) an amount equal to the excess, if any, of (x) Tenant's Gross Sales during each Operating Year over the applicable Breakpoint. Each party's obligations under this Article shall survive the expiration or termination of this Lease due to lapse of time or otherwise. Tenant represents and warrants that the Percentage Rent provision of this Lease is the most favorable such provision in any of its leases in Illinois and if a more favorable provision is entered into Tenant shall notify Landlord and the provisions of this Lease shall be amended to be equal to such other more favorable provision(s).

Section 4.5 Maintenance of Records and Examination. Tenant shall utilize cash registers equipped with sealed, continuous, cumulative totals, or such other method as may be first approved by Landlord in writing, to record all Gross Sales during the Term. During and for at least thirty-six (36) months after the expiration of each Operating Year, Tenant shall keep at the Premises all original books and records conforming to generally accepted accounting practices showing all of the Gross Sales and such other information with respect to Gross Sales, at, from and upon the Premises for such Operating Year, including, but not limited to, all tax reports, sales slips, sales checks, bank deposit records and other supporting data. Tenant shall notify Landlord of the manufacturer, model and serial number of all cash registers used on the Premises and of any changes or additions within five (5) days after the use thereof has commenced. If Landlord contends there may be an error with respect to any of Tenant's books, records, papers or files and Landlord so notifies Tenant prior to the expiration of such thirty-six (36) month



period, such period shall be extended until Landlord's contention has been finally determined. Within forty-five (45) days after the end of each Operating Year during the Term, Tenant shall furnish Landlord with a written statement, sworn to by Tenant, if an individual, by a general partner of Tenant if a partnership, or by one of Tenant's executive officers if a corporation, of Tenant's Gross Sales during such Operating Year. Within sixty (60) days following each Operating Year during the Term, Tenant shall furnish Landlord with a written statement prepared by an independent Certified Public Accountant of Tenant's Gross Sales during such Operating Year (the "Annual Statement"). Landlord shall have the right not more than once every Operating Year to audit or have its accountants or other representatives audit all Annual Statements of Gross Sales and in connection with such audits to examine all of Tenant's records (including any supporting data) of Gross Sales and Tenant shall make all such records available for such examination at the Premises. If any audit discloses that the actual Gross Sales by Tenant exceeded those reported, Tenant shall pay the Percentage Rent due with respect to the excess, plus interest thereon at the Default Rate, as hereinafter defined, from the date such amount should have been paid to the date actually paid. If such audit discloses that the actual Gross Sales exceeded those reported by Tenant by more than two percent (2%), Tenant shall also pay, in addition to any deficiency in Percentage Rent plus interest at the Default Rate, the cost of such audit and examination. If such audit discloses that the actual Gross Sales exceeded those reported by Tenant by more than five percent (5%), Landlord shall have, in addition to all other available rights and remedies, the remedies provided for in Article XII below and Tenant shall promptly pay Landlord the cost of such audit along with the deficiency in such Percentage Rent plus interest at the Default Rate. If such audit discloses that actual Gross Sales by Tenant were less than those reported and, as a result thereof, Tenant paid more Percentage Rent than was due hereunder, Landlord shall refund to Tenant the amount of the excess Percentage Rent less the cost to Landlord of the audit. If Tenant shall fail to furnish the Annual Statement within sixty (60) days after each Operating Year, or if Tenant's Gross Sales cannot be verified due to the insufficiency or inadequacy of Tenant's records, then Landlord shall have the right, in addition to all other remedies, to cause a Certified Public Accountant to audit, at Tenant's expense, Tenant's records and prepare and certify therefrom the Annual Statement and Tenant shall make all records available for such audit. Any information obtained by Landlord pursuant to the provisions of this section shall be treated as confidential except in any dispute, litigation or arbitration proceedings between the parties; provided that Landlord may disclose such information to its mortgagees and to prospective buyers, brokers, lenders, tax authorities and pursuant to legal requirements.



Section 4.6 Rent Abatement. Notwithstanding anything contained in this Lease to the contrary, so long as Tenant is not in default under this Lease, the Monthly Base Rent for the first three (3) full months of the first Operating Year (the "Abatement Months") shall be abated. The entire Monthly Base Rent otherwise due and payable for the Abatement Months shall become immediately due and payable upon the occurrence of an Event of Default.

#### ARTICLE V.

#### COMMON AREAS AND OPERATING COSTS

Section 5.1 Common Areas and Facilities. Landlord, at Landlord's option, may make available from time to time such areas and facilities of common benefit to the tenants and occupants of the Shopping Center as Landlord shall deem appropriate and shall at all times be subject to the exclusive control and management of the Landlord (the "Common Areas"). Landlord shall operate, manage, equip, heat, ventilate, cool, light, insure, repair and maintain the Common Areas and facilities in such manner as Landlord shall, in its sole discretion, determine. Landlord may from time to time change the size, location and nature of any Common Areas and facilities, may make installations therein and move and remove such installations. Notwithstanding anything contained to the contrary in any other provision of this Lease, including, but not limited to, Exhibit B, Landlord reserves the right to increase, decrease and change the size or location of the Common Areas and/or to change the Common Areas into rentable areas.

Section 5.2 Use of Common Areas. Tenant and its permitted concessionaires, licensees, officers, employees, agents, customers and invitees shall have the nonexclusive right, in common with Landlord and all others to whom Landlord has or may hereafter grant rights, to use the Common Areas as designated from time to time by Landlord, subject to such regulations as Landlord in its sole discretion may from time to time establish. Tenant agrees to abide by such regulations and to cause its permitted concessionaires, licensees, officers, employees and agents, and to use its best efforts to cause its customers and invitees to conform thereto. In addition to its other rights hereunder, Landlord may at any time temporarily close any part of the Common Areas to make repairs or changes, to prevent the acquisition of public rights in such areas, to discourage non-customer parking, or for other reasonable purposes, and may do such other acts in and to the Common Areas as in its sole discretion Landlord may deem desirable. Landlord shall have the right to close the Common Areas or any part thereof on such days or during such hours as Landlord shall, in its sole discretion, determine. Tenant covenants that neither Tenant nor any of the Tenant's employees will park their automobiles in the parking lot comprising part of the Shopping Center. Landlord



shall have the right to establish such other reasonable rules and regulations as to the parking of vehicles, movement of traffic, loading and unloading of supplies and use of service areas and other facilities common to Tenant and other tenants of the Shopping Center, including the right to require the cars of Tenant and Tenant's employees to bear identification stickers in order to facilitate enforcement of the parking restrictions, and Tenant agrees to comply with all such reasonable rules and regulations established by Landlord. The intent of this provision is that the parking lot shall be for the use of customers of Landlord's tenants. Notwithstanding anything to the contrary, neither Landlord, Owner, its beneficiary, nor their respective partners, officers, employees or agents shall have any responsibility for patrolling the Common Areas or keeping them secure.

Section 5.3 Operating Costs. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Operating Costs" (as hereinafter defined). The term "Operating Costs" shall mean any and all costs and expenses of every kind and nature paid or incurred by Landlord (including appropriate reserves) in operating, managing, equipping, policing and protecting (if and to the extent provided by Landlord), insuring, servicing, lighting, repairing, replacing, cleaning and maintaining the Shopping Center (other than those facilities which Landlord is obligated to maintain at its expense pursuant to Section 9.1) less the contributions, if any, to Operating Costs by any tenant which pays separately for any of such charge, including but not limited to, such maintenance and repair as shall be required in Landlord's judgment to upgrade, maintain and preserve the Shopping Center in suitable condition and status; all costs and expenses of security and fire protection, including, at the option of Landlord, servicing Tenant with fire extinguishers (if and to the extent such service is provided by Landlord); water and sewer charges not separately metered to tenants; pedestrian and vehicular traffic direction and control; all costs and expenses of cleaning and removing of rubbish, dirt, debris, snow and ice; all costs and expenses of maintaining, planting, replanting and replacing flowers and landscaping; water and sewerage charges; premiums for liability and property damage, fire, extended coverage, malicious mischief, vandalism, worker's compensation, employer's liability and any other insurance procured by Landlord in connection with the Shopping Center; wages, unemployment taxes, social security taxes, special assessments, transportation or environmental protection taxes or levies or similar taxes or levies, and personal property taxes attributable to the Shopping Center; professional fees including, but not limited to, accounting and legal fees relating to the Shopping Center; required licenses and permits; all costs and expenses for supplies and operation of loud speakers and any other sound equipment; all costs and expenses incurred by Landlord in the testing, maintaining and repairing of sprinkler and other



systems, if any, located in the Shopping Center or, at Landlord's option, in the Premises; all charges for the use and service of utility services for the Common Areas, including, but not limited to, all costs and expenses of maintaining lighting fixtures (including the cost of light bulbs and electric current); maintenance of all utility facilities not maintained by the servicing utility company; all costs, expenses, surcharges or other impositions or assessments incurred by Landlord in connection with environmental protection legislation or regulations or assessed against or imposed on the Shopping Center or any part thereof with regard or in connection with impacts on public services, facilities or infrastructure; depreciation, interest and all other costs resulting from improvements or additions imposed and required by regulatory agencies; cost of equipment, machinery and facilities not properly chargeable to capital; reasonable depreciation of equipment, machinery and facilities; rents paid for the leasing of equipment, machinery and facilities and finance charges paid for the purchase of equipment, machinery and facilities which are capital assets and are used in the operation of the Shopping Center; administrative costs attributable to the Shopping Center which are hereby stipulated and agreed to be fifteen percent (15%) of all other costs and expenses included in the Operating Costs, Real Estate Taxes, Shopping Center Insurance and HVAC Charges; and such other costs as Landlord may reasonably determine are required for the proper operation and maintenance of the Shopping Center. There shall be excluded from Operating Costs: (a) expenses for any capital improvements made to the Shopping Center (except that capital expenses for improvements which result in savings of labor or other costs shall be included at the cost of such improvements amortized over the useful life of the improvements); (b) expenses for repairs or other work occasioned by fire, windstorm or other insured casualty; (c) expenses incurred in leasing or procuring new tenants (i.e., lease commissions, tenant inducements, advertising expenses and expenses of renovating space for new tenants); (d) legal expenses in enforcing the terms of any lease; (e) interest or amortization payments on any mortgage or mortgages and/or capital improvements; (f) reserve funds; (g) administrative expenses of Landlord in excess of five percent (5%) of all rent and other charges collected from tenants; and (h) expenses in connection with maintaining and operating any garage operated by Landlord incident to the operation of the Shopping Center. All Operating Costs shall be based upon competitive charges for similar services and/or materials that are available in the general vicinity of the Shopping Center.

Section 5.4 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of the Operating Costs" shall mean the product of (a) the Operating Costs for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (b) Tenant's



Pro Rata Percentage of Operating Costs during such calendar year or partial calendar year.

Section 5.5 Payment of Operating Costs. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Operating Costs equal monthly installments on the first day of each calendar month in advance, without demand or setoff, in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Operating Costs. At the end of each fiscal year Landlord uses for such purpose, Landlord shall furnish Tenant with a statement of the actual Operating Costs paid or incurred by Landlord during such period and there shall be an adjustment between Landlord and Tenant within ten (10) days after delivery of such statement with payment to, or repayment by (if Tenant is not in default hereunder) Landlord, as the case may require, so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Operating Costs for such period. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

#### ARTICLE VI. REAL ESTATE TAXES

Section 6.1 Real Estate Taxes. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Real Estate Taxes" (as hereinafter defined). The term "Real Estate Taxes" means any and all real estate taxes, public, governmental and/or quasi-governmental regular and special charges, assessments, transportation or environmental protection taxes or levies or similar tax or levy and lease taxes, attributable to the Shopping Center during the Term whether foreseen or unforeseen (less the contributions, if any, to Real Estate Taxes by any tenant which pays separately for any such charge) incurred annually by Landlord during the Term and prorated for any partial calendar year. (At the time of the execution of this Lease, Real Estate Taxes in Cook County are collected in the year subsequent to the year of assessment. For purposes of this Lease, the phrase "incurred annually" shall mean Real Estate Taxes levied and assessed for any year though the same may not be due and payable or paid until a subsequent year.) Real Estate Taxes shall also include, but not be limited to, all expenses, including reasonable attorneys' fees, administrative hearing and court costs incurred in contesting or negotiating the amount or rate of any such Real Estate Taxes. Landlord and Landlord's Agent shall have the exclusive right, but not the obligation, to contest or appeal any assessment of Real Estate Taxes levied on the Shopping Center. Should the state, or any political subdivision thereof or any governmental authority having jurisdiction thereover impose a tax or assessment upon or against the rentals or other charges payable to Landlord by a tenant either by way of substitution for any Real



Estate Taxes or in addition thereto, or impose an income or franchise tax or any other tax in substitution for, in lieu of or in addition to any Real Estate Taxes, such taxes and assessments shall also be deemed to constitute Real Estate Taxes.

Section 6.2 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of Real Estate Taxes" shall mean the product of (a) the Real Estate Taxes for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (b) Tenant's Pro Rata Percentage of Real Estate Taxes as of the assessment date of Real Estate Taxes.

Section 6.3 Payment of Real Estate Taxes. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Real Estate Taxes equal monthly installments on the first day of each calendar month in advance, without demand or setoff in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Real Estate Taxes. When the actual figures for such Real Estate Taxes are known, Landlord shall furnish Tenant with a statement of Tenant's actual Pro Rata Share of Real Estate Taxes, together with (a) a copy of the paid and receipted tax bill and Landlord's computation of Tenant's Pro Rata Share; (b) a statement of the Rentable Area of the Shopping Center and (c) Landlord's representation that the parcel of real estate covered by the tax bill does not include any property or improvements located outside of the Shopping Center as legally described on Exhibit A; and any over or under payment of Tenant's Pro Rata Share of Real Estate Taxes shall be adjusted and paid by Landlord (so long as Tenant is not in default hereunder) or Tenant, as applicable, to the other, within ten (10) days after delivery of such statement so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Real Estate Taxes for such period. Tenant shall also be responsible for and shall pay all lease taxes or similar taxes levied on the business of Tenant in the Premises levied or assessed by any governmental entity having jurisdiction over the Premises. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 6.4 Timely Payment; Refunds; Penalties.

(a) Landlord covenants and agrees that it shall timely and fully pay the Real Estate Taxes levied against the Shopping Center, including the Premises and all improvements thereon.

(b) If Landlord shall obtain any abatement, refund



or rebate in Real Estate Taxes accruing during the Term, Landlord shall promptly forward to Tenant its Pro Rata Share of such abatement, refund or rebate (less Tenant's Pro Rata Share of the cost and expense of obtaining them).

(c) Tenant shall not, in any event, be liable for any interest or penalty charges payable by Landlord with respect to such tax bill (but only to the extent Tenant pays its Prorata Share of Real Estate Taxes on a timely basis), and if a discount of said tax bill(s) is available by prompt payment, Tenant's Pro Rata Share of Real Estate Taxes shall be based upon the discounted amount regardless of whether in fact such prompt payment is made.

#### ARTICLE VII. SHOPPING CENTER INSURANCE

Section 7.1 Shopping Center Insurance. Tenant shall pay to Landlord, as additional rent hereunder, "Tenant's Pro Rata Share of Shopping Center Insurance" (as hereinafter defined). The term "Shopping Center Insurance" means any and all insurance (less the amount, if any, applicable to Common Areas and included in Operating Costs) for fire, extended coverage, malicious mischief, vandalism, sprinkler leakage, flood insurance, rent loss, wind storm, sink hole and such other forms of casualty insurance and public liability insurance, insuring any and all risks relating to conditions or operations of the Shopping Center in such form, amounts and companies as Landlord shall, in its sole judgment, elect to carry less the contributions, if any, to Shopping Center Insurance by any tenant which pays separately for any of such charges.

Section 7.2 Tenant's Pro Rata Share. The term "Tenant's Pro Rata Share of Shopping Center Insurance" shall mean the product of (a) the Shopping Center Insurance for each calendar year or partial calendar year (based upon the number of days of such partial calendar year) during the Term multiplied by (a) Tenant's Pro Rata Percentage of Shopping Center Insurance as of the date such premium is due.

