

## **EXHIBIT “A”**

INDUSTRIAL & RESEARCH ASSOCIATES, LLC

LANDLORD

WITH

JENNIFER CONVERTIBLES, INC.

TENANT

AGREEMENT OF LEASE

Premises - 417 Crossways Park Drive  
Woodbury, New York 11797

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THIS INDENTURE OF LEASE made as of the first day of February, 2003 by and between INDUSTRIAL & RESEARCH ASSOCIATES, LLC, a New York limited liability company, with offices at 7600 Jericho Turnpike, Woodbury, New York 11797, hereinafter referred to as the "LANDLORD" and JENNIFER CONVERTIBLES, INC., with offices at 417 Crossways Park Drive, Woodbury, New York 11797, hereinafter referred to as the "TENANT".

W I T N E S S E T H

WHEREAS, the LANDLORD is the owner in fee of the premises hereinafter demised.

NOW, THEREFORE, LANDLORD and TENANT covenant and agree as follows:

ARTICLE I

DEMISE

Section 1.1 The LANDLORD, for and in consideration of the rents, covenants and agreements hereinafter reserved and contained herein, hereby leases and TENANT does hereby take and hire, upon and subject to the covenants and conditions hereinafter expressed which the TENANT agrees to keep and perform, the premises shown on the Floor Plan annexed hereto as Exhibit "A", hereinafter called the "Demised Premises" in the building as shown on the Plan annexed hereto and marked Exhibit "B", situated at 417 Crossways Park Drive, Woodbury, New York, together with the right to use, in common with other tenants of the LANDLORD in this and other buildings, the parking area shown on Exhibit "B" (hereinafter called "parking area") for the parking of automobiles of employees, customers, invitees or licensees of the TENANT and other tenants of the LANDLORD.

Notwithstanding the above, however, LANDLORD shall provide six (6) reserved parking spaces where indicated on the Plan attached as part of seventy (70) parking spaces allocated for TENANT.

ARTICLE II

TERM

Section 2.1 The basic term of this Lease (hereinafter referred to as the "Term") shall be for five (5) years, commencing on February 1, 2003 and ending on January 31, 2008.

Section 2.2 The term "lease year" as used herein or "year" as used herein, shall mean a twelve (12) month period. The first lease year shall commence on the date of the term hereof, but if such date of commencement shall be a date other than the first day of a month, the first lease year shall commence on the first day of the month following the month in which the term of the Lease commences. Each succeeding lease year during the term hereof shall commence on the anniversary date of the first lease year.

ARTICLE III

BASIC RENT - - ADDITIONAL RENT

Section 3.1 Commencing on the Lease Commencement Date, the TENANT shall pay to the LANDLORD, INDUSTRIAL & RESEARCH ASSOCIATES, LLC at P.O. Box 9020, Hicksville, New York 11802-9020 an Annual Basic Rent as per the following Schedule:

<u>LEASE YEAR</u>	<u>ANNUAL BASIC RENT</u>	<u>MONTHLY RENT</u>
1	\$ 274,560.00	\$ 22,880.00
2	\$ 258,835.00	\$ 21,569.58
3	\$ 258,835.00	\$ 21,569.58
4	\$ 258,835.00	\$ 21,569.58
5	\$ 258,835.00	\$ 21,569.58

In addition, all payments shall be made in advance of or on the first day of each month without notice and demand and without abatement, deduction or set-off of any amount whatsoever.

The Annual Basic Rent above set forth for the 1st Lease Year is based on 16,640 square feet of office space at \$16.50 per square foot. The Annual Basic Rent above set forth for the balance of the Term is based in part on a reduced rate of \$8.00 per square foot for the 1,850 square feet of storage space within the Demised Premises.

A. At anytime, with a maximum of three (3) months notice, LANDLORD may recapture the 1,850 square feet identified as storage area in Exhibit "A".

B. If LANDLORD recaptures the premises outlined on Exhibit "A" any time during the initial term of this Lease, TENANT'S Annual Basic Rent for the remaining premises, consisting of 14,790 rentable square feet as outlined in Exhibit "C", shall be the sum of \$244,035.00 for Annual Basic Rent. Furthermore, in such event, TENANT'S Proportionate Share as defined in Section 3.1 A below shall be reduced from 42% to 37%. Upon said recapture the remaining premises shall from the date thereof for the balance of the Term and any renewal thereof be deemed the Demised Premises for all purposes herein.

C. Prior to the expiration of the notice to recapture given pursuant to Article "SIXTH", TENANT shall, at its own cost and expense, remove all fixtures, equipment and personality therefrom, and deliver said space "vacant and broom-clean."

D. If TENANT fails to vacate and deliver the recaptured space as provided in this Agreement above, TENANT shall indemnify and hold harmless LANDLORD from all losses, damages and expenses, which LANDLORD may incur as a result of TENANT'S failure.

E. TENANT shall not be responsible for constructing the demising wall between the recaptured area and the balance of the premises as reduced.

F. TENANT shall have one 5-year option to renew the term of TENANT'S Lease. The rate shall be \$17.50 per square foot for the 14,790 square feet portion. If the balance of the 1,850 square feet is still part of the Tenants Demised Premises, then the rental shall remain \$8.00 per square foot. This one 5-year option to renew the term of TENANT'S Lease will be given provided:

1) TENANT is not in default in the terms, covenants and conditions of the Lease at the time of notification of TENANT'S intention to exercise its option or at the commencement of the option term;

2) TENANT to provide nine (9) months prior to January 31, 2008, written notice of TENANT'S intention to exercise its option to renew;

(3) This option is only for the benefit of the TENANT and will not inure to any subtenants or assignees of TENANT, without the express written approval of the LANDLORD;

(4) All of the terms, covenants and conditions of the Lease shall remain in full force and effect.

Section 3.2 As additional rent during each and every year during the term hereof and any renewals the TENANT shall pay to the LANDLORD its proportionate share of any increase in real estate taxes over the 1994/95 School Tax and the 1995 Town Tax. TENANT shall not be required to pay increases in taxes if caused by an increase in assessed valuation due to a material change in the property of which it is a part. There is currently no tax abatement on the property of which the Demised Premises form a part. In addition, TENANT shall not be liable for increased taxes as a result of any reassessment in connection with LANDLORD improvements to the building. All tax increases shall be accompanied by evidence of same (i.e., copies of tax bills).

A. TENANT'S proportionate share of any such increase shall be determined by multiplying any such increase by a fraction, the numerator of which shall be the total gross rentable area of the Demised Premises (i.e. 16,640 square feet) and the denominator of which shall be the total gross rentable area of the building of which the Demised Premises form a part (i.e., 40,000 square feet), i.e., 42%.

