

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE (this "Amendment") is made and entered into this 7<sup>th</sup> 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

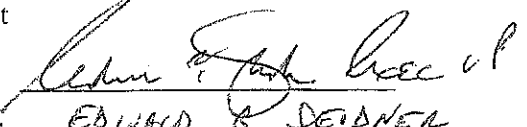
By:  \_\_\_\_\_

Name: JEROME H. MEYER

Title: PRESIDENT/CEO

**TENANT:**

JENNIFER CONVERTIBLES, INC., as  
Tenant

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

Name: EDWARD B. SEIDNER

Title: EXECUTIVE VICE. PRESIDENT