Section 7.3 Payment of Shopping Center Insurance. Tenant shall pay to Landlord on account of Tenant's Pro Rata Share of Shopping Center Insurance equal monthly installments on the first day of each calendar month in advance, without demand or setoff in an amount estimated from time to time by Landlord to be Tenant's Pro Rata Share of Shopping Center Insurance. After Landlord's receipt of the actual insurance bills, Landlord shall



furnish Tenant with a statement of Tenant's actual Pro Rata Share of Shopping Center Insurance and there shall be an adjustment between Landlord and Tenant within ten (10) days after delivery of such statement with payment to, or repayment by (if Tenant is not in default hereunder) Landlord, as the case may require, so that Landlord shall receive from Tenant the precise amount of Tenant's Pro Rata Share of Shopping Center Insurance for such period. All or portions of coverage for Shopping Center Insurance may be maintained in so-called blanket or umbrella policies. The covenants of this section shall survive the expiration or termination of this Lease by the lapse of time or otherwise.

#### ARTICLE VIII.

##### UTILITY SERVICES AND HEATING, VENTILATING AND AIR CONDITIONING

Section 8.1 Utilities. Tenant, at Tenant's sole cost and expense, shall be solely responsible for and shall promptly pay all charges for use or consumption of heat, air conditioning, sewer, water, gas, electricity or any other utility services to the Premises. Interruption or impairment of any such utility or related service, caused or necessitated by repairs, improvements, or other causes beyond Landlord's direct control, shall not give rise to any right or cause of action by Tenant against Landlord in damages or otherwise. Landlord shall not be liable for, and Tenant shall not be entitled to, an abatement of rent in the event of any interruption in the supply of any utility or related service, and the same shall not be construed as an actual or constructive eviction of Tenant. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities, the same shall be installed at Tenant's sole cost and expense in accordance with all laws, regulations and ordinances and in accordance with plans and specifications to be approved in writing in advance by Landlord.

Section 8.2 Heating, Ventilating and Air Conditioning. Heating and air conditioning shall be thermostatically controlled in the Premises and the Tenant agrees to maintain and keep in good repair during the Term of this Lease at Tenant's sole expense all heating, ventilating and air conditioning equipment and systems located in the Premises. At all times during the term, Tenant shall, at Tenant's sole cost and expense, have and keep in force a maintenance contract (in a form and with a contractor satisfactory to Landlord) providing for inspection, maintenance and necessary repairs (including replacement) of the heating, ventilating and air conditioning equipment in or serving the Premises at least once each calendar quarter unless Landlord, at Landlord's option and Tenant's expense otherwise provides such maintenance service. The maintenance contract shall provide that it will not be cancellable by either party thereto except after



thirty (30) days' prior written notice to Landlord. Tenant shall provide Landlord with a copy of such maintenance contract.

Section 8.3 Payment for Services. In no event shall Tenant be required to pay with respect to any utility service or service provided or designated by Landlord an amount in excess of the amount that Tenant would be required to pay if purchasing directly from such utility company or other company.

#### ARTICLE IX. LANDLORD'S COVENANTS

Section 9.1 Repairs by Landlord. Landlord covenants at its expense to keep the foundation, floorslab, steel frame, roof, structural portions, gutters, downspouts, sprinkler system, if any, and underground utility lines of the Premises and the Shopping Center, all utility lines serving the Premises, and the structural soundness of exterior walls thereof (excluding glass, plate glass and doors), in good order, repair and condition, unless any such work is required because of damage caused by any act, omission or negligence of Tenant, any employees, agents, invitees, guests, concessionaires, licensees, sublessees or contractors of Tenant or any of their respective employees, agents, invitees, guests, concessionaires, licensees or contractors, or any person or entity claiming by, through or under Tenant in which event Tenant shall be responsible, at Tenant's sole cost and expense, or at Landlord's option, Landlord shall make such repair and be reimbursed by Tenant for such repair. Landlord shall not be required to commence any such repair until a reasonable time after Landlord receives written notice from Tenant that the same is necessary, which notice shall specifically reference the required repair. Landlord shall make all such required repairs and replacements without, to the extent commercially practicable, materially interfering with the conduct of Tenant's business. If during such repairs and replacements the Shopping Center or the Premises are wholly or partially unsuitable for their use as provided in this Lease, there shall be an equitable abatement of Rent, Percentage Rent and all other charges until such time as such repairs and replacements have been completed. The provisions of this section shall not apply in the case of damage or destruction by fire or other casualty or a taking under the power of eminent domain, in which event the obligations of Landlord shall be controlled by Article XI. Except as otherwise provided in this section, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Premises, or any equipment facilities or fixtures contained therein or serving the Premises, which shall be the sole responsibility of Tenant as provided in this Lease.

Section 9.2 Quiet Enjoyment. Landlord covenants and agrees that so long as Tenant has committed no default under this



Lease, Tenant's peaceful and quiet possession of the Premises during the Term shall not be disturbed by Landlord or by anyone claiming by, through or under Landlord, subject to the terms and conditions of this Lease and to any mortgages, trust deeds, ground or underlying leases, agreements and encumbrances to which this Lease is or may be subordinated.

Section 9.3 Character of the Shopping Center. Tenant has entered into this Lease in reliance upon the representation by Landlord that the Shopping Center is, and will remain, retail in character, and further, that no part of same shall be used as a theatre, auditorium, meeting hall, school or other place of public assembly (excluding a day care center or kindergarten of less than 2,000 square feet), gymnasium, dance hall, billiard or pool 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 (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).

Section 9.4 Access to Premises. Landlord covenants and agrees that Landlord shall not during the Term (a) eliminate or materially reduce direct and unencumbered access between the public ways and the sidewalk on either side thereof on the one hand and the Premises on the other hand and (b) construct any additional buildings, structures, obstructions, barriers and the like upon, attached or placed adjacent to the Premises, which in any event would adversely affect the access to or visibility of the Premises and/or Tenant's sign(s) on the Premises. In addition, Landlord covenants and agrees that it will not reduce the space nor the dimensions of the Premises.

Section 9.5 Use of the Premises. Landlord represents and warrants that there is presently issued and shall remain outstanding all required permits for equipment utilized as part of or by which services are provided to the Premises, that Tenant's use and occupancy of the Premises for the purpose permitted hereunder will not be in violation of any covenant, restriction, agreement or other instrument now or hereafter affecting the Premises.

Section 9.6 Ownership. Landlord warrants and represents that as of the date of this Lease there are no zoning regulations, governmental use restrictions, restrictive agreements, leases, environmental laws or other instruments or limitations that prevent or restrict the use of the Shopping Center or any part of the Shopping Center or prevent or limit the use of the Premises for Tenant's Use, or otherwise conflict with any of the provisions of this Lease.



Section 9.7 Default by Landlord. In the event Landlord shall neglect or fail to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) days after written notice of default to Landlord and each Mortgagee (of which Tenant has been given written notice) or if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to commence to cure the same within such thirty (30) day period and thereafter proceed diligently to prosecute such cure to completion, then in that event at Tenant's option to be exercised by written notice to Landlord (a) Tenant shall be entitled to all remedies at law or in equity resulting from such default or (b) Tenant may cure such default and deliver to Landlord an invoice for the reasonable and actual cost of the same, together with evidence of payment thereof, which invoice shall be paid or reimbursed to Tenant by Landlord within ten (10) business days thereafter. If Landlord shall fail to pay such invoice and does not notify Tenant that Landlord disputes the amount of such invoice or the necessity of such cure within said ten (10) business day period, or if Tenant obtains a judgment for such amount, the Tenant shall be entitled to offset from rents due hereunder the amount of such invoice or judgment, as applicable. Landlord shall also pay Tenant's costs, expenses and reasonable attorney's fees that may be incurred by Tenant in enforcing Landlord's covenants and agreements in this Lease, provided that Tenant is the prevailing party.

Section 9.8 Landlord's Insurance. In addition to the coverages Landlord elects to carry as provided in Section 7.1, Landlord shall, at all times during the Term hereof, maintain in effect coverage under a policy or policies of insurance covering the Shopping Center (but not Tenant's improvements, stock-in-trade, fixtures, furniture, furnishings, floor coverings and equipment and other items Tenant is required to insure), in an amount not less than one hundred percent (100%) of the full replacement value (exclusive of the cost of excavations, foundations and footings) from time to time during the Term of this Lease or the amount of such insurance that Landlord's Mortgagee requires Landlord to maintain, whichever is greater, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage, vandalism and malicious mischief. Additionally, Landlord shall carry public liability and property damage liability insurance with at least \$1,000,000 in coverage and excess coverage liability insurance on the Common Areas of the Shopping Center. Notwithstanding anything to the contrary contained in this Section 9.8, Landlord's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket or umbrella policy or policies of insurance carried and maintained by Landlord or its affiliates.



Section 9.9 Indemnification. To the extent covered by insurance or required to be covered as required in Section 9.8, Landlord will indemnify Tenant and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising out of any occurrence in, upon or from the Common Areas, parking areas, roads, walks, and approaches in and to the Shopping Center, to the extent caused by the negligence or default of Landlord, its agents, contractors, employees or concessionaires.

Section 9.10 Government Requirements. In regard to any provision regarding work to be performed as required by governmental or other authorities, Tenant shall not be obligated to make any repairs, charges, alterations or additions to portions of the Premises that are otherwise expressly the obligation of the Landlord under this Lease. Notwithstanding anything to the contrary in this Lease, Landlord shall be responsible for complying, and the cost of complying, with any and all governmental regulation of environmental matters relating to substances in or about the Premises or the Shopping Center except for those substances placed there by Tenant. Specifically, but without limiting the generality of the foregoing, Landlord shall be responsible for abating any and all hazards relating to lead paint or asbestos in or about the Premises or the Shopping Center as may be required by governmental regulation, including such abatement as may be required in connection with the issuance of any building permits or otherwise.

Section 9.11 Laws and Ordinances. Landlord shall, at Landlord's sole cost and expense, promptly observe and comply with all present or future laws, rules, requirements, recommendations, orders, directions, ordinances and regulations of the United States of America, the State, county and any other municipal, governmental or lawful authority whatsoever affecting those portions of the Premises Landlord is required to maintain and repair pursuant to Section 9.1, and of any and all of its or their departments, bureaus and officials, except when such observance or compliance is required by reason of the particular nature of Tenant's business, or the location by Tenant of partitions or trade fixtures in which event Tenant, at its sole cost and expense, shall observe and comply with same.

Section 9.12 Actions of Landlord. Whenever Landlord shall enter or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent commercially practicable, without materially interfering with the conduct of Tenant's business.

Section 9.13 Warranties.



(a) Landlord represents and warrants that the bathroom, HVAC system, plumbing system and electrical system will be in good working order at the date of delivery of the Premises and that the roof will be free from leaks and that the Landlord has not received any notices of any violations of the applicable building code.

(b) The air conditioning unit which is presently installed in the Premises is the property of Landlord. Tenant is hereby granted the right to use said equipment and is required to keep it in good repair. Notwithstanding the provisions of Section 8.2 to the contrary, it is understood that during the first Operating Year Landlord will pay for all costs of maintenance, repairs and replacements of the air conditioning equipment; thereafter Tenant will pay all costs of operation, maintenance, repairs and replacements of the air conditioning equipment.

Section 9.14 Estimates of Other Charges. The Landlord confirms that the costs for Operating Costs, Real Estate Taxes and Shopping Center Insurance are being collected as of the date of this Lease in the following amounts:

|                           |                        |
|---------------------------|------------------------|
| Operating Costs           | \$0.34 per square foot |
| Shopping Center Insurance | \$0.21 per square foot |
| Real Estate Taxes         | \$4.28 per square foot |

The foregoing amounts are estimated payments only and are subject to adjustment as provided in this Lease.

Section 9.15 Exclusive Covenant. Landlord shall not hereafter, unless required by court order or statute or unless consented to in writing by Tenant in advance thereof, execute any lease to any other tenant or consent to any sublease or assignment to any other prospective tenant or permit any other tenant or occupant to utilize any portion of the Shopping Center whose business would include the sale of convertible sofas, subject to the uses granted to tenants of the Shopping Center as of the date of this Lease.

#### ARTICLE X. TENANT'S ADDITIONAL COVENANTS

Section 10.1 Affirmative Covenants. Tenant covenants and agrees at its sole cost and expense at all times during the Term, such further time as Tenant occupies the Premises or any part thereof and such further time as indicated below:

10.1.1 To promptly perform all of the obligations of Tenant set forth in this Lease and to pay when due the Annual Base



Rent, Percentage Rent, Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes, and Tenant's Pro Rata Share of Shopping Center Insurance and any and all other charges, rates and other sums which by the terms of this Lease are to be paid by Tenant (Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes, and Tenant's Pro Rata Share of Shopping Center Insurance and any and all other charges, rates and other sums which by the terms of this Lease are to be paid by Tenant are sometimes collectively referred to as "other charges"), without any setoffs or counterclaims whatsoever. The foregoing covenant shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.2 To occupy and use the Premises only for Tenant's Use and for no other purposes; to operate its business in the Premises under Tenant's Trade Name only; and to conduct its business at all times in a first class and reputable manner so as to produce the maximum volume of sales and transactions and to help establish and maintain a high reputation for the Shopping Center.

10.1.3 To refer to the Shopping Center by the Shopping Center's name in designating the location of the Premises in all newspaper or other advertising, stationery, other printed material and all other references to location; to include the address and identity of its business activity in the Premises in all advertisements made by Tenant in which the address and identity of any other business activity of like character conducted by Tenant within the metropolitan area in which the Shopping Center is located shall be mentioned, and to use, in such advertising, only Tenant's Trade Name.

10.1.4 Except when and to the extent that the Premises are untenable by reason of damage by fire or other casualty, to use and continuously operate only for Tenant's Use, all of the Premises other than such minor portions thereof as are reasonably required for storage and office purposes; to use such storage and office space only in connection with the business conducted by Tenant in the Premises; to furnish and install all trade fixtures, which shall at all times be suitable and proper for carrying on Tenant's business; to carry a full and complete stock of seasonable merchandise offered for sale at competitive prices; to store in the Premises only such merchandise as is to be offered for sale at retail from the Premises within a reasonable time after receipt; to maintain adequate trained personnel for efficient service to customers; to initially open for business and to continue to remain open for business on all days during the Term during which the Shopping Center is open (as determined by Landlord), including such evenings and continuously during such hours as shall be determined by Landlord; and to light its display windows and signs, if any, every day during the Term (including days on which Tenant is not open for business) from dusk until



10:00 P.M., or such later time as Tenant in its discretion may determine. For any day that Tenant does not comply with this subsection in any material respect, the Annual Base Rent for the applicable Operating Year, prorated on a daily basis, shall be increased by twenty-five percent (25%), such sum representing liquidated damages (and not a penalty) which the parties agree Landlord will suffer by reason of Tenant's noncompliance (the parties agreeing that Landlord's damages in such event are not and will not be reasonably ascertainable) in addition to any other remedies available to Landlord under this Lease, at law or in equity.

10.1.5 To conform to all rules and regulations which Landlord may make in the management and operation of the Shopping Center and require such conformance by Tenant's employees, agents, contractors, guests, invitees, permitted sublessees, concessionaires and licensees or any person or entity claiming by, through or under Tenant provided that all rules and regulations that Landlord may make shall be uniform, reasonable, and applied equally on a non-discriminatory basis to all of the tenants and shall not conflict with any provisions of this Lease; to receive and deliver goods and merchandise only in the manner and at such times and in such areas as may be designated by Landlord; to keep all drains inside the Premises clean; and to store all trash and garbage in adequate containers within the Premises which Tenant shall maintain in a neat and clean condition so as not to be visible to members of the public shopping in the Shopping Center, and so as not to create any health or fire hazard. Tenant shall not burn any trash or garbage at any time in or about the Shopping Center and Tenant shall, at Tenant's expense, attend to the daily disposal thereof in the manner designated by Landlord. Tenant shall provide its own garbage pickup and disposal services. If the Premises are permitted to be used for the sale of food, Tenant shall maintain any and all grease traps in good condition and repair and store all trash and garbage in a garbage storeroom or compartment which Tenant shall install and keep in repair at its sole cost and expense. The temperature shall constantly be maintained at no less than 50 degrees F (10 degrees C) or more than 55 degrees F (12.78 degrees C). If Landlord shall provide any services or facilities for trash pickup or trash compaction, Tenant shall be obligated to use the same and shall pay a proportionate share (based on volume of use) of the actual cost thereof within ten (10) days after being billed therefor. Tenant agrees to pay its proportionate share (based on the contractor's allocation if available), promptly after being billed therefor, of any costs incurred by Landlord for pest control service which Landlord may determine is necessary to employ for the Premises.