B. TENANT shall similarly pay its proportionate share as determined in subparagraph "A" above of any ad valorem assessments, or impositions against the real property of which the Demised Premises form a part and its proportionate share of any taxes which shall be imposed in lieu of any ad valorem real property tax as the same is presently considered, except that TENANT shall not be obligated to pay any portion of any assessment or impositions (whether payable in installments or otherwise) which have become a lien prior to the commencement of the term of this Lease. In the event that there shall be any general or special assessments or impositions against the said real property which the TENANT is obligated to pay a proportionate share, the LANDLORD agrees that if the said



assessments or impositions may be paid in installments that the LANDLORD will elect to pay the same in installments and the TENANT shall only be responsible to pay its proportionate share of those installments which cover the period of the term of the Lease.

(a) Providing TENANT is not in default of any payments to be made under the lease, LANDLORD covenants and agrees that it shall timely and fully pay the real estate taxes and assessments levied against the Building, including the Premises and all improvements therein.

(b) In the event that any additions to the Building or improvements (collectively the "New Construction") are constructed (for reasons other than to replace portions of the Building damaged or destroyed by a Casualty) after the assessment day for Real Estate Taxes for the first tax year ending during the Lease Term, TENANT'S proportionate share shall be re-adjusted so as to reflect the true percentage of gross rentable area of the Demised Premises to gross rentable area to the remaining building.

Section 3.3 In the event that LANDLORD or any major tenant of the building should contest any taxes or assessments levied against the building, the TENANT agrees to cooperate but is not obligated to contribute to any expenses incurred by the LANDLORD in any such proceeding or action. In the event that there shall be any refunds of taxes by reason of any such action or proceeding, the TENANT shall be entitled to receive back its proportionate share of the net refund (after deducting therefrom the cost of the action or proceeding including, without limitation, reasonable fees for experts, court costs, reasonable attorney's etc.). In no event shall TENANT be entitled to any refund in excess of the amount of taxes paid by the TENANT for the year for which such refund was made.

Section 3.4 Rent and additional rent shall be payable in lawful money of the United States to the LANDLORD at CS#990, Hempstead, New York 11550, or at such other places the LANDLORD may from time to time designate, in advance, without notice, demand, offset or deduction except as specifically set forth herein. In the event any payment of Basic Rent or Additional Rent shall not be made to LANDLORD within ten (10) days of the due date thereof there shall be added to the amount a sum equal to prime plus two percent (2%) per annum of the unpaid items to help to defray LANDLORD'S additional costs for additional bookkeeping and other costs in connection therewith, with a minimum charge of \$25.00 per occurrence. The prime rate shall be established as the published rate of Citibank.

Notwithstanding anything to the contrary contained herein, TENANT shall have a right to cure any monetary default within ten (10) days after notice and LANDLORD will not impose any late fee penalties nor any charges on said amount, if same has been cured within the applicable cure period.

ARTICLE IV

UTILITIES AND SERVICES

Section 4.1 TENANT shall pay for all energy used or consumed in the Demised Premises, including energy used for HVAC. TENANT shall contract directly with the utility company for same (gas and electric). LANDLORD represents that the meter servicing the Demised Premises is only for the use of this TENANT.

Section 4.2 LANDLORD shall supply, at LANDLORD'S own expense, water to the building of which the Demised Premises form a part for normal office building consumption.

Section 4.3 The LANDLORD covenants to provide and pay for cleaning services by LANDLORD's cleaner as per the Cleaning Specifications attached hereto and made a part hereof as Exhibit "D". However, if one of the days above is a "Holiday", the above services shall not be in operation. The term "Holidays" shall mean New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas, and such other Holidays as may from time to time be nationally recognized.

Notwithstanding the above, TENANT shall be responsible for the cleaning of the exercise room.

ARTICLE V

REPAIR AND MAINTENANCE

Section 5.1 Intentionally Omitted.

Section 5.2 Intentionally Omitted.

Section 5.3 The TENANT covenants throughout the term of this Lease, at the TENANT'S sole cost and expense to take good care of the interior of the Demised Premises and keep the same in good order and condition and to make all non-structural repairs therein except as provided in Section "5.4" hereof.

Section 5.4 The LANDLORD covenants throughout the term of this Lease, at the LANDLORD'S sole cost and expense, to make all structural repairs to the building, including, but not limited to the foundation, floorslab, exterior, exterior walls, steel frame, gutters, downspouts and all underground utility lines, roof repairs, air conditioning repairs and maintenance, sprinklers, mechanical systems and parking lot repairs in which the Demised Premises are located and shall also maintain and keep in good repair the building's sanitary, electrical, heating and other systems servicing or located, in or passing through the Demised Premises, other than

(i) To any systems, facilities and equipment installed on behalf of the TENANT; and

(ii) To any of the improvements to the interior of the Demised Premises undertaken and completed by the TENANT; and

(iii) Any repairs which are necessitated by any act or omission of the TENANT, its agents, servants, employees or invitees, which repairs TENANT shall make at its own cost and expense.

Notwithstanding the above, TENANT shall not be responsible to make any repairs to the bathrooms and plumbing which shall be the sole responsibility of LANDLORD unless caused by the negligence of TENANT.

Section 5.5 Except as expressly provided otherwise in this Lease, there shall be no allowance to the TENANT or diminution of rent and no liability on the part of the LANDLORD by reason of inconvenience, annoyance or injury to business arising from the making of any repairs, alterations, additions or improvements in or to any portion of the building, on the Demised Premises, in the parking area, or in and to the fixtures, appurtenances and equipment thereof. The LANDLORD agrees to do any work to be done by it in such a manner as not to unreasonably interfere with the TENANT'S use of the Demised Premises.

ARTICLE VI

CHANGES AND ALTERATIONS -- SURRENDER OF DEMISED PREMISES

Section 6.1 The TENANT shall have the right, at any time and from time to time, during the term of this lease to make such nonstructural changes and alterations to the Demised Premises as the TENANT shall deem necessary or desirable. However, all changes and alterations must be made with the written consent of the LANDLORD and any alterations affecting HVAC and electrical work, including lighting, must be done by the LANDLORD at a reasonable and competitive cost and expense to the TENANT. Notwithstanding the above, TENANT shall be permitted to do up to \$10,000.00 per annum of re-decorating without LANDLORD'S permission, but with prior written notice to the LANDLORD.

Section 6.2 The TENANT agrees not to place any signs on the roof or on or about the inside or outside of the building in which the Demised Premises are situated, except for signs inside of the Demised Premises which may not be seen from the outside.

Section 6.3 All improvements and alterations made or installed by or on behalf of the TENANT, shall immediately upon completion of installation thereof be and become the property of the LANDLORD without payment therefor by the LANDLORD.

Section 6.4 The TENANT shall, upon the expiration or earlier termination of this lease, surrender to the LANDLORD the Demised Premises, together with all alterations and replacement thereto, in good order and condition, except for reasonable wear and tear or damage by fire, casualty or taking.