10.1.6 Except for repairs required in Section 9.1 to be performed by Landlord, to keep the Premises, including, but not limited to, all entrances, vestibules, partitions, windows and



window frames, moldings, glass doors, lighting, HVAC equipment, fixtures and equipment, the fire protection system, any security screen, wall and/or store front (the installation of which shall be subject to Landlord's approval) and fixtures and displays (including show windows and signs) clean, neat and safe, and in good order, repair and condition (including all necessary replacement, painting and decorating), and to keep all glass, including that in windows, doors, store fronts, fixtures and skylights, clean, neat and safe and in good order, repair and condition, and to promptly replace glass which may be damaged or broken with glass of the same quality, damage by fire or other casualty covered by Landlord's insurance excepted. If, in an emergency, it shall become necessary to promptly make any repairs or replacements required to be made by Tenant, Landlord may enter the Premises and proceed to make such repairs or replacements and pay the cost thereof. Tenant shall reimburse Landlord for the cost thereof within thirty (30) days after Landlord renders a bill to Tenant.

10.1.7 To make all repairs, alterations, additions or replacements to the Premises and all mechanical, electrical and plumbing systems located within the Premises required by any law or ordinance or any order or regulation of any public authority, or fire underwriters or underwriters' fire prevention engineers and to keep the Premises equipped with all safety appliances required because of Tenant's Use; to procure any licenses and permits required for Tenant's Use; and to comply with the laws, orders and regulations of all governmental authorities and the reasonable recommendations and requirements of Landlord's insurance carriers and their underwriters.

10.1.8 To promptly pay when due the entire cost of any work in the Premises undertaken by Tenant, including, without limitation, Tenant's Work, so that the Premises shall at all times be free of liens for labor and materials; to procure all necessary permits before undertaking such work; to do all work in a first class, good and workmanlike manner employing new materials of good quality; to perform all work only with licensed union contractors previously approved in writing by Landlord; to comply with all governmental requirements; and to defend (with counsel reasonably satisfactory to Landlord), indemnify and save Landlord, Owner and Owner's beneficiaries and their respective partners, officers, directors, shareholders, employees and agents (collectively "Owner's Entities") harmless and indemnified from all liability, injury, loss, cost, damage and expense (including but not limited to, reasonable attorneys' fees and expenses) in respect of injury to, or death of, any person, or damage to, or loss or destruction of, any property occasioned by or growing out of such work. Tenant shall not commence any work, alterations or improvements in the Premises until Tenant has delivered to Landlord evidence of builder's risk insurance in amount, form and issued by a company reasonably satisfactory to Landlord. With respect to any work not



performed by Landlord's contractor, such work may at Landlord's option be supervised by Landlord's contractor and Tenant shall pay to Landlord's contractor on account of such supervision a fee equal to 5% for the first \$20,000 of all construction costs and 4% for costs in excess thereof. Landlord's contractor shall perform such supervision, Tenant shall make such revisions to the work requested by Landlord's contractor and Landlord nor Landlord's contractor shall be liable for the adequacy or completeness of Tenant's plans or any of such work. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.9 To defend (with counsel reasonably satisfactory to Landlord), indemnify and save Landlord, the Owner and Owner's beneficiaries, partners and their respective agents, harmless from all liability, injury, loss, cost, damage and expense (including, but not limited to, reasonable attorneys' fees and expenses) with respect of any injury to, or death of, any person, or damage, theft or destruction of any property, whether or not occurring on the Premises or any other part of the Shopping Center occasioned by any act or omission of Tenant, Tenant's agents, employees, contractors, sublessees, concessionaires, licensees, invitees or guests or any other person or entity claiming by, through or under Tenant. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.10 To maintain in responsible companies approved by Landlord, public liability insurance on the Premises during the Term of this Lease, insuring Tenant as well as Landlord and Landlord's mortgagees as additional named insureds thereunder, Landlord, the Owner and Owner's beneficiaries and all of their respective agents, beneficiaries, partners, officers, servants and employees, from and against all claims, demands or actions for injury to or death of any one person in an amount of not less than \$1,000,000, for injury or death of more than one person in any one occurrence in an amount of not less than \$1,000,000 and for damage to property with a deductible of no more than \$1,000 and in an amount not less than \$500,000 made by or on behalf of any persons, firm or corporation, arising from, related to, or connected with the conduct and operation of Tenant's business in the Premises and the businesses of all of Tenant's sublessees, concessionaires and licensees (Landlord shall have the right to direct Tenant to increase such amounts whenever Landlord considers them inadequate) and, in addition, and in like amounts, covering Tenant's contractual liability under the hold harmless provisions contained in this subsection; to carry like coverage against loss or damage by boiler or compressor or internal explosion of boilers or compressors, if there is a boiler or compressor in or serving the Premises; to maintain plate glass insurance covering all plate glass in the Premises; to maintain all-risk insurance including but not limited



to, fire, vandalism and malicious mischief and sprinkler leakage, extended coverage, covering all of Tenants equipment, stock-in-trade, trade and other fixtures, furniture, furnishings, floor coverings and all other items of personal property of Tenant located on or within the Premises to the extent of one hundred percent (100%) of their replacement cost naming Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds; and in the event liquor is sold from the Premises to maintain liquor legal liability insurance. Tenant shall procure and maintain, at its expense, business interruption or extra expense insurance with coverage limits not less than those carried by a reasonably prudent tenant subject to Landlord's approval and naming Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds but in no event less than the applicable Annual Base Rent. All insurance shall be in a form, and carried with responsible companies of recognized standing authorized to do business in the state in which the Premises are located, each satisfactory to Landlord, the Owner, Owner's beneficiaries and its Mortgagee and shall (a) provide that any release from liability or waiver of claim for recovery entered into in writing by the insured or any additional insured prior to any loss or damage shall not affect the validity of such policy or the right of any insured or additional insured to recover thereunder, (b) contain a waiver of subrogation clause in form and content satisfactory to Landlord, (c) provide that it will not be subject to cancellation, non-renewal, reduction or other change except after at least thirty (30) days' prior written notice to Landlord, and (d) name Landlord, the Owner, Owner's beneficiaries and its Mortgagee as additional named insureds thereunder. The policies or duly executed certificates for the same (which shall evidence the insurer's waiver of subrogation) together with satisfactory evidence of the payment of the premium thereon, shall be deposited with Landlord on or before the Date for Delivery of the Premises to Tenant and, upon renewals or replacements of such policies, not less than thirty (30) days prior to expiration of the term of such coverage. If Tenant fails to comply with such requirements, Landlord may obtain such insurance and keep the same in effect, and Tenant shall pay Landlord as additional rent due hereunder the premium cost thereof upon demand.

10.1.11 That Landlord, the Owner and Owner's beneficiaries and their respective partners, officers, directors, shareholders, agents and employees shall not be liable for, and Tenant shall not be entitled to an abatement of rent in respect of, and to the extent permissible by state law, Tenant waives all claims for damage to person or property sustained by Tenant or any person or entity claiming by, through or under Tenant resulting from any accident or occurrence in or upon the Premises or the building of which they shall be a part, or any other part of the Shopping Center, including, but not limited to: (a) any equipment or appurtenances becoming out of repair; (b) Landlord's failure to



keep such building or the Premises in repair; (c) injury done or occasioned by wind, water or other natural element; (d) any defect in or failure of plumbing, heating, ventilating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, railings, elevators, escalators or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the discharge from any automatic sprinkler system; (h) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Premises or the building of which the Premises are a part; (i) the escape of steam or hot water; (j) water, snow or ice being upon or coming through the roof, skylight, trapdoor, stairs, walks or any other place upon or near such building or the Premises, or otherwise; (k) the falling of any fixture, plaster or stucco; and (l) any act, omission or negligence of Landlord, its beneficiaries or any of their authorized agents or employees, other tenants in the Shopping Center or of other persons or occupants of such buildings or of adjoining or contiguous buildings or of owners of adjacent or contiguous property.

10.1.12 To permit Landlord, the Owner and Owner's beneficiaries or their respective agents, to enter the Premises at reasonable times (except, in case of an emergency, at any time) for the purpose of inspecting the Premises, or making repairs, additions or alterations thereto or to the building in which the Premises are located, and of showing the Premises to prospective purchasers, lenders, and other persons having a legitimate interest in inspecting the Premises. The provisions of this subsection shall not be construed to impose any obligation upon Landlord for the maintenance, repair or alteration of the Premises, Common Areas or Shopping Center except as otherwise set forth in this Lease. In the event Tenant requests that Landlord perform services after regular business hours, Tenant shall be deemed to have agreed to pay all overtime charges in connection therewith. Landlord shall have the right to display "For Rent" signs on the Premises and show the Premises to prospective tenants during the last one hundred eighty (180) days of the Term.

10.1.13 To remove, at Tenant's sole cost and expense, at the expiration or termination of this Lease due to the lapse of time or otherwise, all of Tenant's goods and effects as are not permanently affixed to the Premises; to remove Tenant's store sign; to remove all of the alterations and additions made by Tenant as Landlord may request; to repair any damage caused by such removals; to deliver all keys for and all combinations on all locks, safes and vaults in the Premises to Landlord; and to peaceably yield up the Premises and all alterations and additions thereto (except such as Landlord has requested Tenant to remove) and all decorations, fixtures, furnishings, partitions, heating, ventilating and cooling equipment, and other equipment and floor coverings, all of which are permanently affixed to the Premises, which shall



thereupon become the property of Landlord without any payment to Tenant, in clean and good order, repair and condition, damage by fire or other casualty and reasonable wear and tear excepted. Any personal property of Tenant not removed within five (5) days following such expiration or termination shall, at Landlord's option, become the property of Landlord without payment to Tenant. Tenant waives all rights to notice and all common law and statutory claims and causes of action against Landlord subsequent to such five (5) day period. The foregoing covenants shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

10.1.14 To remain fully obligated under this Lease notwithstanding any assignment or sublease or any indulgence granted by Landlord to Tenant, Tenant's assignee, sublessee or guarantor of Tenant's rights hereunder.

10.1.15 To give Landlord prompt written notice of any accident, casualty, damage or other similar occurrence in or to the Premises or the Common Areas of which Tenant has knowledge.

10.1.16 INTENTIONALLY OMITTED.

10.1.17 To keep the Premises sufficiently heated at all times to prevent water pipes from freezing and any other damage occurring due to low temperatures in the Premises.

10.1.18 To install, maintain and keep in good repair at Tenant's sole cost and expense signs bearing Tenant's Trade Name on the Premises, visible from outside of the Premises, in accordance with the Sign Criteria (a copy of which is attached as Exhibit E) as amended by Landlord from time to time. Upon the expiration or termination of this Lease due to lapse of time or otherwise, Tenant shall remove Tenant's signs and any other sign permitted by Landlord and Tenant shall repair any damage to the building or Shopping Center caused thereby.

Section 10.2 Negative Covenants. Tenant covenants and agrees at all times during the Term and such further time as Tenant occupies the Premises or any part thereof:

10.2.1 INTENTIONALLY OMITTED.

10.2.2 Not to injure, overload, deface, or otherwise harm the Premises or the Shopping Center; nor commit any nuisance; nor unreasonably annoy owners or occupants of neighboring property; nor use the Premises for any extrahazardous purpose or in any manner that will suspend, void or make inoperative or increase the cost of any policy of Shopping Center Insurance; nor burn any trash or refuse within the Shopping Center; nor sell, display, distribute or give away any alcoholic liquor or beverages; nor permit or cause



odors to emanate or be dispelled from the Premises; nor solicit business in the Common Areas nor distribute advertising material to, in or upon any Common Areas; nor sell, distribute or give away any product or service which tends to create a nuisance in the Common Areas; nor make any use of the Premises which is improper, offensive or contrary to any law or ordinance or any regulation of any applicable governmental authority; nor conduct or permit any liquidation, going-out-of-business, bankruptcy, fire, or auction sales in the Premises; nor use any system for the reception or broadcast of music which has not been approved by Landlord; nor use any advertising medium such as handbills, flashing lights, searchlights, signs, loudspeakers, phonographs, sound amplifiers or audio video receiving equipment in a manner to be seen or heard outside of the Premises other than Tenant's sign approved by Landlord; nor load, unload or park any truck or other delivery vehicle in any area of the Shopping Center other than the area designated therefor by Landlord; nor use any vestibule or entry of the Premises, sidewalks, walkways or Common Areas of the Shopping Center for the storage or disposal of trash or refuse or the keeping or displaying of any merchandise or other object, including, but, not limited to, the use of any of the foregoing for any newsstand, cigar stand, sidewalk shop or any business occupation or undertaking (such uses of such areas being reserved to Landlord and its designees); nor operate any heating or cooling devices, other than the HVAC system in place at the commencement of this Lease; nor place any fence, structure, barricade, building, improvement, division rail or obstruction of any type or kind on any part of the Common Areas; nor use the courts and walks for any purpose other than pedestrian traffic; nor install or use any sign or other advertising device on the exterior of the Premises other as approved by Landlord in writing; nor use or permit the use of any portion of the Premises as living quarters, sleeping apartments or lodging rooms; nor do or permit waste or a nuisance upon the Premises nor any act tending to injure the reputation of the Shopping Center. If Tenant does any act or uses the Premises in such a manner as will increase the cost of any policy of Shopping Center Insurance, then, without prejudice to any other remedy available to Landlord hereunder or at law or in equity for such breach, Landlord shall have the right to require Tenant to pay as additional rent hereunder the amount by which the premiums for such insurance are increased as a result of such use, which payment shall be in addition to the payment of Tenant's Pro Rata Share of Shopping Center Insurance.

10.2.3 Not to make any alterations or additions in the Premises nor permit the making of any holes in the walls, partitions, ceilings, or floors; nor place any load on any floor in the Project or Premises which exceeds the floor load per square foot which such floor was designed to carry; nor permit any roof penetrations or alterations to the heating, ventilating or air conditioning system or the sprinkler system; nor install any



electrical equipment which overloads the electrical panel to the Premises; nor permit the painting or placing of any exterior signs, placards or other advertising media, awnings, aerials, antennas, or the like, without on each occasion obtaining the prior written consent of Landlord, which consent shall depend in part upon Landlord's review and approval by Landlord of plans and specifications which are deemed necessary or appropriate by Landlord, and on each occasion complying with all applicable statutes, ordinances, regulations, codes and Landlord's sign and design criteria. If Landlord consents to any roof penetration or alterations to the heating, ventilating or air conditioning system or the sprinkler system, Tenant shall cause such penetration or alterations to the heating, ventilating or air conditioning system or the sprinkler system to be made under and pursuant to the supervision of Landlord's roofing contractor or HVAC or sprinkler system contractor, as applicable, at Tenant's sole cost and expense. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right without Landlord's consent, but after giving Landlord prior written notice thereof and complying with the provisions of Section 10.2.6, to make non-structural, interior repairs and alterations to the Premises, provided the same do not materially and adversely affect building systems or the structural integrity of the Premises, having in the case of repairs and alterations during any Operating Year an aggregate estimated cost of less than \$50,000.00.

10.2.4 Not to assign, sell, mortgage, pledge, hypothecate or in any manner transfer or encumber this Lease or any interest therein by operation of law or otherwise, and not to assign this Lease or sublet the Premises or any part or parts thereof, or permit occupancy by anyone with, through or under it without the prior written consent of Landlord. Where Landlord's consent is required, if Tenant complies with the following conditions, Landlord shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the Premises or any portion thereof: Tenant shall submit in writing to Landlord (a) the name and legal composition of the proposed assignee, sublessee or transferee, (b) the nature of the proposed assignee's, sublessee's or transferee's business to be carried on in the Premises, (c) the terms and provisions of the proposed assignment, sublease or transfer, and (d) such reasonable information as Landlord may request concerning the proposed assignee, sublessee or transferee, including without limitation, financial history, credit rating and business experience. Consent by Landlord to any assignment or subletting shall not waive the necessity for consent to any subsequent assignment or subletting. Tenant shall pay to Landlord all of Landlord's actual and reasonable costs which are incurred in reviewing Tenant's request for such consent, including, but not limited to, Landlord's actual and reasonable attorneys' fees and expenses. If Tenant requests Landlord's consent to an assignment of the Lease or to a sublease of all or a portion of the



Premises, Landlord may, in lieu of granting such consent or reasonably withholding the same, require that Tenant cause the proposed assignee or sublessee to enter into a direct lease with Landlord on the proposed terms of the assignment or sublease. Effective on the effective date of said direct lease with the proposed assignee or sublessee, this Lease shall terminate as to that portion of the Premises which is the subject of such direct lease. If as a consequence thereof, this Lease terminates only as to a part of the Premises, the Annual Base Rent and the Breakpoint for the remaining Operating Years or portions thereof shall be adjusted based upon the square footage of the part subleased. If this Lease is assigned, or if the Premises or any part thereof are sublet or occupied by anyone other than Tenant, Landlord may collect any and all rent and other charges from the assignee, subtenant or occupant and apply the net amount collected to the rent and other charges due hereunder, but no such collection shall be deemed a waiver of the covenant herein against assignment and subletting, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the complete performance by Tenant of the terms, covenants and conditions of this Lease. Notwithstanding anything contained in this Lease to the contrary, Tenant may assign this Lease or sublet the Premises, without Landlord's prior written consent, but after giving Landlord prior written notice thereof, when such assignment or subletting is to (i) a parent, subsidiary or other affiliate (provided such corporate relationship with Tenant continues at all times thereafter, otherwise such transfer shall be null and void), or is in connection with a merger, consolidation or combination or the sale of substantially all of the assets or stock of the retail chain of which the business in the Premises is a part in the state in which the Premises is located or (ii) a licensee, franchisee or operating subsidiary of Tenant; provided that in case of any such assignments, subletting or transfers referred to above, such assignee, sublessee or transferees shall assume all of Tenant's obligations hereunder in writing.

10.2.5 Not to operate or use, or permit or suffer to be operated or used, all or any part of the Premises for any use or purpose other than Tenant's Use permitted hereunder nor any other use or purpose which is inconsistent with the image and standard of quality of the Shopping Center. Tenant agrees that it will not violate any exclusive rights granted to other tenants of the Shopping Center of which Tenant has been given, or in the future is given, written notice by Landlord, provided Tenant's Use and occupancy of the Premises shall not be disturbed thereby.

10.2.6 Not to suffer any mechanics', laborers' or materialmen's liens to be filed against the Premises or the Shopping Center or any interest therein by reason of any work, labor, services performed at, or materials furnished to, or claimed to have been performed at, or furnished to, the Premises, by, or



at the direction or sufferance of, Tenant, or anyone holding the Premises or any portion thereof, through or under the Tenant; provided, however, that if any such liens shall, at any time, be filed or claimed, Tenant shall have the right to contest, in good faith and with reasonable diligence, any and all such liens, provided security reasonably satisfactory to Landlord is deposited with Landlord to insure payment thereof, together with all interest and other costs associated therewith, and to prevent any sale, foreclosure or forfeiture of the Premises or the Shopping Center by reason of nonpayment thereof. On final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released of record and any judgment satisfied. If Tenant shall fail to contest the same with due diligence (having provided security to Landlord as herein provided) or shall fail to cause such lien to be discharged within thirty (30) days after being notified of the filing thereof and, in any case, before judgment of sale, foreclosure or forfeiture thereunder, then, in addition to any other remedy available to Landlord hereunder or at law or in equity, Landlord may, at its option, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Landlord, and the amount so paid by Landlord and all costs and expenses, including, but not limited to, reasonable attorneys' fees, expenses and court costs, incurred by Landlord in procuring the discharge of such lien or judgment shall be deemed to be additional rent and, together with the interest thereon at the Default Rate, as hereinafter defined, shall be due and payable by Tenant on demand by Landlord. Nothing in this Lease shall be construed as a consent on the part of Landlord to subject Landlord's estate in the Premises to any lien or liability under any jurisdiction in which the Premises are located.

10.2.7 Not to locate any fixtures, equipment, inventory, signs, placards or any other kind of advertising material in the Common Areas nor outside of the store front or store windows in the areas, if any, of the Premises between such front or windows and the border line between the Premises and the Common Areas.

10.2.8 Other than customary window displays installed in compliance with Landlord's sign criteria and consistent with the character and standards of the Shopping Center, not to affix, maintain or locate (1) upon the glass panes or supports of any window (or within less than twenty-four [24] inches of any window), (2) upon doors or any exterior walls including the rear of the Premises, or (3) within twenty-four (24) inches of the lease line where the Premises shall have an open or glass front, any merchandise, inventory, fixtures, equipment, signs, advertising placards, names, insignias, trademarks, descriptive material or any other such like item or items, except all such items as shall have first been approved in writing by Landlord as to size, type, color,



location, copy, nature and display qualities. No signs or items shall materially obstruct the view of Tenant's store from the outside. All signs, placards or other advertising material permitted hereunder shall be professionally prepared and shall not be handwritten. Notwithstanding any provision of this Lease to the contrary, Tenant shall not affix any sign to the roof or exterior of the Premises without Landlord's prior written consent, provided that Tenant shall, at its expense, cause to be prepared and installed a sign, subject to Landlord's approval, in the space provided on the front of the Premises in accordance with the sign criteria attached as Exhibit E, as such criteria may be modified by Landlord from time to time. Landlord may, without notice, and without any liability, enter the Premises and remove any items installed or maintained by Tenant in violation of subsection 10.2.7 and this subsection.

**ARTICLE XI.**  
**DAMAGE OR TAKING AND RESTORATION**

**Section 11.1    Fire, Explosion or Other Casualty.**

11.1.1    Except as otherwise provided in Subsection 11.1.2, in the event the Premises are damaged by fire, explosion or other cause or casualty to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the damage shall be repaired by Landlord at Landlord's expense within ninety (90) days after Landlord receives notice of the occurrence of such casualty, provided that Landlord shall not be obligated to spend for such repair an amount in excess of the insurance proceeds (other than proceeds paid with respect to loss of rents or income) recovered and available for such purpose as a result of such damage and that in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, fixtures, furniture, furnishings, floor coverings, equipment and all other improvements to the Premises, except Landlord's Work and further provided that such ninety (90) day period shall be extended so long as Landlord continues to diligently prosecute the completion of such repairs.

11.1.2    In the event of any such damage and (a) Landlord is not required to repair as hereinabove provided, or (b) the Premises shall be damaged to the extent of fifty percent (50%) or more of the cost of replacement or (c) the building of which the Premises are a part is damaged to the extent of twenty-five percent (25%) or more of the cost of replacement, or (d) the buildings (taken in the aggregate) in the Shopping Center shall be damaged to the extent of more than twenty-five percent (25%) of the aggregate cost of replacement, Landlord may elect either to repair or to rebuild the Premises or the building or buildings, or to terminate this Lease upon giving notice of such election in writing to the Tenant within ninety (90) days after the occurrence of the



event causing such damage. If Landlord elects to terminate this Lease, such termination shall be effective thirty (30) days after such notice and Tenant shall pay any and all rent and other charges due hereunder up to such effective termination date, with an appropriate refund by Landlord of such rent or other charges as may have been paid in advance for any period subsequent to the date of such termination.

11.1.3 If the casualty, repairing or rebuilding shall render the Premises untenable, in whole or in part, and the damages shall not have been due to the default or neglect of Tenant, a proportionate abatement of the Annual Base Rent for the applicable Operating Year(s) shall be allowed from the date when the damage occurred until the date Landlord completes the work in the Premises pursuant to this section, such proportion to be computed on the basis of the relation which the gross square foot area of the space rendered untenable bears to the floor area of the Premises. If Landlord is required or elects to repair the Premises as provided herein, Tenant shall repair or replace its stock-in-trade, fixtures, furniture, furnishings, floor coverings and equipment and, if Tenant has closed, Tenant shall promptly reopen for business upon Landlord's completion of its repair of the Premises.

11.1.4 Except as provided in Section 11.3, Tenant waives any right to cancel or terminate this Lease as a result of damage to the Premises because of fire or other casualty pursuant to any presently existing statute, any statute that may be enacted in the future, or any other law.

#### Section 11.2 Eminent Domain.

11.2.1 If the whole of the Premises shall be taken by any public authority by the exercise, or under the threat of the exercise, of the power of eminent domain, this Lease shall terminate as of the day the right to possession shall be taken by such public authority and Tenant shall pay any and all rent and other charges due hereunder up to such date with an appropriate refund by Landlord of such rent as may have been paid in advance for any period subsequent to the date the right to possession is taken.

11.2.2 If less than all of the floor area of the Premises shall be so taken, the Term shall cease only on the parts so taken as of the day the right to possession shall be taken by such public authority, and Tenant shall pay any and all rent and other charges due hereunder up to such day with appropriate refund by Landlord of such rent as may have been paid in advance on the portion of the floor area so taken for any period subsequent to the date the right to possession is taken and thereafter the Annual Base Rent, Percentage Rent, and any and all other charges due



hereunder for the remaining Operating Years, or portions thereof, and the Breakpoint shall be equitably adjusted, based upon the square footage of the Premises remaining. Landlord shall, at its expense, make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining Premises a complete architectural unit within ninety (90) days after the day the right to possession is taken (such period to be automatically extended so long as Landlord continues to diligently prosecute such repairs and alterations), provided that Landlord shall not be obligated to undertake any such repairs and alterations if the cost thereof exceeds the award received by Landlord and is available for such purpose. If the portion of the floor area of the Premises so taken leaves space no longer suitable for Tenant's Use, then this Lease shall terminate as of the day the right to possession is taken and Tenant shall pay any and all rent and other charges due hereunder up to such day with an appropriate refund by Landlord of such rent as may have been paid in advance for any period subsequent to such day.

11.2.3 If more than twenty-five percent (25%) of the floor area of the building in which the Premises are located, or more than twenty-five percent (25%) of the aggregate floor area of all the buildings in the Shopping Center shall be taken by the exercise, or under the threat of the exercise, of the power of eminent domain, Landlord may, by notice in writing to Tenant delivered on or before the day of surrendering the right to possession to the public authority, terminate this Lease and any and all rent and other charges due hereunder shall be paid up to the date of termination.

All compensation awarded for any taking under the power of eminent domain, whether for the whole or a part of the Premises shall be the property of Landlord, whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Premises or otherwise and Tenant hereby assigns to Landlord all of the Tenant's right, title and interest in and to any and all such compensation; provided, Tenant may seek a separate award in a separate action for Tenant's personal property, moving expenses and lost business, and Landlord will cooperate with Tenant with regard thereto, so long as no such award is based upon a diminution of Tenant's leasehold interest hereunder and no such award will reduce the amount of any award which would otherwise be receivable by Landlord. Tenant agrees to execute such instruments of assignment as may be required by Landlord, to join with Landlord in any petition for the recovery of damages, if requested by Landlord, and to turn over to Landlord any such damages that may be recovered in any such proceeding.

Section 11.3 Election to Terminate. Notwithstanding the foregoing provisions of this Article, if Landlord does not complete such repairs, rebuilding or restoration and comply with



the conditions of this Article within nine (9) months after the date of such damage, destruction or taking, then Tenant may cancel and terminate this Lease by giving written notice to Landlord within thirty (30) days after the end of the applicable period, except, however, said notice of cancellation shall not be effective if Landlord within said thirty (30) day period shall complete and comply aforesaid. If the Premises are destroyed or damaged from any cause during the last twelve (12) months of the Term of this Lease as it may have been extended, Landlord or Tenant may cancel and terminate this Lease upon written notice within sixty (60) days after the occurrence of the event causing such damage unless Tenant exercises its Extension Option in which event Landlord shall proceed to repair or restore, if otherwise required, in accordance with the terms hereof.

**ARTICLE XII.**  
**TENANT'S DEFAULT AND REMEDIES**

Section 12.1 Defaults by Tenant. Without further notice, Landlord may, at its option, exercise any of the remedies for breach of this Lease provided herein or provided at law, in equity or by statute, if any of the following events ("Event of Default") occurs:

(a) Tenant fails to pay any and all rent or any other charges or payments provided to be made hereunder within five (5) business days after notice that the same is overdue;

(b) Tenant fails to initially open for business and remain open for business as provided in Subsection 10.1.4 or ceases operation in all or a material portion of the Premises prior to the Termination Date or abandons or vacates the Premises for more than ten (10) days after notice of such failure, cessation, abandonment or vacation, as applicable;

(c) Tenant fails to immediately cure any hazardous condition which Tenant has created in violation of law, governmental regulations or in breach of this Lease, after Tenant receives notice thereof or, earlier, after Tenant has actual knowledge thereof;

(d) Tenant does not pay within ten (10) days after written demand any other liability to Landlord arising out of, or in connection with, any obligation of Tenant to Landlord relating to the Shopping Center;

(e) Tenant fails to perform in a complete manner any other term, covenant or condition of Tenant in this



Lease and unless it is expressly provided in this Lease that a specified act or omission by Tenant constitutes a default hereunder without notice from Landlord, such failure continues for thirty (30) days after notice thereof;

(f) a receiver or similar officer becomes entitled to this leasehold;

(g) Tenant's interest in this Lease is taken by execution or other process of law in any action against Tenant;

(h) the Premises are levied upon by any revenue officer or similar officer;

(i) Tenant does, or permits to be done, any act which creates a mechanic's lien or claim against the Premises or the land or building of which the Premises are a part and Tenant does not promptly comply with the provisions hereunder with respect thereto;

(j) Tenant shall repeatedly be late in the payment of any rent or other charges to be paid hereunder or shall repeatedly default in the keeping, observing or performing of any other term, covenant or condition to be kept, observed or performed by Tenant (provided notice of such late payment or other defaults shall have been given to Tenant, but whether or not Tenant shall have timely cured any such late payment or other defaults of which notice was given). For purposes of this section only, the term "repeatedly" shall mean three (3) or more occurrences within any period of twelve (12) consecutive calendar months; or

(k) Tenant has submitted any fraudulent report required to be furnished hereunder or breaches any representation or warranty made hereunder.

Section 12.2 Termination Upon Default. Upon the occurrence of any Event of Default, Landlord may, in addition to all other rights and remedies it may have, terminate this Lease by giving written notice to Tenant. Either before or after such termination of this Lease, Landlord may reenter the Premises, with or without process of law, using such force as may be necessary, to remove all persons, fixtures and chattels therefrom and at Landlord's option to store the same at Tenant's expense. Tenant shall pay to Landlord on demand, as damages and not as a penalty, the sum of (1) any and all rents and other charges due and payable by Tenant as of the date of termination, plus (2) the unamortized cost to Landlord, computed in accordance with generally accepted



accounting principles, of improvements to the Premises, if any, provided by Landlord at its expense or otherwise paid for by Landlord, plus (3) a sum of money equal to the then present value, using an annual discount rate of three percent (3%) of (1) the Annual Base Rent, Percentage Rent for the remainder of the Term calculated for purposes of this section as the average annual Percentage Rent payable for the three (3) calendar years immediately preceding such default (or for the entire preceding portion of the Term if less than three [3] years), Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes and Tenant's Pro Rata Share Shopping Center Insurance and all other charges provided herein to be paid by Tenant to Landlord for the remainder of the Term, less (ii) the fair rental value of the Premises for said period (net of the cost of reletting the Premises), plus (4) the cost of performing any other covenants to be performed by Tenant for the remainder of the Term, plus (5) any other damages sustained by Landlord due to any Event of Default, including, but not limited to, reasonable attorneys' fees and court costs. Nothing contained herein shall limit or prejudice the right of Landlord to prove and obtain as damages, by reason of such Event of Default, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount referred to above.

Section 12.3 Repossession Upon Default. Upon the occurrence of any Event of Default, Landlord may repossess the Premises by forcible entry, detainer suit or otherwise, without demand or notice of any kind to Tenant (except as otherwise expressly provided for) and without terminating this Lease, in which event Landlord shall use commercially reasonable efforts to relet all or any part of the Premises for such rent and upon such terms as shall be satisfactory to Landlord (including the right to relet the Premises for a term greater or lesser than that remaining under the Term, the right to relet the Premises as a part of a larger area, and the right to change the character or use of the Premises). For the purpose of such reletting, Landlord may decorate and make any repairs, changes, alterations or additions in or to the Premises that may be necessary or convenient. Whether or not the Premises or any part are relet, Tenant shall pay to Landlord on demand any and all rents and other charges payable by Tenant as of the date Landlord repossesses the Premises. Tenant shall be liable for and shall pay from time to time upon demand from Landlord the difference between (a) the Annual Base Rent or any portion thereof, the average annual Percentage Rent payable for the three (3) calendar years immediately preceding such default (or for the entire preceding portion of the Term if less than three [3] years) or any portion thereof, Tenant's Pro Rata Share of Operating Costs, Tenant's Pro Rata Share of Real Estate Taxes and Tenant's Pro Rata Share of Shopping Center Insurance and all other charges



provided herein to be paid by Tenant for the remainder of the Term and (b) the net avails of any reletting, if any, during the Term and Tenant agrees that Landlord need not wait until the termination of this Lease to recover any sums falling due under the terms of this section. If the Premises are relet, Tenant shall pay to Landlord, upon demand, any cost or expense incurred by Landlord in such reletting including, but not limited to, any and all expenses for decorations, repairs, changes, alterations, additions, broker's commissions and reasonable attorneys' fees. In no event, however, shall Landlord be under any obligation to relet the Premises for any purpose, nor shall Landlord be liable for any failure to relet (provided Landlord has used commercially reasonable efforts to do so), failure to collect rent or giving rental or other concessions to any new tenant. No such re-entry by Landlord shall constitute an election to terminate this Lease unless and until Landlord gives Tenant written notice of Landlord's election to terminate nor shall it relieve Tenant of its obligations under this Lease, all of which shall survive such repossession.