If the TENANT shall make any alterations or changes or additions to the Demised Premises, not made with LANDLORD'S approval, after the commencement of the term of this lease, and LANDLORD shall desire the same to be removed upon the expiration of the term hereof, then upon LANDLORD'S giving notice to the TENANT of its desire to have the same removed, the TENANT will

remove the same prior to the expiration of the term hereof at TENANT'S sole cost and expense and TENANT will, at its own cost and expense, restore the premises to the condition which they were in just prior to the commencement of the term hereof, normal wear and tear and damage by fire excepted.

Section 6.5 In connection with any alterations to the Demised Premises done by TENANT including decorating, prior to any work being commenced, TENANT shall supply to LANDLORD: (i) liability insurance from the Contractor doing the work in an amount not less than One Million Dollars, naming LANDLORD as an additionally named insured; (ii) evidence that all workers doing work in the Demised Premises are covered by Workmen's Compensation Insurance; (iii) an agreement from TENANT'S contractor to remove all debris from the premises shown on Exhibit "B" after 6:00 P.M. at the end of each day's work. In the event TENANT'S contractor shall fail to remove debris on a daily basis, as hereinabove provided, LANDLORD may order said contractors off the premises and refuse them access to the Building thereafter.

ARTICLE VII

COMPLIANCE WITH ORDERS, ORDINANCES, ETC.

Section 7.1 The TENANT covenants throughout the term of this Lease and any renewals hereof, at the TENANT'S sole cost and expense, to comply with all laws and ordinances and the orders and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and officers thereof, which may be applicable to the TENANT'S use or occupancy of the Demised Premises. The Demised Premises occupied by TENANT are suitable for office use as intended in this Lease.

Section 7.2 The TENANT shall have the right to contest by appropriate legal proceedings, in the name of the TENANT or the LANDLORD or both, but without cost or expense to the LANDLORD, the validity of any law, ordinance, order or requirement of the nature referred to in Section "7.1" hereof. Provided such noncompliance does not subject the LANDLORD to any criminal liability for failure so to comply therewith, the TENANT may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch, and if any lien or charge is incurred by reason of noncompliance, the TENANT may nevertheless make the contest aforesaid and delay compliance as aforesaid, provided that the TENANT indemnifies the LANDLORD against any loss or injury by reason of such noncompliance or delay therein.

Section 7.3 LANDLORD covenants and agrees that at the time of the commencement of the term of this Lease the Demised Premises comply with all laws, ordinances and regulations applicable thereto.



ARTICLE VIII

MECHANIC'S LIENS

Section 8.1 The TENANT covenants not to suffer or permit any mechanic's liens to be filed against the fee interest of the LANDLORD nor against TENANT'S leasehold interest in the Demised Premises by reason of work, labor, services or materials supplied or claimed to have been supplied to the TENANT or any contractor, subcontractor or any other party or person acting at the request of the TENANT, or anyone holding the Demised Premises or any part thereof through or under the TENANT. TENANT agrees that in the event any mechanic's lien shall be filed against the fee interest of the LANDLORD or against the TENANT'S leasehold interest the TENANT shall, within thirty (30) days after receiving notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond or order of a court competent jurisdiction or otherwise.

If TENANT shall fail to cause such lien to be discharged or bonded within the period aforesaid, then in addition to any other right or remedy, LANDLORD may, but shall not be obligated to, discharge the same by paying the amount claimed to be due, by procuring the discharge of such lien by deposit by bonding proceedings, and in any such event, LANDLORD shall be entitled, if LANDLORD so elects, to compel the prosecution of any action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by LANDLORD and all reasonable costs and expenses incurred by LANDLORD or the fee owner in connection therewith, including but not limited to premiums on any bonds filed and reasonable attorneys' fees, shall constitute Additional Rental payable by TENANT under this lease and shall be paid by TENANT to LANDLORD within ten days of demand therefor.

ARTICLE IX

INSPECTION OF DEMISED PREMISES BY LANDLORD

Section 9.1 The TENANT agrees to permit the LANDLORD and the authorized representatives of the LANDLORD to enter the Demised Premises at all reasonable times during TENANT'S usual business hours for the purpose of (a) inspecting the same, and (b) making any necessary repairs to the Demised Premises.

Section 9.2 The LANDLORD is hereby given the right during TENANT'S usual business hours to enter the Demised Premises to exhibit the same for the purpose of sale or mortgage and, during the last six (6) months of the initial term, to exhibit the same to prospective tenants for the purposes of renting.

Section 9.3 With regard to Sections 9.1 and 9.2, LANDLORD shall endeavor to give reasonable notice to TENANT of LANDLORD'S intention to inspect the premises or to make repairs. 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 practicable, without interfering with the conduct of TENANT'S office procedures. With regard to Section 5.5 of this Lease, LANDLORD agrees to use best efforts to eliminate noise and any interruption of mechanical or electrical services in the building.

ARTICLE X

RIGHT TO PERFORM COVENANTS

Section 10.1 The TENANT covenants and agrees that if the TENANT shall at any time fail to make any payment or perform any other act on its part to be made or performed under this lease, the LANDLORD, after the expiration of any time limitation set forth in this lease (except in cases of emergency) may, but shall not be obligated to, make such payment or perform such other act to the extent the LANDLORD may deem desirable, and in connection therewith to pay expenses and employ counsel. All sums so paid by the LANDLORD and all expenses in connection therewith shall be deemed additional rent hereunder and be payable to the LANDLORD on the first day of the next month and the LANDLORD shall have the same rights and remedies for the nonpayment thereof as in the case of default in the payment of the basic rent reserved hereunder.

ARTICLE XI

DAMAGE OR DESTRUCTION

Section 11.1 A. If the Demised Premises or any part thereof shall be damaged by fire or other casualty, TENANT shall give immediate notice thereof to LANDLORD and this lease shall continue in full force and effect except as hereinafter set forth.

B. If the Demised Premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by and at the expense of LANDLORD to the extent that said damages include those installations originally installed by LANDLORD.

C. If the Demised Premises are totally damaged or rendered wholly unusable by fire or other casualty, then the LANDLORD shall have the right to elect not to restore the same as hereinafter provided.

D. If the Demised Premises are rendered wholly unusable or (whether or not the Demised Premises are damaged in whole or in part) if the building shall be so damaged that LANDLORD shall decide to demolish it or not to rebuild it, then, in any of such events, LANDLORD may elect to terminate this lease or rebuild by written notice to TENANT given within sixty (60) days after such fire or casualty specifying a date for the expiration of the lease or rebuilding, which date shall not be more than sixty (60) days after the giving of such notice. Upon the date specified in a notice of termination the term of this lease shall expire as fully and completely as if such date were the date set forth above for the termination of this lease and TENANT shall forthwith quit, surrender and vacate the premises without prejudice however, to LANDLORD'S rights and remedies against TENANT under the lease provisions in effect prior to such

termination, and any rent owing shall be paid up to such date and any payments of rent made by TENANT which were on account of any period subsequent to such date shall be returned to TENANT.