Section 12.4 Tenant's Failure to Comply with Certain Covenants. In the event Tenant fails to comply with the terms, covenants or conditions in this Lease pertaining to the appearance, maintenance, repair or operation of the Premises or the Shopping Center in any material respect, then, whether or not Tenant shall have timely cured such default, if such default recurs, or any substantially similar default or any combination thereof, occurs thereafter twice within one (1) year from the date of the initial default (each recurrence of such default or similar default being referred to collectively as "Repeated Default"), the Annual Base Rent for the applicable Operating Year(s) (pro rated on a daily basis) and the applicable portion of the Base Term Rent shall be increased by twenty-five percent (25%) for each day the second or subsequent Repeated Default occurs or continues. This increase in Annual Base Rent and Base Term Rent shall be in addition to, and not in substitution for or diminution of, any other rights and remedies under this Lease or pursuant to law or equity, to which Landlord may be entitled. This increase in Annual Base Rent and Base Term Rent shall be treated as liquidated damages and not as a penalty (Landlord and Tenant agreeing that damages would be difficult, if not impossible, to ascertain).

Section 12.5 Bankruptcy Default. If Tenant or any Guarantor of this Lease shall become bankrupt or insolvent or unable to pay its debts as such become due, or shall file any debtor proceedings, or if Tenant or any Guarantor shall take or shall have taken against either party, in any court, pursuant to any statute either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's or any such Guarantor's property, which petition is not dismissed within thirty (30) days, or if Tenant or any such



Guarantor makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, then the occurrence of any one of such events shall constitute an Event of Default and Landlord may exercise any of the remedies for an Event of Default provided herein or provided at law, in equity or by statute and, in addition thereto, Landlord shall have the immediate right of reentry and may remove all persons and property from the Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

**Section 12.6 Interest and Late Charge on Late Payment.** Any rent or other charges to be paid hereunder by Tenant which shall not be paid within five (5) days after the same shall be due shall bear interest at the lesser of (a) the maximum rate then permitted under applicable state law, or, (b) the Corporate Base Rate as announced from time to time by The First National Bank of Chicago at the time of the Event of Default plus two percent (2%), from the sixth (6th) day after the date when the same is due and payable under the terms of this Lease until the same shall be paid (the "Default Rate"). In addition, if Tenant fails to pay rent or any other charge when due, then Tenant shall pay Landlord a late payment service charge covering administrative and overhead expenses of One Hundred Dollars (\$100). Tenant shall pay a Twenty-Five Dollar (\$25) charge for any checks written to Landlord and returned for insufficient funds.

**Section 12.7 Holdover by Tenant.** Any holding over by Tenant of the Premises after the expiration of the Term or termination of this Lease shall operate and be construed to be a tenancy from month-to-month only, at a rental rate equal to twice the Monthly Base Rent, Percentage Rent and any and all other charges payable hereunder at the expiration of the Term or termination of this Lease, or at the election of Landlord expressed in a written notice to Tenant, and not otherwise, such holding over shall constitute a renewal of this Lease for one (1) year at the same rental and upon all of the other terms, covenants and conditions contained in this Lease at the expiration of the Term. If Tenant holds over after a written demand by Landlord for possession at the expiration of the Term or after termination of this Lease by either party of a month-to-month tenancy created pursuant to this section, or after termination of the Lease or of Tenant's right to possession pursuant to Sections 12.3 or 12.5, Tenant shall pay monthly rent at a rate equal to twice the Monthly Base Rent plus Percentage Rent calculated on the basis of monthly Gross Sales at twice the Percentage Rent Rate, each payable immediately prior to the expiration or other termination of this Lease or Tenant's right to possession. In addition, Tenant shall remain liable for any other charges payable hereunder. Nothing in this section shall



be construed to give Tenant the right to hold over after the expiration or termination of this Lease, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Premises.

Section 12.8 Landlord's Right to Cure Defaults. Landlord may, but shall not be obligated to, at any time, without notice, cure any default by Tenant under this Lease, and whenever Landlord so elects, all costs and expenses paid by Landlord in curing such default, including, without limitation, reasonable attorneys' fees and expenses, shall be so much additional rent immediately due and payable upon demand, together with interest (except in the case of attorneys' fees) at the Default Rate.

Section 12.9 Effect of Waiver of Default; Valuation Laws. No consent or waiver, expressed or implied, by either party to or of any breach of any term, covenant or condition of this Lease by either party shall be construed as a consent or waiver to or of any other breach of the same or any other term, covenant or condition. No payment by Tenant nor receipt from Landlord of a lesser amount than the rent or other charges due hereunder shall be deemed to be other than on account of the earliest unpaid rent or other charges due hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord shall accept such check for payment without prejudice to Landlord's right to recover the balance of such rent or other charge or pursue any other remedy available to Landlord. Any recovery under this Article shall be without relief from any valuation and appraisal laws now or hereafter enacted.

Section 12.10 Remedies Cumulative. No remedy herein or otherwise conferred upon or reserved to Landlord or Tenant shall be considered to exclude or suspend any other remedy but the same shall be cumulative, shall not be deemed inconsistent with each other and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease to Landlord or Tenant may be exercised from time to time and so often as occasion may arise or as may be deemed expedient by Landlord or Tenant.

Section 12.11 Costs of Collection. Tenant shall on demand pay or reimburse Landlord for the payment of Landlord's expenses, including, but not limited to, reasonable attorneys' fees, expenses and administrative hearing and court costs, in both the trial and any and all appellate proceedings, incurred either directly or indirectly in enforcing any obligation of Tenant under this Lease, in curing any default by Tenant, in connection with appearing, defending or otherwise participating in any action or proceeding arising from the filing, imposition, contesting,



discharging or satisfaction of any lien or claim for lien, in defending or otherwise participating in any legal proceedings initiated by or on behalf of Tenant where Landlord is not adjudicated to be in default under this Lease, or in connection with any investigation or review of any conditions or documents in the event Tenant requests Landlord's approval or consent to any action of Tenant which may be desired by Tenant or required hereunder. The covenants of this section shall survive the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 12.12 INTENTIONALLY OMITTED.

ARTICLE XIII. MISCELLANEOUS PROVISIONS.

Section 13.1 Mutual Waiver of Claims and Subrogation. Whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease or anyone claiming by, through or under them in connection with the Premises and (b) such party is then either covered in whole or in part by insurance with respect to such loss, cost, damage or expense, or required under this Lease to be so insured, then the party so insured (or so required) hereby releases the other party from any liability the other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered had insurance been carried as so required) and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate such insurance coverage or increase the cost thereof (provided that in the case of increased cost, the other party shall have the right, within thirty [30] days following written notice, to pay such increased cost, thereupon keeping such release and waiver in full force and effect). If the party released from liability hereunder is the Landlord, said term "Landlord" for the purpose of this section only, shall include the Owner, the Owner's beneficiaries or partner(s) thereof, and their respective agents, shareholders, officers, directors and employees.

Section 13.2 Notices. Any notice or demand from Landlord to Tenant or from Tenant to Landlord shall be in writing and shall be mailed by registered or certified mail, or sent by a nationally recognized air courier, such as, but not limited to Federal Express or Purolator Courier, addressed, if to Tenant, to the Address of Tenant or such other address as Tenant shall have last designated by notice in writing to Landlord, and, if to Landlord, to the place then established for the payment of rent, or such other address as Landlord shall have last designated by notice in writing to Tenant. The customary receipt shall be



conclusive evidence of such service. Notices shall be effective on the date of mailing.

Section 13.3 Brokerage. Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease other than Lakewest, Inc. and the Leasing Broker(s) and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost (including reasonable attorneys' fees), expense or liability for any compensation, commissions and charges claimed by any other broker or other agent with respect to this Lease or the negotiation thereof.

Section 13.4 Voting Control of Tenant. If Tenant is a corporation, or the general partner of Tenant is a corporation, and, if at any time prior to the expiration or termination of this Lease, the person or persons who own a majority or controlling number of its voting shares at the time of the execution of this Lease cease to own such shares (except as the result of transfers by gift, bequest or inheritance) and such cessation shall not first have been approved in writing by Landlord, then such cessation shall, at the option of Landlord, be deemed an Event of Default and Landlord shall have available the remedies set forth in Article XII of this Lease. This section shall not prohibit a transfer permitted pursuant to Section 10.2.4 nor prohibit the transfer, assignment or hypothecation of any stock or interest in Tenant provided Tenant is a corporation, the outstanding voting stock of which is listed on a recognized security exchange or if at least eighty percent (80%) of its voting stock is owned by another corporation, the voting stock of which is so listed. For the purpose of this section, stock ownership shall be determined in accordance with the principles set forth in Section 544 of the Internal Revenue Code of 1954 as the same exists on the date hereof, and the term "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation.

Section 13.5 Relationship of the Parties. Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party, as creating the relationship of principal and agent, of partnership, of joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant.

Section 13.6 Subordination. The rights and interests of Tenant under this Lease shall be subject and subordinate to the lien of any mortgage, trust deed or any other lien resulting from any financing or refinancing currently or hereafter placed upon the Shopping Center or any part thereof, or upon any portion or all of the Shopping Center and other property (a "Mortgage"). The mortgagee or trustee (a "Mortgagee") named in any Mortgage shall agree upon request of Tenant to recognize the rights of Tenant



hereunder in the event of foreclosure and not to disturb Tenant's continued possession of the Premises during the Term (as extended, if applicable) so long as Tenant is not in default hereunder. If such Mortgagee shall elect by written notice to Tenant to subject and subordinate the Mortgage to the rights and interests of Tenant under this Lease, the Mortgage shall be so subject and subordinate. If such Mortgagee desires to evidence such subordination of this Lease to such Mortgage, or such Mortgage to this Lease, as applicable, then Tenant shall execute and deliver whatever instruments may be required for such purposes. At Landlord's election, Tenant's failure to execute and deliver such instrument within ten (10) days after Landlord's written request shall be deemed an Event of Default. If requested by Tenant such Mortgagee shall execute and deliver a non-disturbance agreement to Tenant, whereby the Mortgagee agrees not to disturb the possession and other rights of Tenant under or pursuant to this Lease during the lease Term, so long as Tenant is not in default hereunder and continues to perform its obligations hereunder, and, as provided in Section 13.7, in the event of acquisition of title, or coming into possession by said Mortgagee by foreclosure proceedings or otherwise, to accept Tenant as Tenant of the Premises under the terms and conditions hereunder and to assume and perform all of Landlord's obligations hereunder. If any Mortgagee shall request in a written notice to Tenant that Tenant thereafter shall give such Mortgagee notice simultaneously with any notice given to Landlord and an opportunity to cure any default of Landlord in the performance of any of the terms, covenants and conditions to be performed by the Landlord hereunder, Tenant shall thereafter comply with such request and agrees that such Mortgagee shall have the right within thirty (30) days after receipt of any such notice to cure such default or otherwise perform Landlord's covenants and obligations before the Tenant, by reason of such default or failure to perform, may take any action to terminate this Lease or any other action with respect to this Lease or the rents and other charges payable hereunder; provided such thirty (30) day period shall be extended so long as such Mortgagee is proceeding diligently to correct and remedy such default.

Section 13.7 Attornment. Upon written request of any Mortgagee, Tenant shall agree in writing that: (a) no action to foreclose a Mortgage shall terminate this Lease or invalidate or constitute a breach of any of the terms or conditions hereof, (b) Tenant will attorn to the purchaser at any foreclosure sale or the grantee in any conveyance in lieu of foreclosure as landlord of the Premises, and (c) Tenant will, upon written request of such purchaser or grantee, execute such instruments as may be necessary or appropriate to evidence such attornment; provided that the Mortgagee agrees with Tenant in writing that so long as Tenant is not in default hereunder, Tenant's right to possession and enjoyment of the Premises shall be and remain undisturbed and unaffected by the Mortgagee or by any foreclosure proceedings under



its mortgage. Tenant waives the provisions of any statute or rule of law, nor or hereafter in effect, that may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of the prosecution or completion of any such foreclosure proceeding. Neither the Mortgagee nor any purchaser at a foreclosure sale or any grantee in a deed in lieu of foreclosure shall be liable for any amounts paid by Tenant to Landlord prior to the time such amounts become due hereunder, or any act or omission of Landlord which occurred prior to such sale or conveyance, nor shall Tenant be entitled to any offset against or deduction from rent due hereunder after such date by reason of any such prepayment by Tenant or any such act or omission of Landlord prior to such date.

Section 13.8 Estoppel Certificates. At any time, and from time to time, Tenant agrees, upon request in writing from Landlord, to execute, acknowledge and deliver to Landlord a statement in writing in form reasonably satisfactory to Landlord, certifying to Landlord, any Mortgagee or any potential purchaser of the Shopping Center, that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), the dates to which the Monthly Base Rent, Percentage Rent and any and all other charges have been paid, the absence of any default or any claim or offset by Tenant against Landlord (or specifying any such default, claim or offset) and making such other accurate certifications as Landlord, such Mortgagee or such potential purchaser may reasonably require. At Landlord's election, failure to deliver such statement to Landlord within ten (10) days from the date of Tenant's receipt of Landlord's request therefore shall be deemed an Event of Default.

Section 13.9 Applicable Law and Construction. The laws of the state in which the Premises are located shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease (other than those provisions relating to the payment of rent or other charges) shall not affect or impair any other provision. The headings of the articles, sections or subsections contained herein are for convenience only and do not define, limit or construe the contents of such articles, sections or subsections. Whenever a singular term is used herein, the same shall include the plural. Whenever the masculine gender is used herein, the same shall include the feminine and neuter genders.

Section 13.10 Time of the Essence. Time is of the essence in this Lease.

Section 13.11 Execution of Lease by Landlord. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option



for, the Premises. When executed and delivered to Landlord, this Lease shall be considered an irrevocable offer by Tenant which shall remain open for a period of fourteen (14) days from the date of delivery. Upon execution by Landlord, this Lease shall be deemed made as of the date of such execution, and an executed copy of this Lease shall be sent to Tenant. In the event Tenant's offer is not accepted within said fourteen (14) day period, Landlord may consider Tenant's offer to be a continuing offer, which may be accepted at any time prior to Landlord's receipt of a written revocation of said offer from Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement in writing between Landlord and Tenant, and no act or omission of any employee or other agent of Landlord or Leasing Broker(s) shall alter, change or modify any of the provisions hereof. This Lease constitutes the entire Agreement between Landlord and Tenant and there are no representations, warranties, promises, agreement, conditions or undertakings, oral or written, between Landlord and Tenant other than those set forth herein. Any subsequent change, addition or alteration to this Lease shall not be binding upon Landlord or Tenant unless in writing and signed by both parties.

Section 13.12 Binding Effect of Lease. The terms, covenants, agreements, obligations and conditions contained herein, except as otherwise specifically provided, shall extend to, bind and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and assigns subject to the rights of Landlord under Subsection 10.2.4 above. Landlord, at any time and from time to time, may make an assignment of its interest in this Lease and, in the event of such assignment and the assumption by the assignee of the terms, covenants and conditions to be performed by Landlord herein arising on or after the date of such assignment, Landlord and its successors and assigns (other than the assignee of this Lease) shall be released from any and all liability hereunder with respect to terms, covenants, agreements, obligations and conditions to be performed by Landlord.

Section 13.13 Agency or Independent Contractor. Any service which Landlord is required or elects to furnish under this Lease may be furnished by any agent employed by Landlord or by an independent contractor, and the cost to Landlord of such agent or independent contractor shall be included in any cost chargeable to Tenant for such services.

Section 13.14 INTENTIONALLY OMITTED.

Section 13.15 Financial Statements. Tenant hereby represents and warrants to Landlord that the financial statements given by Tenant to Landlord prior to the execution of this Lease are true, correct and complete, and accurately state the financial



condition of the Tenant and of any and all guarantors of the Tenant's obligations under this Lease without material omission. Within sixty (60) days after the end of each of Tenant's fiscal years falling within the Term, Tenant shall deliver to Landlord a copy of its annual financial statement prepared in accordance with generally accepted accounting principles. Tenant hereby consents that Landlord may, from time to time, review Tenant's credit information as the same may be available to Landlord.

Section 13.16 Landlord's Lien. Tenant hereby grant to Landlord a lien upon all of Tenant's property now or hereafter located upon the Premises for all rent and other charges due and Tenant's performance of all obligations under this Lease. Tenant agrees, at Landlord's request, to execute a satisfactory security agreement financing statement and if Tenant fails to immediately execute such financing statement, Tenant does hereby appoint and grant Landlord its irrevocable power of attorney for the purpose of executing such instrument.

Section 13.17 Riders and Exhibits. Any and all Riders, if any, and all Exhibits referred to in or attached hereto are hereby incorporated into and made a part of this Lease.

Section 13.18 Force Majeure. Neither Landlord nor Tenant shall be deemed to be in default with respect to any obligation to perform any of the terms, covenants and conditions of this Lease (other than Tenant's obligation to pay Landlord any and all rent and other charges after the Commencement Date when the same are due and all such amounts shall be paid when due), if the failure to perform any such obligation is due in whole or in part to any strike, lockout, labor dispute (whether legal or illegal and whether such dispute is with Landlord, Tenant or some other person or entity), labor shortage, civil disorder, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, freight embargo, contractor or supplier delays, fuel, water, material or supply shortages or the inability to obtain such commodities on reasonable terms, delays in transportation, accidents, casualties, severe weather, acts of God, acts caused directly or indirectly by the other party (or such other party's agents, employees, guests or invitees), acts of other tenants or occupants of the Shopping Center or any other cause beyond the reasonable control of the party which is obligated to perform. In such event, the time for performance by such party shall be extended by an amount of time equal to the period of the delay so caused.

Section 13.19 Recording. This Lease shall not be recorded by Tenant. If Tenant records this Lease, then such action shall be deemed an Event of Default. Upon the execution of this Lease, Landlord and Tenant shall, at either party's option, execute a short form of lease in recordable form in accordance with



applicable statutes, and reasonably satisfactory to Landlord's and Tenant's attorneys, which may be recorded by the party requesting the same provided that the failure to record such short form of lease shall not affect or impair the validity and effectiveness of this Lease. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease and is not intended to vary the terms and conditions of this Lease. Tenant shall execute such documents necessary to terminate any such short form of lease, if any, which has been recorded upon the expiration or termination of this Lease due to the lapse of time or otherwise.

Section 13.20 Limitation of Liability. Notwithstanding anything to the contrary contained in this Lease, it is specifically understood and agreed that the liability of Landlord hereunder shall be limited to the interest of Landlord in the Shopping Center in the event of a breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord. Tenant hereby agrees that any judgment it may obtain against Landlord shall be enforceable solely against Landlord's ownership interest in the Shopping Center.

Section 13.21 Personal Property Taxes. Tenant shall pay before delinquency any personal property taxes attributable to the furniture, fixtures, merchandise, equipment or other personal property situated in or on the Premises. If any such personal property taxes are levied against Landlord or Landlord's property, and if Landlord pays the same (which Landlord shall have the right, but not the obligation, to do) or if the assessed value of Landlord's property is increased by the inclusion of a value placed on Tenant's property, and if Landlord pays the taxes based on such increased assessment (which Landlord shall have the right, but not the obligation, to do), Tenant upon demand shall repay to Landlord the taxes levied against the Landlord or the proportion of such taxes resulting from any increase in the assessment on Landlord's property.

Section 13.22 Easements. Landlord shall have the right to grant any easements on, over, under and above the Premises for such purposes as Landlord determines, provided such easements will not materially interfere with Tenant's Use and retail sales.

Section 13.23 Corporate Authority. Tenant represents and warrants that it has full corporate or partnership power and authority, as the case may be, to enter into this Lease and has taken all corporate or partnership action, as the case may be, necessary to carry out the transaction contemplated herein, so that when executed this Lease constitutes a valid and binding obligation enforceable in accordance with its terms. If Tenant is a corporation, Tenant shall provide Landlord with a corporate resolution in



a form acceptable to Landlord, authorizing execution of the Lease at the time of such execution.

Section 13.24 Consent. Where pursuant to the terms of this Lease or in connection with the administration of the Lease, the consent, approval, judgment, satisfaction or similar exercise of discretion of or by one party shall be required, requested or appropriate, such party covenants and agrees that its consent, approval, judgment, satisfaction or similar exercise of discretion shall not be unreasonably withheld, delayed or conditioned.

Section 13.25 Default Under Other Lease. If the term of any lease, other than this Lease, made by the Tenant for any premises in the Shopping Center shall be terminated or terminable after the making of this Lease because of any default by the Tenant under such other lease, such fact shall empower the Landlord, at the Landlord's sole option, to terminate this lease by notice to the Tenant.

Section 13.26 Agent's Authority. If Landlord is an agent for the beneficiaries under a land trust, this Lease is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations and agreements of the agent individually, or for the purpose of binding it personally, but this Lease is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiaries of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiaries of said trust or its agent on account hereof, or on account of any covenants, undertaking, representation, warranty or agreement herein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under this Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgment or other liability arising out of the Landlord's obligations created by this Lease. Landlord hereby confirms that Owner's beneficiaries have the authority to manage the Shopping Center and such beneficiaries have designated LAKEWEST, INC., as agent for the beneficiaries in connection with the management of the Shopping Center. Notwithstanding anything herein to the contrary, the undersigned agent represents and warrants that it has the authority and power to bind the beneficiaries of that certain Trust Agreement with American National Bank and Trust Company of Chicago, as

Trustee, dated January 4, 1962, and known as Trust Number 17351, to the terms and conditions of this Lease.

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

LANDLORD:

LAKEWEST, INC., Agent,  
as aforesaid

By

  
President

ATTEST:

  
Secretary

TENANT:

J. C. DIVERSEY, INC.  
an Illinois corporation

By

  
President

ATTEST:

  
Secretary

FEDERAL EMPLOYER IDENTIFICATION  
NUMBER:  
\_\_\_\_\_



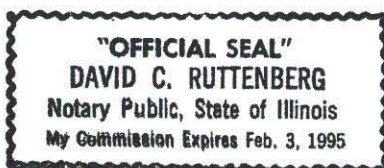
LANDLORD'S ACKNOWLEDGMENT

STATE OF ILLINOIS     )  
                              ) SS  
COUNTY OF COOK        )

I, David C. Ruttenberg, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT David W. Ruttenberg and Linda R. Jorgensen, the President and Secretary of Lakewest, Inc., personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said corporation; and the said Secretary acknowledged that she, as custodian of the corporate seal of said corporation, did affix said corporate seal to said instrument as her own free and voluntary act and as the free and voluntary act of said corporation for said uses and purposes.

GIVEN under my hand and notarial seal this 9th day of August, 1991.

  
Notary Public



My Commission Expires:

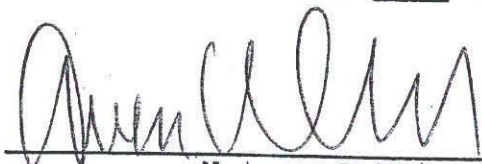
February 3, 1995

TENANT'S ACKNOWLEDGMENT

STATE OF New York )  
 ) SS  
COUNTY OF New York)

I, Owen Wincig, a Notary Public in and for  
and residing in said County and State, DO HEREBY CERTIFY THAT  
Harley Greenfield and Bernard Wincig  
personally known to me to be the President and  
Secretary, respectively, of J. C. DIVERSEY, INC., an  
Illinois corporation, personally known to me to be the same persons  
whose names are subscribed to the foregoing instrument as such  
President and Secretary, appeared before  
me this day in person and acknowledged that they signed and  
delivered said instrument as their own free and voluntary act and  
as the free and voluntary act of said corporation; and the said  
Secretary acknowledged that he, as custodian of the  
corporate seal of said corporation, did affix said corporate seal  
to said instrument as his own free and voluntary act and as the  
free and voluntary act of said corporation for the uses and  
purposes therein set forth.

GIVEN under my hand and notarial seal this 2nd day of  
August, 1991.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_  
OWEN WINCIG  
Notary Public, State of New York  
No. 31-4714599  
Qualified in New York County  
Commission Expires Feb. 28, 1992

EXHIBIT A

LEGAL DESCRIPTION OF THE SHOPPING CENTER

Lots 5 through 18, both inclusive, in L. S. Warner's Subdivision of Lots 17 and 18 in Bickerdick and Steele's Subdivision of part of the West 1/2 of the North West 1/4 of Section 28, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois;

commonly known as 730-750 West Diversey Parkway and 2817-2819 North Halsted Street, Chicago, Illinois.

PIN: 14-28-114-020, 14-28-114-021, 14-28-114-045 and 14-28-114-052

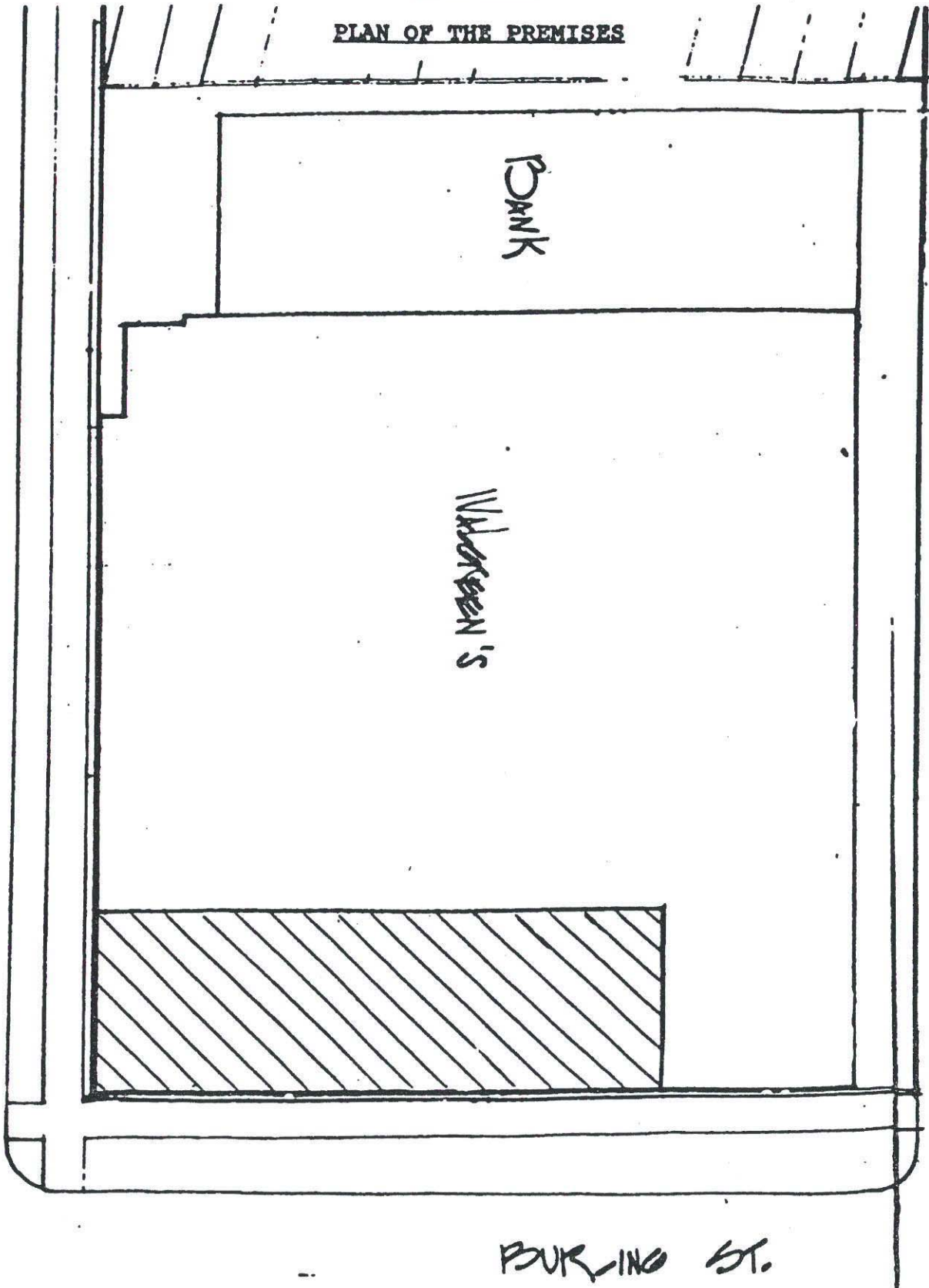
**EXHIBIT B**

**MAP OF THE SHOPPING CENTER**



EXHIBIT C

PLAN OF THE PREMISES



OVERLOOK PARKWAY



PREMISES. 720 WEST HINDEN ST.

EXHIBIT D

PLANS AND SPECIFICATIONS FOR TENANT'S WORK

Tenant's Plans and Specifications for Tenant's Work are not attached hereto and Tenant will submit them pursuant to the terms of this Lease.

## EXHIBIT E

### SIGN CRITERIA

The purpose of the sign criteria promulgated by owners and the management is to create a graphic environment that is individual and distinctive in identity for the merchant and also compatible with other signs within the Shopping Center. The total concept should give an impression of quality and professionalism and install a good business image.

Tenant, at Tenant's sole cost and expense, shall design, furnish and install on the south elevation facing Diversey Parkway one (1) illuminated storefront sign identifying the Premises with Tenant's Trade Name. Tenant's sign design shall be subject to Landlord's Approval Procedure (set forth below) and must conform with the following criteria:

1. The wording on the sign shall be limited to Tenant's Trade Name and shall not include any pictures or diagrams.

2. The length of the illuminated storefront sign is limited to 70% of the width of the Premises and shall be centered horizontally and shall be limited to 24" in height.

3. The storefront sign shall be of individual internally illuminated letters and connected to Tenant's electric service with an automatic timer. The internal lamps shall be contained and concealed wholly within the depth structure of the letters.

4. The face of all sign letters shall be in a color approved by Landlord. All other portions of the sign (e.g., edge of letters, raceway) shall be painted to match colors designated by Landlord.

5. All letters shall have concealed attachment devices, clips, wiring and transformers and disconnects. No exposed raceways, ballast boxes or electrical transformers will be permitted except as required by code.

6. The sign shall be fabricated and installed in compliance with all applicable building and electrical codes.

Tenant, at Tenant's sole cost and expense, may design, furnish and install (i) one sign on the east elevation facing Burling Street, and (ii) one sign in the parking lot in a mutually agreed upon location, which signs shall in all respects be subject to Landlord's reasonable approval.



THE FOLLOWING ARE NOT PERMITTED:

- a. Roof or box signs.
- b. Cloth signs.
- c. Exposed seam tubing.
- d. Animated or moving components.
- e. Intermittent or flashing illumination.
- f. Iridescent painted signs.
- g. Letter mounted or painted on illuminated panels.
- h. Signs or letters painted directly on any surface, except as provided herein.
- i. Paper signs of any type.
- j. The name and/or stamp of the sign contractor.

APPROVAL PROCEDURE: Tenant shall submit six (6) sets of drawings and specifications, samples of materials and colors for Tenant's proposed sign (the "Design") to Landlord, 325 West Huron Street, Suite 806, Chicago, Illinois 60610, for written approval. The Design shall clearly show the location, graphics, color, construction and attachment details for Tenant's sign. One (1) copy shall be returned to the contracted sign company and one (1) copy shall be retained in the lease file. Landlord shall have the right, in its sole discretion, to object to or to approve the Design submitted by Tenant; provided that if Landlord objects to the Design, it shall specify its reasons for the objections. If Landlord objects to the Design, Tenant shall diligently proceed to modify the Design in order to satisfy such objections and shall resubmit the Design to Landlord for approval.

NOTE: Written approval and conformance with this sign criteria does not imply conformance with local city and other applicable sign codes. Tenant's sign must be permitted and must comply with all applicable electrical and local sign codes.