Unless LANDLORD shall serve a termination notice as provided for herein, LANDLORD shall make the repairs and restorations under the conditions of "B" and "C" hereof, with all reasonable expedition subject to delays due to adjustment of insurance claims, labor troubles and causes beyond LANDLORD'S control.

In the event the premises are not substantially restored within one hundred and eighty (180) days of the date of the casualty, TENANT may give LANDLORD ten (10) days notice of its election to cancel this lease and if LANDLORD has not substantially completed the restoration within said ten (10) day period, this Lease shall be null and void and of no further force and effect and any pre-paid rent or additional rent shall be returned to the TENANT.

E. Nothing contained hereinabove shall relieve LANDLORD or TENANT from liability that may exist as a result of damage from fire or other casualty. Notwithstanding the foregoing, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectable and to the extent permitted by law, LANDLORD and TENANT each hereby releases and waives all right of recovery against the other or any one claiming through or under each of them by way of subrogation or otherwise. LANDLORD and TENANT'S insurance policies shall contain a clause providing that such a release or waiver shall not invalidate the insurance and also, provided that such policy can be obtained without additional premiums. In the event that there are additional premiums for such waiver of subrogation, the party in whose favor such waiver is intended shall have the option to either pay the additional

premium or waive the condition that the other's policy contain the same. TENANT acknowledges that LANDLORD will not carry insurance on TENANT'S furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances removable by TENANT and agrees that LANDLORD will not be obligated to repair any damage thereto or replace the same.

F. TENANT hereby waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this article shall govern and control in lieu thereof.

Section 11.2 The TENANT shall not knowingly do or permit to be done any act or thing upon the Demised Premises, which will invalidate or be in conflict with fire insurance policies covering the building of which Demised Premises form a part, and fixtures and property therein. The TENANT shall at its expense comply with all rules, orders, regulations or requirements of the New York Board of Fire Underwriters, or any other similar body, which may be applicable to the TENANT'S use and occupancy of the Demised Premises, provided that the necessity for such compliance results from the use and occupancy of the Demised Premises by the TENANT, and shall not do, or permit anything to be done, in or upon the Demised Premises or bring or keep anything therein, or use the Demised Premises in a manner which shall increase the rate of fire insurance on the building of which the Demised Premises form a part, or on the property located therein, over that in effect when the building shall have been completed, unless the TENANT shall reimburse the LANDLORD, as additional rent hereunder, for that part of all insurance premiums thereafter paid by the LANDLORD, which shall have been charged because of such failure or use by the TENANT,

and shall make such reimbursement upon the first day of the month following receipt of notice of such outlay by the LANDLORD and evidence of the payment thereof. The plan attached hereto known as Exhibit "A" conforms to all requirements of the municipalities.

Section 11.3 Notwithstanding anything to the contrary contained in this lease, during any period after damage or destruction and until the premises have been restored, the TENANT shall be entitled to an abatement of rent and additional rent for the unusable portion of the Demised Premises, on a square foot basis using the rent described in Section 3.1 as a basis for such abatement.

ARTICLE XII

CONDEMNATION

Section 12.1 If the whole of the Demised Premises shall be taken for any public or quasi-public use by any lawful power or authority by exercise of the right of condemnation or eminent domain, or by agreement between LANDLORD and those having the authority to exercise such right (hereinafter called "Taking"), the term of this lease and all rights of TENANT hereunder, except as hereinafter provided, shall cease and expire as of the date of vesting of title as a result of the Taking and the rent or additional rent paid for a period after such date shall be refunded to TENANT upon demand.

Section 12.2 In the event of a Taking of less than the whole of the Demised Premises, or the whole or part of the parking area, this lease shall cease and expire in respect of the portion of the Demised Premises and/or the parking area taken upon vesting of title as a result of the Taking, and, if the Taking results in the portion of the Demised Premises remaining after the Taking being inadequate, in the sole judgement of TENANT, for the efficient, economical operation of the TENANT'S business conducted at such time in the Demised Premises, TENANT may elect to terminate this lease by giving notice to LANDLORD of such election not more than forty-five (45) days after the actual Taking by the condemning authority, stating the date of termination, which date of termination shall be not more than sixty (60) days after the date on which such notice to LANDLORD is given, and upon the date specified in such notice to LANDLORD, this lease and the term hereof shall cease and expire. If TENANT does not elect to terminate this lease aforesaid:

(i) The new rent payable under this lease shall be the product of the basic rent payable under this lease multiplied by a fraction, the numerator of which is the net



rentable area of the Demised Premises remaining after the Taking, and the denominator of which is the net rentable area of the Demised Premises immediately preceding the Taking, and

(ii) The net award for the Taking shall be paid to and first used by LANDLORD, subject to the rights of mortgagee, to restore the portion of the Demised Premises and the building remaining after the Taking to substantially the same condition and tenantability (hereinafter called the "Pre-Taking Condition") as existed immediately preceding the date of the Taking.

Section 12.3 In the event of a Taking of less than the whole of the Demised Premises which occurs during the period of one (1) year next preceding the date of expiration of the term of this lease, LANDLORD or TENANT may elect to terminate this lease by giving notice to the other party to this lease of such election, not more than forty-five (45) days after the actual Taking by the condemning authority, stating the date of termination, which date of termination shall be not more than sixty (60) days after the date on which such notice of termination is given, and upon the date specified in such notice, this lease and the term hereof shall cease and expire and all rent and additional rent paid under this lease for a period after such date of termination shall be refunded to TENANT upon demand. On or before such date of termination, TENANT shall vacate the Demised Premises, and any of TENANT'S property remaining in the Demised Premises subsequent to such date of termination shall be deemed abandoned by TENANT and shall become the property of LANDLORD.

Section 12.4 In the event of a Taking of the Demised Premises or any part thereof, and whether or not this lease is terminated, TENANT shall have no claim against LANDLORD or the condemning authority for the value of the unexpired term of this lease, but:

(i) TENANT may interpose and prosecute in any proceedings in respect of the Taking, independent of any claim of LANDLORD, a claim for the reasonable value of TENANT'S fixtures and

(ii) A claim for TENANT'S moving expenses.

(iii) If this lease is terminated pursuant to the provisions of this paragraph, then all rentals and other charges payable by TENANT to LANDLORD under this Lease will be paid to the date of the Taking, and any rentals and other charges paid in advance and allocable to the period after the date of the Taking, will be repaid to TENANT by LANDLORD. LANDLORD and TENANT will then be released from all further liability under this lease.

ARTICLE XIII

BANKRUPTCY OR OTHER DEFAULT

Section 13.1 A. Events of Bankruptcy. The following shall be Events of Bankruptcy under this lease:

(i) TENANT'S becoming insolvent, as the term is defined in Title 11 of the United States Code, entitled Bankruptcy, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code") or under the insolvency laws of New York State;

(ii) The appointment of a Receiver of Custodian for any or all of TENANT'S property or assets;

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

(iv) The filing of an involuntary petition against TENANT as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is either not dismissed within sixty days of filing, or results in the issuance of an order for relief against the debtor, whichever is later; or,

(v) TENANT'S making or consenting to an assignment for the benefit of creditors of a common law composition of creditors.

B. Landlord's Remedies.

(i) Termination of Lease. Upon the occurrence of an Event of Bankruptcy, LANDLORD shall have the right to terminate this lease by giving thirty days prior written notice to TENANT, provided, however, that this Section "13.1 (B) (i)" shall have no effect while a case in which TENANT is the subject debtor under the Bankruptcy Code is pending, unless TENANT or its Trustee in Bankruptcy is unable to comply with the provisions of Sections "13.1

(B) (v)" and "13.1 (B) (vi)" below. If TENANT or its Trustee is unable to comply with Sections "13.1 (B) (v)" and "13.1 (B) (vi)" below, this lease shall automatically cease and terminate, and TENANT shall be immediately obligated to quit the premises upon the giving of notice pursuant to this Section "13.1 (B) (i)". Any other notice to quit, or notice of LANDLORD'S intention to re-enter is hereby expressly waived. If LANDLORD elects to terminate this lease, everything contained in this lease on the part of LANDLORD to be done and performed shall cease without prejudice, subject, however, to the right of LANDLORD to recover from TENANT all rent and any other sums accrued up to the time of termination or recovery of possession by LANDLORD, whichever is later, and any other monetary damages or loss of reserved rent sustained by LANDLORD.

(ii) Suit for Possession. Upon termination of this lease pursuant to Section "13.1 (B) (i)", LANDLORD may proceed to recover possession under any by virtue of the provisions of the laws of the State of New York, or by such other proceedings, including re-entry and possession, as may be applicable.

(iii) Reletting of Premises. Upon termination of this lease pursuant to Section "13.1 (B) (i)", the premises may be relet by LANDLORD for such rent and upon such terms as are not unreasonable under the circumstances, and if the full rental reserved under this lease (and any of the costs, expenses, or damages indicated below) shall not be realized by LANDLORD, TENANT shall be liable for all damages sustained by LANDLORD, including, without limitation, deficiency in rent, reasonable attorneys' fees, brokerage fees, and expenses

of placing the premises in the first class rentable condition. LANDLORD, in putting the premises in good order or preparing the same for re-rental may, at LANDLORD'S option, make such alterations, repairs, or replacements in the premises as LANDLORD, in LANDLORD'S sole judgment, considers advisable and necessary for the purpose of reletting the premises, and the making of such alterations, repairs, or replacements shall not operate or be construed to release TENANT from liability hereunder as aforesaid. LANDLORD shall in no event be liable in any way whatsoever for failure to relet the premises, or in the event that the premises are relet, for failure to collect the rent thereof under such reletting, and in no event shall TENANT be entitled to receive any excess, if any, of such net rent collected over the sums payable by TENANT to LANDLORD hereunder.

(iv) Monetary Damages. Any damage or loss of rent sustained by LANDLORD as a result of an Event of Bankruptcy may be recovered by LANDLORD, at LANDLORD'S option, at the time of the reletting, or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive relettings, or, in a single proceeding deferred until the expiration of the term of this lease (in which event TENANT hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of said term) or in a single proceeding prior to either the time of reletting or the expiration of the term of this lease, in which event TENANT agrees to pay LANDLORD the difference between the present value of the rent reserved under this lease on the date of breach, discounted at eight percent per annum, and the fair market rental value of the Demised Premises on the date of breach. In the event TENANT

becomes the subject debtor in a case under the Bankruptcy Code the provisions of this Section "13.1 (B) (iv)" may be limited by the limitations of damage provisions of the Bankruptcy Code.

(v) Assumption or Assignment by Trustee. In the event TENANT becomes the subject debtor in a case pending under the Bankruptcy Code, LANDLORD'S right to terminate this lease pursuant to this Section "13.1" shall be subject to the rights of the Trustee in Bankruptcy to assume or assign this lease. The Trustee shall not have the right to assume or assign this lease unless the Trustee: (a) promptly cures all defaults under this lease, (b) promptly compensates LANDLORD for monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance.

(vi) Adequate Assurance of Future Performance. LANDLORD and TENANT hereby agree in advance that adequate assurance of future performance, as used in Section "13.1 (B) (v)" above, shall mean that all of the following minimum criteria must be met:

(a) The Trustee must pay to LANDLORD, at the time the next payment of rent is then due under this lease, in addition to such payment of rent, an amount equal to the next three month's rent due under this lease, said amount to be held by LANDLORD in escrow until either the Trustee or TENANT defaults in its payment of rent or other obligations under this lease (whereupon LANDLORD shall have the right to draw such escrow funds) or until the expiration of this lease (whereupon the funds shall be returned to the Trustee or TENANT);

(b) The TENANT or Trustee must agree to pay to the LANDLORD, at any time the LANDLORD is authorized to and does draw on the funds escrowed pursuant to Section "13.1 (B) (vi) (a)" above, the amount necessary to restore such escrow account to the original level required by said provision;

(c) TENANT must pay its estimated pro-rata share of the cost of all services provided by LANDLORD (whether directly or through agents or contractors, and whether or not the cost of such service is to be passed through to TENANT) in advance of the performance or provision of such services;

(d) The Trustee must agree that TENANT'S business shall be conducted in a first class manner, and that no liquidating sales, auctions, or other non-first class business operations shall be conducted on the premises;

(e) The Trustee must agree that the use of the premises as stated in this lease will remain unchanged;

(f) The Trustee must agree that the assumption or assignment of this lease will not violate or affect the rights of other tenants of the LANDLORD.

(vii) Failure to Provide Adequate Assurance. In the event TENANT is unable to:

(a) cure its defaults; or

(b) reimburse LANDLORD for its monetary damages;

or

(c) pay the rent due under this lease, on time (or within five days of the due date); or,

(d) meet the criteria and obligations imposed by Section "13.1 (B) (vi)" above; then TENANT agrees in advance that it has not met its burden to provide adequate assurance of future performance, and this lease may be terminated by LANDLORD in accordance with Section "13.1 (B) (i)" above.

Section 13.2 Default of TENANT

A. Events of Default. The following shall be Events of Default under this lease.

(i) TENANT'S failure to pay any monthly installment of Basic Annual Rent or Additional Rent, the amount of which has been ascertained, within ten days after notice of such failure from LANDLORD.

(ii) TENANT'S failure to make any other payment required under this lease if such failure shall continue beyond ten days after LANDLORD'S notice that the same has not been paid.

(iii) TENANT'S violation or failure to perform any of the other terms, conditions, covenants or agreements herein made by TENANT if such violation or failure continues for a period of five days after LANDLORD'S written notice thereof to TENANT, provided that no such notice shall be required if TENANT has received a similar notice within one hundred eighty days of such violation or failure.