STATEMENT AS TO COMMENCEMENT DATE AND TERMINATION DATE

It is hereby agreed among the parties to a certain Lease dated, July 9, 1991, for 730 West Diversey Parkway, in Diversey/Halsted Shopping Center (the "Lease") between J. C. DIVERSEY, INC., an Illinois corporation ("Tenant"), and LAKEWEST, INC., AGENT for beneficiaries of Trust Agreement dated January 4, 1962, and known as Trust Number 17351, with American National Bank and Trust Company of Chicago, Trustee ("Landlord") that:

1. The Commencement Date of the Lease, referred to in Section 2.3, is September 9, 1991.

2. The Termination Date referred to in Subsection 1.1.21 and Section 2.3 is December 31, 2001.


3. That the first Operating Year shall commence on September 9, 1991, and shall end on the last day of December, 1992.

4. Tenant acknowledges that the Landlord has complied with all the terms, covenants and conditions of the Lease on Landlord's part to be performed. The Tenant agrees that it has taken possession of the Premises on September 9th, 1991.

LANDLORD:

LAKEWEST, INC., Agent,  
as aforesaid

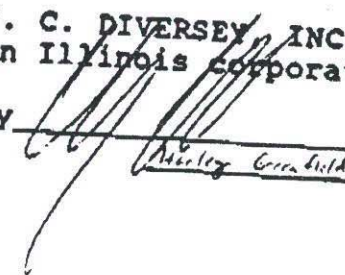
By

  
President

TENANT:

J. C. DIVERSEY, INC.,  
an Illinois corporation

By

  
Anthony Greenfield President

## EXHIBIT G

### LANDLORD'S WORK

This exhibit sets forth the division of responsibility regarding the construction work and materials between Landlord and Tenant under the terms and conditions of this Lease. In every instance where responsibility is not specifically vested in the Landlord under the provisions of this exhibit, the responsibility shall be that of the Tenant.

Landlord shall provide a standard store consisting of the following:

1. Floor. Floor acceptable for Tenant carpeting.
2. Demising Partitions. Studs and gypsum board taped and sanded ready for paint.
3. Interior Partitions. Studs and gypsum board taped and sanded ready for paint.
4. Ceiling. Landlord standard configuration suspended 2'x4' acoustical T-bar ceiling; ceiling to be or equal to Armstrong Cortega, color white. Ceiling height to be even with top of storefront glass except to be lower in rear of Premises for bathroom and to accommodate HVAC ductwork and mechanicals servicing other tenants.
5. Additional Storefront. Furnish and install approximately twelve (12) linear feet of approximately eight foot (8') high storefront glass on the east elevation of the Premises closest to Diversey Parkway.
6. Electrical. Adequate electrical service to the Premises based on normal retail loads and electrical outlets placed every six (6) feet on all demising walls.
7. HVAC. The Premises shall have one roof-mounted HVAC unit (in compliance with all building codes) to provide heating and cooling capacity as follows:

Winter Heating: 10 degrees F. exterior/+75 degrees F. interior.

Summer Cooling: 95 degrees F. exterior/+75 degrees F. interior.

Landlord's Work will include heating and cooling sheet metal distributed in the Premises. However, this criteria is based

upon a total connected load not to exceed 7 Watts per square foot.

8. Fire Sprinklers. If required by code, a system and distribution to meet all local building and fire codes; to be in configuration existing on the date of this Lease or pursuant to Landlord's standard configuration.
9. Bathroom. One handicapped bathroom complete with VCT flooring, lavatory, toilet, mirror, light, toilet paper dispenser, soap dispenser, paper towel dispenser and all handicapped grab bars in accordance with local building codes.
10. Plumbing. Sewer service, hot and cold water to the Premises in accordance with all local building and health codes.
11. Storefront. Glass storefront on the south elevation of the Premises as existing on the date of this Lease.
12. Rear Service or Exit Door. As existing on the date of this Lease.
13. Illuminated Exit Signs. Provide all illuminated exit signs as required by local building code.
14. Paint. Paint all walls with one coat latex paint, color: white.
15. Demolition. Remove all interior partitions except for bathroom and small room to the east of and leading into the bathroom.



# GREMLEY & BIEDERMANN, INC.

4400 N. ELSTON AVENUE

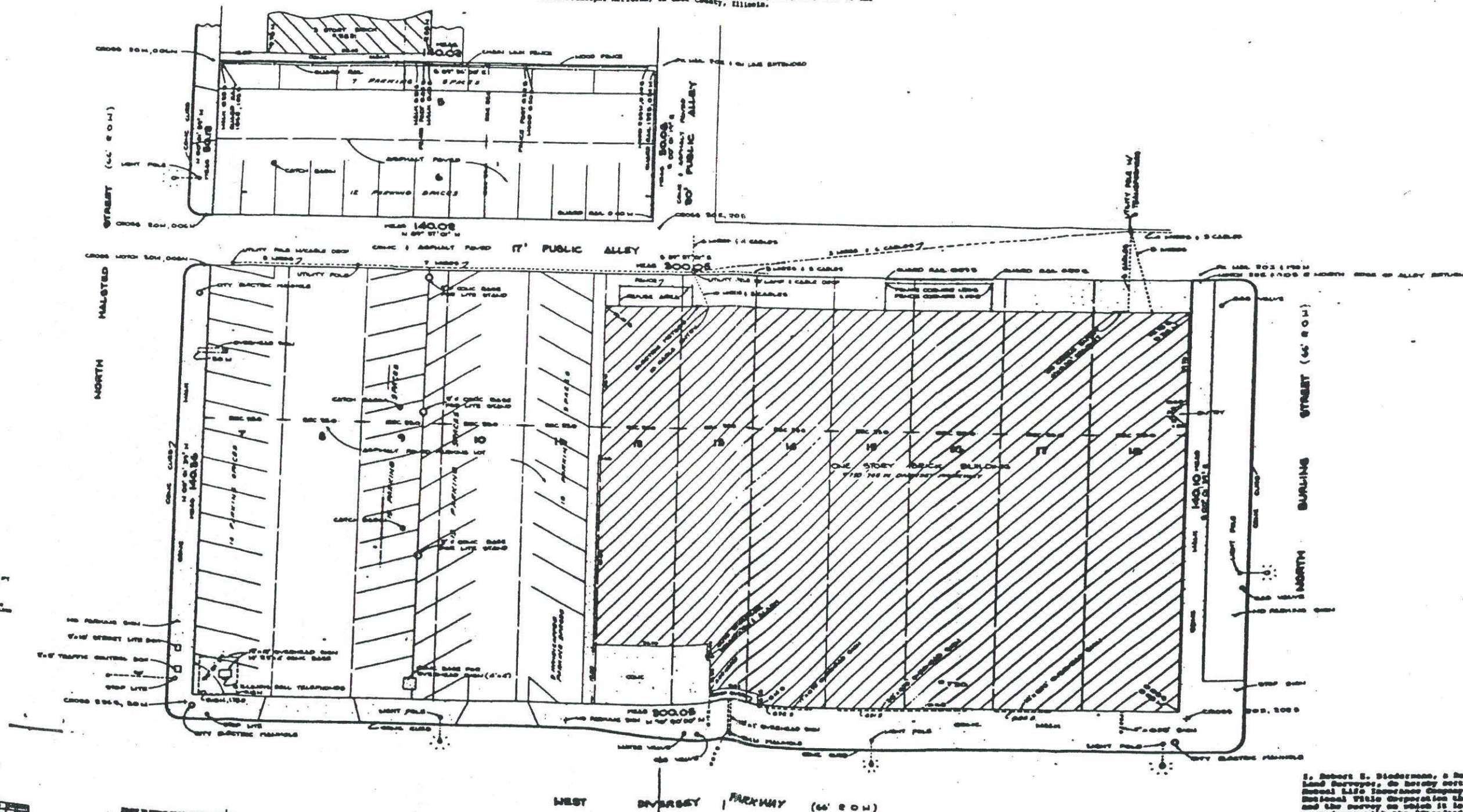
Telephone: BR/625-5105

CHICAGO, ILLINOIS, 60630

## PLAT OF SURVEY

ALTA/DOCH LAND TITLE SURVEY

Lots 5 to 18, both inclusive, in L.S. Warner's Subdivision of Lots 17 and 18 in Richardson and Steele's Subdivision of part of the West Half of the Northwest Quarter of Section 28, Township 48 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.



AREA OF PROPERTY: 1.0704 AC. 92,700 SQ. FT.  
AREA OF BUILDING: 1,0704 AC. 92,700 SQ. FT.

7

070450

070450

070450

NOTICE TO THE PUBLIC  
This plat of survey was filed for record in Cook County, Illinois, on the 10th day of May, 1967, at 10:00 A.M., and is subject to the provisions of the Illinois Land Survey Act of 1954, as amended.

I, Robert E. Biedermann, a Registered Illinois Land Surveyor, do hereby certify to John Hancock Mutual Life Insurance Company and Bear North National Title Corporation that this map or plat and the survey on which it is based were made in accordance with the "Standard Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA and ACSM in 1960 and it meets the accuracy requirements of a Class A survey as defined therein, and includes Items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 on Page 2 thereof.

Dated: May 12, 1967.

Robert E. Biedermann  
Registered Illinois Land Surveyor





## LIMITED GUARANTY OF LEASE

THIS LIMITED GUARANTY OF LEASE (the "Guaranty") dated as of the 9th day of July, 1991, is given by JENNIFER CHICAGO, L.P., an Illinois limited partnership ("Guarantor") to LAKEWEST, INC., AGENT for beneficiaries under Trust Agreement dated January 4, 1962, and known as Trust Number 17351, which American National Bank and Trust Company of Chicago, Trustee ("Landlord").

### I. RECITALS

1.1 Description of Lease. Landlord and J. C. DIVERSEY, INC., an Illinois corporation ("Tenant"), have entered into a Lease of even date herewith (the "Lease") of 730 WEST DIVERSEY PARKWAY (the "Premises"), located at Diversey/Halsted Shopping Center, Chicago, Illinois.

1.2 Inducement. Guarantor hereby acknowledges receipt of an executed copy of the Lease and that the Lease will economically benefit Guarantor. This Guaranty is made by the Guarantor in order to induce Landlord to enter into the Lease.

### II. THE GUARANTY

#### 2.1 Guaranty.

2.1(a) Guarantor hereby absolutely and unconditionally guarantees the full and prompt payment of the Monetary Obligations (as hereinafter defined) for the first through third Operating Years (as such term is defined in the Lease).

2.1(b) For purposes hereof, the term "Monetary Obligations" means each installment of Monthly Base Rent (as defined in the Lease) when and as the same become due under the terms of the Lease.

### III. OTHER PROVISIONS

3.1 Actions by Landlord Not to Affect Liability. The liability of Guarantor hereunder shall not be affected by:

3.1(a) Any extension in the time for making any payment due under the Lease or acceptance of partial payment from Tenant;

3.1(b) The failure during any period of time whatsoever of Landlord to attempt to collect any amount due under the Lease from Tenant or to exercise any remedy available under the Lease or any other security instrument given as security for performance of the Lease, in the event of a default in the performance by Tenant of the terms of the Lease;

3.1(c) Landlord's consent to (i) any assignment or successive assignments of the Lease, or (ii) any subletting or successive sublettings of the Premises;

3.1(d) Any assignment or successive assignments of Landlord's interest under the Lease (whether absolute or as collateral);

3.1(e) Landlord's consent to any changed, expanded or different use of the Premises;

3.1(f) The assertion by Landlord against Tenant of any rights or remedies reserved or granted to Landlord under the Lease, including the commencement by Landlord of any proceedings against Tenant;

3.1(g) Any subletting of the Premises or any part thereof, or any assignment or other transfer, by operation of law or otherwise, of any or all of the Tenant's interest in the Lease;

3.1(h) Any dealings, transactions or other matters occurring between Landlord and Tenant; or

3.1(i) The invalidity or unenforceability of the Lease, or any disability or other defense of Tenant thereunder.

3.2 Waivers. Guarantor hereby expressly waives:

3.2(a) Notice of acceptance of this Guaranty;

3.2(b) Presentment, demand, notice of dishonor, protest and notice of protest, and all other notices whatsoever, including, without limitation, notice of any event or matter described in Section 3.1 hereof.

3.2(c) Any and all claims or defenses based upon lack of diligence in:

(i) collection of any amount the payment of which is guaranteed hereby;

(ii) the discharge, liquidation or reorganization of Tenant in bankruptcy or the rejection of the Lease by Tenant or a trustee in bankruptcy; or

(iii) the discharge or bankruptcy of any other guarantor of the Lease;

(iv) any other matters described in 3.1 above; and

3.2(d) Any and all defenses of suretyship.



3.3. Nature of Remedies. No delay or omission on the part of Landlord in the exercise of any right or remedy hereunder shall operate as a waiver thereof. All remedies of Landlord hereunder shall be in addition to, and exercisable consecutively or concurrently in any combination with, any and all remedies available to Landlord by operation of law or under the Lease, and Landlord may exercise its remedies hereunder against Guarantor without the necessity for any suit or proceedings of any kind or nature against the Tenant or any third party or exhaustion of any remedies against Tenant or any third party.

3.4 No Subrogation. Guarantor shall not be subrogated to any of the rights of Landlord under the Lease or in or to the Premises or to any other rights of Landlord by reason of any of the provisions of this Guaranty or by reason of the performance by Guarantor of any of his, her, its or their obligations hereunder and Guarantor shall look solely to Tenant for recoupment.

3.5 Assignment. This Guaranty shall not be assignable by Guarantor, but shall be binding upon the heirs, legal representative, legatees, successors and assigns of Guarantor. This Guaranty shall be assignable by Landlord and shall inure to the benefit of its successor and assigns.

3.6 Governing Law. This Guaranty shall be governed by, and construed in accordance with, the law of the State of Illinois.

3.7 Jurisdiction. Guarantor hereby submits to personal jurisdiction in the State of Illinois for the enforcement of this Guaranty.

3.8 Severability. If any term, restriction or covenant of this Guaranty is deemed illegal or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstances is deemed illegal, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

3.9 Modification. This Guaranty shall not be modified by oral agreement, but only by written amendment executed by Landlord and Guarantor.

3.10 Joint and Several Liability. If this Guaranty is made by more than one party, then each Guarantor agrees that the obligations and liabilities of each Guarantor under this Guaranty shall be joint and several and any action to enforce this Guaranty

may be brought against either or all Guarantors without any reimbursement or joinder of Tenant or the other Guarantors in such action.

3.11 Limitation on Liability. Notwithstanding anything contained herein to the contrary, Guarantor's liability under this Guaranty shall be limited to all Monetary Obligations payable by Tenant for the first through third Operating Years. This Guaranty does not guaranty any obligation of Tenant in the event Landlord exercises any acceleration rights under the Lease during the first three (3) Operating Years other than any sums due at any given time through the first three (3) Operating Years as if the Tenant's obligations had not been accelerated.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty as of the day and year first above written.

JENNIFER CHICAGO, L.P.,  
an Illinois limited partnership

BY: JENNIFER CHICAGO MANAGEMENT <sup>LTD</sup>  
CORP., an Illinois corporation,  
its General Partner

By: [Signature] President

ATTEST: [Signature]  
Secretary

Federal Employer Identification  
Number: \_\_\_\_\_



GUARANTOR'S ACKNOWLEDGMENT

STATE OF New York) ) SS  
COUNTY OF New York)

I, Owen Wincig, a Notary Public in and for  
and residing in said County and State, DO HEREBY CERTIFY THAT  
Harley Greenfield and Bernard Wincig  
personally known to me to be the \_\_\_\_\_ President and  
\_\_\_\_\_  
Secretary of JENNIFER-CHICAGO, LTD.,  
an Illinois corporation, which is personally known to me to be the  
general partner of JENNIFER CHICAGO, L.P., an Illinois limited  
partnership, and personally known to me to be the same persons  
whose names are subscribed to the foregoing instrument as such  
\_\_\_\_\_  
President and \_\_\_\_\_ Secretary, appeared  
before me this day in person and acknowledged that they signed and  
delivered said instrument as their own free and voluntary act and  
as the free and voluntary act of said corporation; and the said  
\_\_\_\_\_  
Secretary acknowledged that he, as custodian of the  
corporate seal of said corporation, did affix said corporate seal  
to said instrument as his own free and voluntary act and as the free  
and voluntary act of said corporation for the uses and purposes  
therein set forth.

GIVEN under my hand and notarial seal this 2nd day of August, 1991.

notarial seal this 2nd day of August 1961  
*Amelia C. [Signature]*  
 \_\_\_\_\_  
 Notary Public

My Commission Expires:

OWEN WINCIG  
Notary Public, State of New York  
No. 31-4714599  
Qualified in New York County  
Commission Expires Feb. 28, 19...

## FIRST AMENDMENT TO LEASE

Number 1 of  
3 executed  
 counterparts.

THIS FIRST AMENDMENT TO LEASE made and entered into as of the 22nd day of November, 1995, by and between **LAKEWEST, INC.**, AGENT for beneficiary(ies) under Trust Agreement dated January 4, 1962, and known as Trust Number 17351, with American National Bank and Trust Company of Chicago, Trustee ("Landlord") and **J. C. DIVERSEY, INC.**, an Illinois corporation ("Tenant"),

## WITNESSETH:

WHEREAS, on July 9, 1991, Landlord and Tenant entered into a certain Lease for the premises commonly known as 740 West Diversey Parkway, Chicago, Illinois (the "Premises") consisting of approximately 3,190 rentable square feet of Floor Area located in the building commonly known as the Diversey/Halsted Shopping Center, in Chicago, Illinois (the "Shopping Center"), for a Term commencing July 9, 1991, and ending on December 31, 2001, with one five (5) year Option Term (the "Lease"); and

WHEREAS, the Tenant desires to reallocate its rental obligations under the Lease by amending the Lease as hereinafter provided and the Landlord is agreeable thereto.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree as follows:

1. All of the foregoing WHEREAS clauses be and are incorporated hereby by reference as though the same were fully set forth.
2. Effective on the date hereof, the Lease is amended in that Subsection 1.1.14, ANNUAL BASE RENT, and Subsection 1.1.15, PERCENTAGE RENT RATE, are deleted and the following are inserted in their place and stead:

## 1.1.14 ANNUAL BASE RENT:

## Operating Year:

| <u>Primary Term</u>    | <u>Annual Base Rent</u> |
|------------------------|-------------------------|
| 09/09/91 thru 12/31/93 | \$68,580.00             |
| 01/01/94 thru 12/31/95 | \$71,771.00             |
| 01/01/96 thru 12/31/96 | \$64,594.00             |
| 01/01/97 thru 12/31/98 | \$78,553.00             |
| 01/01/99 thru 12/31/01 | \$78,156.00             |
| <u>Option Term</u>     | <u>Annual Base Rent</u> |
| 01/01/02 thru 12/31/03 | \$85,740.00             |
| 01/01/04 thru 12/31/06 | \$87,720.00             |

1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint.

Operating Year:

| <u>Primary Term</u>    | <u>Breakpoint</u> |
|------------------------|-------------------|
| 09/09/91 thru 12/31/93 | \$1,524,000.00    |
| 01/01/94 thru 12/31/95 | \$1,594,933.00    |
| 01/01/96 thru 12/31/96 | \$1,400,000.00    |
| 01/01/97 thru 12/31/98 | \$1,462,264.00    |
| 01/01/99 thru 12/31/01 | \$1,524,528.00    |
|                        |                   |
| <u>Option Term</u>     | <u>Breakpoint</u> |
| 01/01/02 thru 12/31/03 | \$1,627,463.00    |
| 01/01/04 thru 12/31/06 | \$1,711,085.00    |

3. Tenant represents that Tenant has not dealt with any real estate broker, sales person, or finder in connection with this First Amendment to Lease other than Lakewest, Inc., and no such person initiated or participated in the negotiation of this First Amendment to Lease. Tenant hereby agrees to indemnify and hold harmless Landlord, the Owner of the Shopping Center and its beneficiaries, and their partners, shareholders, officers and directors from and against any and all liabilities and claims for commissions and fees arising out of a breach of the foregoing representation.

4. In all other respects the Lease is hereby ratified and affirmed.

5. Upon the execution hereof, this First Amendment to Lease shall become an integral part of the Lease.

6. Except as expressly provided herein, all of the terms and provisions of the Lease, as amended from time to time, shall remain in full force and effect. In the event of any conflict or inconsistency between the terms of the Lease and this First Amendment to Lease, the terms of this First Amendment to Lease shall prevail.

7. This First Amendment to Lease is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations and agreements of the agent individually, or for the purpose of binding it personally, but this First Amendment to Lease to Lease is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings, representation, warranty or agreement herein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons

claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgment or other liability arising out of the Landlord's obligations created by the Lease. Such trustee hereby confirms that its beneficiary(ies) has authority to manage the Shopping Center and has designated LAKEWEST, INC. as agent for the beneficiary(ies) in connection with the management of the Shopping Center.

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

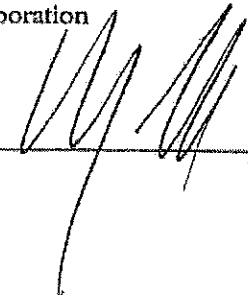
LANDLORD:

**LAKEWEST, INC., AGENT**, as aforesaid

By  President

TENANT:

**J. C. DIVERSEY, INC.**  
an Illinois corporation

By  President

ATTEST:

\_\_\_\_\_  
Secretary



## ASSIGNMENT OF LEASE AGREEMENT

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

### WITNESSETH:

WHEREAS, Lakewest Inc., Agent for beneficiary(ies) under Trust Agreement dated January 4, 1962, and known as Trust No. 17351, with American National Bank & Trust Company of Chicago, Trustee, the address of which is 325 West Huron Street, Suite 806, Chicago, Illinois 60610, as Landlord ("Landlord") demised certain premises located at 730 West Diversey Parkway, Chicago, Illinois (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as of July 9, 1991; and

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

### AGREEMENT:

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

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

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

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

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

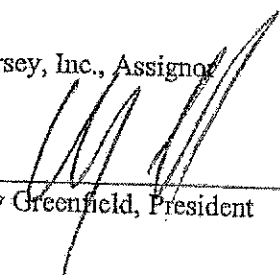
(d) The provisions of this Section shall survive the closing of this Agreement; and

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

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

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 26 day of July, 2000.

J.C. Diversey, Inc., Assignor

By:   
Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

By:   
Rami Abada, President

STATE OF NEW YORK )

SS:

COUNTY OF Nassau

On the 26 day of July, 2000, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of J.C. Diversey, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Sandra M. Sarcona  
Notary Public

STATE OF NEW YORK )

SS:

COUNTY OF Nassau

On the 2 day of July, 2000, before me personally came Rami Abada, to me known, who, being by me duly sworn, did depose and say that he is the President of Jennifer Convertibles, Inc., (Assignee), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Sandra M. Sarcona  
Notary Public

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

SECOND AMENDMENT TO LEASE

ORIGINAL  
Number 1 of  
4 execution  
counterparts

THIS SECOND AMENDMENT TO LEASE (this "Amendment") is made and entered into this 12<sup>th</sup> day of May, 2006, by and between **JEROME H. MEYER & CO., AGENT for HALSTED DIVERSEY LLC, an Illinois limited liability company**, as "Landlord" and **JENNIFER CONVERTIBLES, INC., a Delaware corporation**, as "Tenant".

WITNESSETH:

**WHEREAS**, on July 9, 1991, Landlord's predecessor-in-interest, American National Bank and Trust Company, as Trustee under Trust Agreement dated January 4, 1962, and known as Trust Number 17351, and J.C. Diversey, Inc. ("J.C.") entered into that certain Lease for the premises commonly known as 730 West Diversey Parkway, Chicago, Illinois (the "Premises") consisting of approximately 3,190 rentable square feet of Floor Area located in the building commonly known as the Diversey/Halsted Shopping Center, in Chicago, Illinois (the "Shopping Center") for a ten (10) year Term commencing September 9, 1991, and automatically extending on April 1, 2001 for one five (5) year option term (the "Lease"). The Term of the Lease as extended expires on December 31, 2006;

**WHEREAS**, as of November 22, 1995, the Landlord and J.C. entered into that certain First Amendment To Lease whereby the parties thereto, among other things, amended the definition of Annual Base Rent;

**WHEREAS**, as of September 1, 2000 J.C. assigned its interest in and to the Lease to Tenant pursuant to that certain Assignment of Lease Agreement; and

**WHEREAS**, the Tenant desires to, among other things, extend the Term of the Lease to December 31, 2011.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the parties agree to amend the Lease in the following manner effective as of the date hereof:

1. All of the foregoing WHEREAS clauses be and are incorporated herein by reference as though the same were fully set forth.
2. Effective as of January 1, 2007, the Lease is amended in that Subsection 1.1.12, TERM is deleted and the following is inserted in its place:

TERM: January 1, 2007 through December 31, 2011, for a period of five (5) years.

3. Effective as of January 1, 2007, the Lease is hereby amended in that Subsection 1.1.14, ANNUAL BASE RENT is deleted and the following is inserted in its place:

1.1.14 ANNUAL BASE RENT:

| <u>Rental Period</u>       | <u>Annual Rent</u> | <u>Monthly Rent</u> |
|----------------------------|--------------------|---------------------|
| 01/01/2007 thru 12/31/2007 | \$ 99,600.00       | \$ 8,300.00         |
| 01/01/2008 thru 12/31/2008 | \$ 102,588.00      | \$ 8,549.00         |
| 01/01/2009 thru 12/31/2009 | \$ 105,665.64      | \$ 8,805.47         |
| 01/01/2010 thru 12/31/2010 | \$ 108,835.56      | \$ 9,069.63         |
| 01/01/2011 thru 12/31/2011 | \$ 112,100.64      | \$ 9,341.72         |

*Ja*



4. Effective as of January 1, 2007, the Lease is hereby amended in that Subsection 1.1.15, PERCENTAGE RENT RATE is deleted and the following is inserted in its place:

1.1.15 PERCENTAGE RENT RATE: Three percent (3%) in excess of the Breakpoint:

| <u>Rental Period</u>       | <u>Breakpoint</u> |
|----------------------------|-------------------|
| 01/01/2007 thru 12/31/2007 | \$ 2,213,333.33   |
| 01/01/2008 thru 12/31/2008 | \$ 2,279,733.33   |
| 01/01/2009 thru 12/31/2009 | \$ 2,348,125.33   |
| 01/01/2010 thru 12/31/2010 | \$ 2,418,568.00   |
| 01/01/2011 thru 12/31/2011 | \$ 2,491,125.33   |

5. Effective as of January 1, 2007, the Lease is amended in that Section 2.3.1; Primary Term is deleted and the following is substituted in its place:

2.3.1 Primary Term. The primary five (5) year term of this Lease (the "Primary Term") shall commence on January 1, 2007 and end on December 31, 2011, unless sooner terminated by lapse of time or otherwise pursuant to the terms of this Lease (the "Term").

6. Effective as of January 1, 2007, the Lease is amended in that Section 2.3.2, Option Term is deleted in its entirety.
7. Tenant represent that the Tenant has dealt directly with and only with Jerome H. Meyer & Co. in connection with this Amendment and that insofar as the Tenant knows no broker negotiated this Amendment or is entitled to any commission in connection therewith. Tenant indemnifies and holds Landlord, its beneficiaries and their respective agents and employees harmless from any claims of any other broker or brokers who claim to have dealt with Tenant in connection with this Amendment.
8. Except as expressly provided herein, all of the terms and provisions of the Lease shall remain in full force and effect during the Term as hereby extended.
9. This Amendment is executed by the undersigned agent not personally but solely as agent and it is expressly understood and agreed by the parties hereto, anything contained herein to the contrary notwithstanding, that each and all of the covenants, undertakings, representations and agreements herein made are made and intended not as personal covenants, undertakings, representations of the agent individually, or for the purpose of binding it personally, but this Amendment is executed and delivered by the agent solely in the exercise of the powers conferred upon it as such agent pursuant to the direction of the beneficiary(ies) of said trust agreement and no personal liability or personal responsibility is assumed by, nor shall at any time be asserted or enforceable against the bank, the beneficiary(ies) of said trust or its agent on account hereof, or on account of any covenants, undertakings representation, warranty or agreement therein contained, either express or implied, all such personal liability, if any, being expressly waived and released by the parties hereto and the holder hereof, and by all persons claiming by or through or under said parties or holder hereof, it being agreed and understood that the Tenant under the Lease shall look solely to the real estate owned by the trust of which the Premises constitute a part for payment of any lien, claim, judgments or another liability arising out of the Landlord's obligations created by the Lease. Such trustee hereby confirms that its beneficiary(ies) has authority to manage the Building and ahs designated JEROME H. MEYER & CO. as agent for the beneficiary(ies) in connection with the management of the Building.



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

**LANDLORD:**

JEROME H. MEYER & CO., AGENT,  
aforesaid

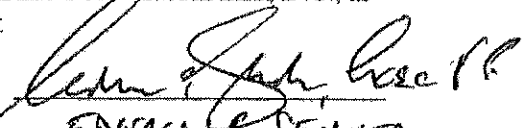
By: 

Name: Jerome H Meyer

Title: President

**TENANT:**

JENNIFER CONVERTIBLES, INC., as  
Tenant

By: 

Name: EDWARD B. SEIDNER

Title: EXECUTIVE V.P.

**EXHIBIT "P"**

**West Diversey Parkway Stub Rent:**

|                    |                   |
|--------------------|-------------------|
| Base Rent:         | \$3,803.39        |
| Insurance:         | \$31.45           |
| CAM:               | \$356.45          |
| Real Estate Taxes: | \$802.23          |
| <b>TOTAL:</b>      | <b>\$4,993.52</b> |

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

---

In re:

JENNIFER CONVERTIBLES, INC. *et al.*,<sup>1</sup>

Debtor.

---

)  
)  
)  
)  
)  
)  
)

Chapter 11

Case No.: 10-13779 (ALG)

**ORDER GRANTING MOTION TO COMPEL PAYMENT OF  
POST-PETITION RENT PURSUANT TO SECTION 365(d)(3)**

Upon the motion of Jerome H. Meyer & Co., Agent for Halsted-Clybourn Limited Partnership, Zifkin Realty Management, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, and Jerome H. Meyer & Co., Agent for Halsted Diversey LLC (collectively, the “Landlords”) dated October 7, 2010 (the “Motion”) for an order directing Jennifer Convertibles, Inc., et al. (collectively, the “Debtors”), to pay the outstanding post-petition rent due under the West North Avenue Lease, the East Golf Road Lease and the West Diversey Parkway Lease (collectively, the “Leases”) for the period between the Petition Date and July 31, 2010 and other accrued charges due under the Leases, pursuant to Section 365(d)(3) of the Bankruptcy Code; a hearing having been held on the Motion on November 9, 2010, and it appearing that the relief sought in the Motion and the entry of this Order are appropriate and necessary upon consideration of the Motion and all of the proceedings before the Court; after due deliberation and sufficient cause appearing for the granting of the relief sought, it is:

**ORDERED** that the Motion is GRANTED; and it is further

---

<sup>1</sup> The Debtors in these chapter 11 cases are: (i) Jennifer Convertibles, Inc.; (ii) Jennifer Convertibles Boylston MA, Inc.; (iii) Jennifer Chicago Ltd.; (iv) Elegant Living Management, Ltd; (v) Hartsdale Convertibles, Inc.; (vi) Jennifer Management III Corp.; (vii) Jennifer Purchasing Corp.; (viii) Jennifer Management II Corp.; (ix) Jennifer Management V Ltd.; (x) Jennifer Convertibles Natick, Inc.; (xi) Nicole Convertibles, Inc.; (xii) Washington Heights Convertibles, Inc.



**ORDERED** that the Debtors are directed to pay landlord Jerome H. Meyer & Co., Agent for Halsted-Clybourn Limited Partnership, the West North Avenue Stub Rent (\$6,152.00) due under the West North Avenue Lease; and it is further

**ORDERED** that the Debtors are directed to pay landlord Zifkin Realty Management, LLC, as successor Agent for the beneficiaries of Chicago Title Land Trust Company, Trust Number 102674-09, the East Golf Road Stub Rent (\$4,447.79) due under the East Golf Road Lease; and it is further

**ORDERED** that the Debtors are directed to pay landlord landlord, Jerome H. Meyer & Co., Agent for Halsted Diversey, the West Diversey Parkway Stub Rent (\$4,993.52) due under the West Diversey Parkway Lease; and it is further

**ORDERED** that the Debtors are directed to pay the attorneys' fees incurred by the Landlords in connection with this Motion, the related hearings and related legal services; and it is further

**ORDERED** that the Debtors shall pay the West North Avenue Stub Rent, the East Golf Road Stub Rent, and the West Diversey Parkway Stub Rent and other charges that are due and payable within five (5) business days of the entry of this Order; and it is further

**ORDERED** that this Court shall retain jurisdiction over any and all matters arising from the interpretation and implementation of this Order.

Dated: New York, New York  
November \_\_, 2010

---

UNITED STATES BANKRUPTCY JUDGE