(iv) In the event of any violation or failure to perform a covenant as contemplated in Section '13.2(A)(iii)', and if such covenant cannot be performed within the said five day period, then and in that event, providing TENANT has promptly commenced to cure such violation and is diligently proceeding with the cure the time within which TENANT may cure the same shall be extended to such reasonable time as may be necessary to cure the same with all due diligence.

B. If an Event of Default as hereinabove specified in Section '13.2(A)(i), (ii) or (iii)' shall occur, and shall not be cured within the time period specified in LANDLORD'S notice, or as to a default provided for in Section '13.2(A)(iii)' if same shall recur within 180 days of LANDLORD'S last notice of same or if TENANT has commenced a cure but fails to diligently proceed with same after five (5) days notice from LANDLORD then:



(i) LANDLORD may give TENANT a five day notice of its intention to end the term of this lease, and thereupon, at the expiration of said five day period, this lease shall expire as fully and completely as if the day were the date herein originally fixed for the expiration of the term, and TENANT shall then quit and surrender the premises to LANDLORD but TENANT shall continue to remain liable as hereinafter provided; or, (ii) LANDLORD, without prejudice to any other right or remedy of LANDLORD, held hereunder or by operation of law, and notwithstanding any waiver of any breach of a condition or Event of Default hereunder, may, at its option and without further notice, re-enter the Demised Premises or dispossess TENANT and any legal representative or successor of TENANT or other occupant of the premises by summary proceedings or other appropriate suit, action or proceeding or otherwise and remove his, her or its effects and hold the Demised Premises as if this lease had not been made; and TENANT hereby expressly waives the service of notice of intention to re-enter or to institute legal proceedings to that end.

Section 13.3 A. Notwithstanding such default, re-entry, expiration and/or dispossession by summary proceedings or otherwise, as provided in Section '13.2' above, TENANT shall continue liable during the full period which would otherwise have constituted the balance of the term hereof, and shall pay as liquidated damages at the same times as the Basic Annual Rent and Additional Rent and other charges become payable under the terms hereof, a sum equivalent to the Basic Annual Rent and Additional Rent and other charges reserved herein (less only the net proceeds of reletting as hereinafter provided), and LANDLORD may rent the Demised Premises either in the name of LANDLORD or otherwise, reserving the right to rent the Demised Premises

for a term or terms which may be less than or exceed the period which would otherwise have been the balance of the term of this lease without releasing the original TENANT from any liability, applying any monies collected, first to the expense of resuming or obtaining possession, next to restoring the premises to a rentable condition, and then to the payment of any brokerage commissions and legal fees in connection with the reletting of the Demised Premises and then to the payment of the Basic Annual Rent, Additional Rent and other charges due and to grow due to LANDLORD hereunder, together with reasonable legal fees of LANDLORD therefore.

B. Under any of the circumstances hereinbefore mentioned in which LANDLORD shall have the right to hold TENANT liable to pay LANDLORD the equivalent of the amount of all the Basic Rent, Additional Rent and all other charges required to be paid by TENANT less the net avails of reletting, if any, LANDLORD shall have the election in place and instead of holding TENANT so liable, forthwith to recover against TENANT as damages for loss of the bargain and not as a penalty an aggregate sum which at the time of such termination of this lease or of such recovery of possession of the premises by LANDLORD, as the case may be, represents the then present worth of the aggregate of the Basic Rent, Additional Rent and all other charges payable by TENANT hereunder that would have accrued for the balance of the term of this lease then running over.

Section 13.4 LANDLORD and TENANT do hereby mutually waive trial by jury in any action, proceeding or counterclaim brought by either LANDLORD or TENANT against the other with regard to any matters whatsoever arising out of or in any way connected

with this lease, the relationship of LANDLORD and TENANT, and TENANT'S use or occupancy of the Demised Premises, provided such waiver is not prohibited by any laws of the State of New York. Any action or proceeding brought by either party hereto against the other, directly or indirectly, arising out of this agreement (except for a summary proceeding), shall be brought in a court in the County in which the Demised Premises are located and all motions in any such action shall be made in such County.

Section 13.5 TENANT hereby agrees that in any action or summary proceeding brought by LANDLORD for the recovery of Basic Annual Rent or Additional Rent, it will not interpose any counter-claim or set-off nor will TENANT seek to consolidate or join for trial any such action or proceeding with any other action or proceeding.

Section 13.6 If TENANT shall default in the observance or performance of any term or covenant on TENANT'S part to be observed or performed under or by virtue of any of the terms or provisions in this article of this lease, LANDLORD may immediately or at any time thereafter and without notice perform the same for the account of TENANT, and if LANDLORD makes any expenditures or incurs any obligations for the payment of money in connection therewith including, but not limited to, attorneys' fees in instituting, prosecuting or defending any action or proceeding such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder and shall be paid by TENANT to LANDLORD within five (5) days of rendition of any bill or statement to TENANT therefore.

Section 13.7 In the event of any default by the TENANT hereunder and the LANDLORD shall commence any action or other proceeding against the TENANT in which the LANDLORD shall be successful, or which shall be settled by the payment of a sum of money to the LANDLORD by the TENANT the TENANT agrees to reimburse the LANDLORD for attorneys' fees in connection with such action or proceeding.

ARTICLE XIV

CUMULATIVE REMEDIES -- NO WAIVER

Section 14.1 The specific remedies to which the LANDLORD or the TENANT may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means or redress of which they may be lawfully entitled in case of any breach or threatened breach by either of them of any provision of this lease. The failure of the LANDLORD to insist in any one or more cases upon the strict performance of any of the covenants of this lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the LANDLORD of rent with knowledge of the breach of any covenant thereof shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by either party hereto of any provision in this lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by both the LANDLORD and the TENANT. In addition to the other remedies in this lease provided, the LANDLORD shall be entitled to restraint by injunction of any violation, or attempted or threatened violation, of any of the covenants, conditions or provisions of this lease or to a decree compelling performance of any such covenants, conditions or provisions.

ARTICLE XV

SUBORDINATION

Section 15.1 Subject to Section 15.3, it is hereby expressly agreed that this lease and all rights of the TENANT hereunder shall be subject and subordinate at all times to any mortgages and any renewals, replacements, extensions of modifications thereof which may now be or shall hereafter become liens on the Demised Premises or the land and building of which the same form a part. The TENANT agrees that at any time upon five (5) days' written notice, the TENANT will execute and deliver to the LANDLORD a subordination agreement confirming the provisions of this article. Failure of TENANT to execute and deliver such agreement shall not affect the subordination provided for hereunder.

Section 15.2 Subject to Section 15.3, this Lease is specifically made subordinate to a mortgage given to Crossways Capital II and notwithstanding whether or not any formal subordination agreement is executed, this Lease shall at all times be subordinate to any replacements, extensions, modifications or consolidations thereof.

Section 15.3 Any such mortgage hereafter made, to which this Lease shall be subordinate shall contain provisions, or the holder of any such mortgage hereafter made shall execute and deliver to lessee an agreement in recordable form, to the effect that in the event of foreclosure of any such mortgage the holder of any such mortgage will not attempt to terminate this Lease, or make TENANT a defendant to any foreclosure or in any other way foreclose or otherwise extinguish or interfere with the rights of TENANT under this Lease, provided TENANT is not then in default in the performance of the terms, covenants and conditions of this Lease on the part of the TENANT to be performed for such period of time (after notice, if any required, under the provisions of this Lease) as would entitle LANDLORD to terminate this Lease.

ARTICLE XVI

QUIET ENJOYMENT

Section 16.1 The LANDLORD covenants and agrees that the TENANT, upon paying the basic rent and all other charges herein provided and observing and keeping the covenants, agreements and conditions of this lease on its part to be kept, shall and may peaceably and quietly hold, occupy and enjoy the Demised Premises during the term of this lease.

ARTICLE XVII

NOTICES

Section 17.1 All notices, demands and requests which may or are required to be given by either party to the other shall be in writing. All notices, demands and requests by the LANDLORD to the TENANT shall be deemed to have been properly given if sent by United States registered or certified mail and postage prepaid or overnight carrier, such as Federal Express, addressed to the TENANT at the Demised Premises or Temporary Demised Premises, or at such other place as the TENANT may from time to time designate in a written notice to the LANDLORD, with a copy to: Law Office of Bernard Wincig, 574 Fifth Avenue, New York, New York 10036, Attention: Bernard Wincig, Esq. All notices, demands and requests by the TENANT to the LANDLORD shall be deemed to have been properly given if sent by United States registered or certified mail and postage prepaid or overnight carrier, such as Federal Express, postage prepaid, addressed to the LANDLORD at the address first above written, or at such other place as the LANDLORD may from time to time designate in a written notice to the TENANT. Notices to the TENANT may be given by the attorney for the LANDLORD with the same force and effect as if given by the LANDLORD. Notices, demands and requests which shall be served upon LANDLORD or TENANT in the manner aforesaid shall be deemed to have been served or given for all purposes under this Lease at the time such notice, demand or requests shall be received or returned by the Post Office or by an overnight carrier, such as Federal Express, as having been "refused" or "undeliverable".

ARTICLE XVIII

DEFINITION OF CERTAIN TERMS, ETC.

Section 18.1 The captions of this lease are for convenience and reference only and in no way define, limit or describe the scope or intention of this lease or in any way affect this lease.

Section 18.2 The term "TENANT" as referred to hereunder shall refer to this TENANT and any successor or assignee of this TENANT.

Section 18.3 The term "LANDLORD" as used hereunder shall mean only the owner, now or hereafter, of the land and building of which the Demised Premises form a part, so that in the event of any sale or sales, or in the event of a lease of said land and building this LANDLORD shall be and hereby is entirely free and relieved of all covenants and obligations of LANDLORD hereunder and it shall be deemed and construed without further agreement between the parties, or their successors in interest, that the purchaser or lessee of the building has agreed to carry out all of the terms and covenants and obligations of the LANDLORD hereunder.



ARTICLE XIX

INVALIDITY OF PARTICULAR PROVISIONS

Section 19.1 If any term or provision of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the application of such term of provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XX

COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES

Section 20.1 It is further covenanted and agreed by and between the parties hereto that the covenants and agreements herein contained shall bind and inure to the benefit of the LANDLORD, its successors and assigns, and the TENANT, its successors and assigns, subject to the provisions of this lease.

ARTICLE XXI

INSURANCE

Section 21.1 TENANT shall at all times during the term hereby carry Public Liability Insurance for the Demised Premises naming LANDLORD as an additional insured with limits of \$1,000,000.00 for injury to persons and \$250,000.00 for property damage.

Section 21.2 Prior to taking possession, TENANT shall deliver to the LANDLORD a certificate of the insurance company licensed to do business in the State of New York with a bests rating of A + 12, certifying that the aforesaid liability policy is in full force and effect. A certificate evidencing the renewal of such liability insurance policy shall be delivered to the LANDLORD at least twenty (20) days before the expiration thereof and each such renewal certificate shall include the LANDLORD as an additional insured. TENANT may carry aforesaid insurance as a part of a blanket policy provided, however, that a certificate thereof naming the LANDLORD as an additional insured is delivered to the LANDLORD as aforesaid.

Section 21.3 TENANT shall prior to doing any work in the Demised Premises obtain any and all permits necessary therefore and will provide Worker's Compensation Insurance and Liability Insurance in the limits provided for in Section "21.1" hereof.

Notwithstanding anything contained herein to the contrary, each party hereto waives all rights of recovery against the other for all losses, damages or injuries to the Premises, the Building and any improvements, and other property of either party thereon. All insurance that is carried by either party with respect to the premises, the Building or other property thereon, whether or not required, shall include

provisions that either designate the other party as one of the insureds or deny to the insurer acquisition by subrogation of rights of recovery against the other party. Neither party shall acquire as insured under any insurance carried by the other any right to participate in the adjustment of loss or to receive insurance proceeds and agrees upon request promptly to endorse and deliver to the other party any checks or other instruments in payment or loss in which it is named as payee. If an additional premium is charged for the waiver of subrogation, the party in favor of which such waiver is to be given shall be given notice of such additional premium and, unless, such party pays the additional premium within fifteen (15) days of said notice, it shall be deemed that such party has waived the request for waiver of subrogation.

ARTICLE XXII

USE, ASSIGNMENT OR SUBLETTING

Section 22.1 The TENANT agrees to use the premises for general offices and file storage area and for no other purpose.

Section 22.2 Unless the LANDLORD shall have given its consent thereto, this lease may not be assigned nor may the Demised Premises be sublet in whole or in part. Such approval will not be unreasonably withheld. In determining the reasonableness, the LANDLORD shall take into consideration the use to which the sub-tenant will put the space and the nature of the sub-tenant's business in order to maintain the integrity of the building as a whole. Notwithstanding the above, TENANT may sublease up to twenty-five percent (25%) of the Demised Premises provided TENANT gives notice to the LANDLORD of such sublease.

Section 22.3 Notwithstanding anything herein to the contrary, LANDLORD shall have the right of first refusal to recapture the leased premises, prior to any sublet or assignment. In the event TENANT shall desire to assign or sublet this lease, TENANT shall provide written notice of same to LANDLORD. LANDLORD shall, within sixty (60) days of receipt of such notice, notify TENANT as to whether or not LANDLORD desires to recapture the Demised Premises. In the event that LANDLORD shall elect to recapture the Demised Premises, it shall be deemed that the space is recaptured by the LANDLORD on the fifteenth (15th) day following LANDLORD's notice to TENANT of its election. Within said fifteen (15) day period, TENANT shall remove all of TENANT'S effects and personal property therefrom. If LANDLORD shall elect not to recapture the Demised Premises or any part thereof, TENANT may after prior written consent of the LANDLORD, assign or sublet the Demised Premises subject to Section 22.4.

Section 22.4 In the event that TENANT shall assign this lease and shall receive any consideration therefore in excess of Basic Annual Rent and Additional Rents therein, one-half of such consideration shall be paid to the LANDLORD as additional rent. In the event TENANT shall sublet any of the space demised hereunder and the rent and/or additional rent reserved under any such sublease shall be in excess of the rent provided for hereunder, TENANT shall pay to the LANDLORD, as additional rent, as and when same is collected, one-half the difference between the rent and additional rent reserved herein and the rent and additional rent reserved in such sublease. If TENANT subleases the premises, up to twenty-five percent (25%) of the Demised Premises, then this clause shall be waived.

Section 22.5 In the event that any sub-tenant should hold over in the premises beyond the expiration of the term of this lease, the TENANT hereunder shall be responsible to the LANDLORD for all Basic Annual Rent and Additional Rent until the premises are delivered to the LANDLORD in the condition provided for in this lease.

Section 22.6 Notwithstanding anything to the contrary contained herein, no consent shall be required for, although TENANT shall notify LANDLORD in writing prior to any assignment, transfer or subletting of the premises, and TENANT shall have the right to make any assignment, transfer or subletting of the premises or any part thereof (i) to a parent, subsidiary or affiliated company, (ii) directly or indirectly, in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain of which the business in the Premises is a part in the state in which the Premises is located. Upon any assignment in accordance with the foregoing, the TENANT named herein shall not be relieved of any further liability hereunder.

ARTICLE XXIII

RULES AND REGULATIONS

Section 23.1 The TENANT agrees that it will abide by the rules and regulations attached hereto as Exhibit "E" and any reasonable amendments or additions thereto, provided the same are uniform as to all tenants.

Notwithstanding anything contained herein to the contrary, 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 in the building.

ARTICLE XXIV

LANDLORD'S LIABILITY

Section 24.1 In the event that the LANDLORD shall default under the terms of this lease and the TENANT shall recover a judgement against the LANDLORD by reason of such default or for any reason arising out of the tenancy or use of the premises by the TENANT or the lease of the premises to the TENANT, the LANDLORD'S liability hereunder shall be limited to the LANDLORD'S interest in the land and building of which the Demised Premises form a part and no further and the TENANT agrees that in any proceeding to collect such judgement, the TENANT'S right to recovery shall be limited to the rents, proceeds of sale of Building and any interest in the building of which the Demised Premises form a part.



ARTICLE XXV

ENTIRE AGREEMENT

Section 25.1 This instrument contains the entire agreement between the parties hereto and the same may not be changed, modified or altered except by a document in writing executed and acknowledged by the parties hereto.

ARTICLE XXVI

CERTIFICATES

Section 26.1 Upon request by the LANDLORD, the TENANT agrees to execute any certificate or certificates evidencing the commencement date of the term of the lease and the fact that the lease is in full force and effect, if such is the case, and that there are no set-offs or other claims against the LANDLORD or stating those claims which the TENANT might have against the LANDLORD.

Section 26.2 Upon request by the LANDLORD, the TENANT agrees to execute a memorandum of this lease in recordable form which memorandum shall set forth the commencement dates of the lease and the subordination of the lease to a permanent first mortgage to be held by the Crossways Capital II or other institutional lender.

ARTICLE XXVII

SECURITY

Section 27.1 TENANT shall deposit with LANDLORD the sum of \$20,627.29 as security for the faithful performance and observance by TENANT of the terms, provisions and conditions of this Lease. It is agreed that in the event TENANT defaults in respect of any of the terms, provisions and conditions of this Lease, including but not limited to the payment of rent and additional rent, LANDLORD may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent or any other sum as to which TENANT is in default or for any reason of TENANT's default in respect of any of the terms, covenants and conditions of this Lease, including but not limited to any damages or deficiency in the reletting of the premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by LANDLORD. In the event that TENANT shall fully and faithfully comply with all of the terms and provisions, covenants and conditions of this Lease, the security shall be returned to TENANT after the date fixed as the end of the Lease and after delivery of entire possession of the Demised Premises to LANDLORD. In the event of a sale of the land and building, LANDLORD shall have the right to transfer the security to the vendee and LANDLORD shall thereupon be released by TENANT from all liability for the return of such security; and the TENANT agrees to look to the new LANDLORD solely for the return of said security; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new LANDLORD. TENANT further covenants that

it will not assign or encumber or attempt to assign the monies deposited herein as security and that neither LANDLORD nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

ARTICLE XXVIII

BROKER

Section 28.1 TENANT represents that it dealt only with NO ONE, as broker in connection with this transaction and TENANT agrees to indemnify LANDLORD against any claims or expenses which the LANDLORD may incur by reason of the TENANT having dealt with any other broker in connection with this transaction. Based on the above, TENANT shall not be required to pay any brokerage fees in connection with this transaction.

ARTICLE XXIX

SIGNS

Section 29.1 TENANT, at TENANT'S sole cost and expense, may have installed building standard signage on the entrance doors. TENANT shall submit any and all signage for the above to the LANDLORD, for LANDLORD'S approval, prior to installation.

Section 29.1 TENANT, at TENANT'S sole cost and expense, can be listed on exterior illuminated sign similar to other signs located in Nassau Crossways International Plaza.

ARTICLE XXX

HOLDING OVER

Section 30.1 TENANT covenants that it will vacate the Premises immediately upon the expiration or sooner termination of this lease. If the TENANT retains possession of the Premises or any part thereof after the termination of the term, the TENANT shall pay the LANDLORD Annual Basic Rent at 125% of the monthly rate specified in Section 3.1 for the time the TENANT thus remains in possession and, in addition thereto, shall pay the LANDLORD for all damages, consequential as well as direct, sustained by reason of the TENANT'S retention of possession. The provisions of this Section do not exclude the LANDLORD'S rights of re-entry or any other right hereunder, including without limitation, the right to refuse 125% of the monthly rent and instead to remove TENANT through summary proceedings for holding over beyond the expiration of the term of this lease.

Furthermore, in the event LANDLORD and TENANT are engaged in good faith negotiations to renew the Lease, the provisions of this article shall not apply until the later of ninety (90) days after the expiration of the Lease or option period or thirty (30) days after the date when such negotiations shall cease.

IN WITNESS WHEREOF, the parties hereto have hereunto set  
forth their hands and seals the day and year first above written.

INDUSTRIAL & RESEARCH ASSOCIATES, LLC

BY: 

JENNIFER CONVERTIBLES, INC.

BY: 



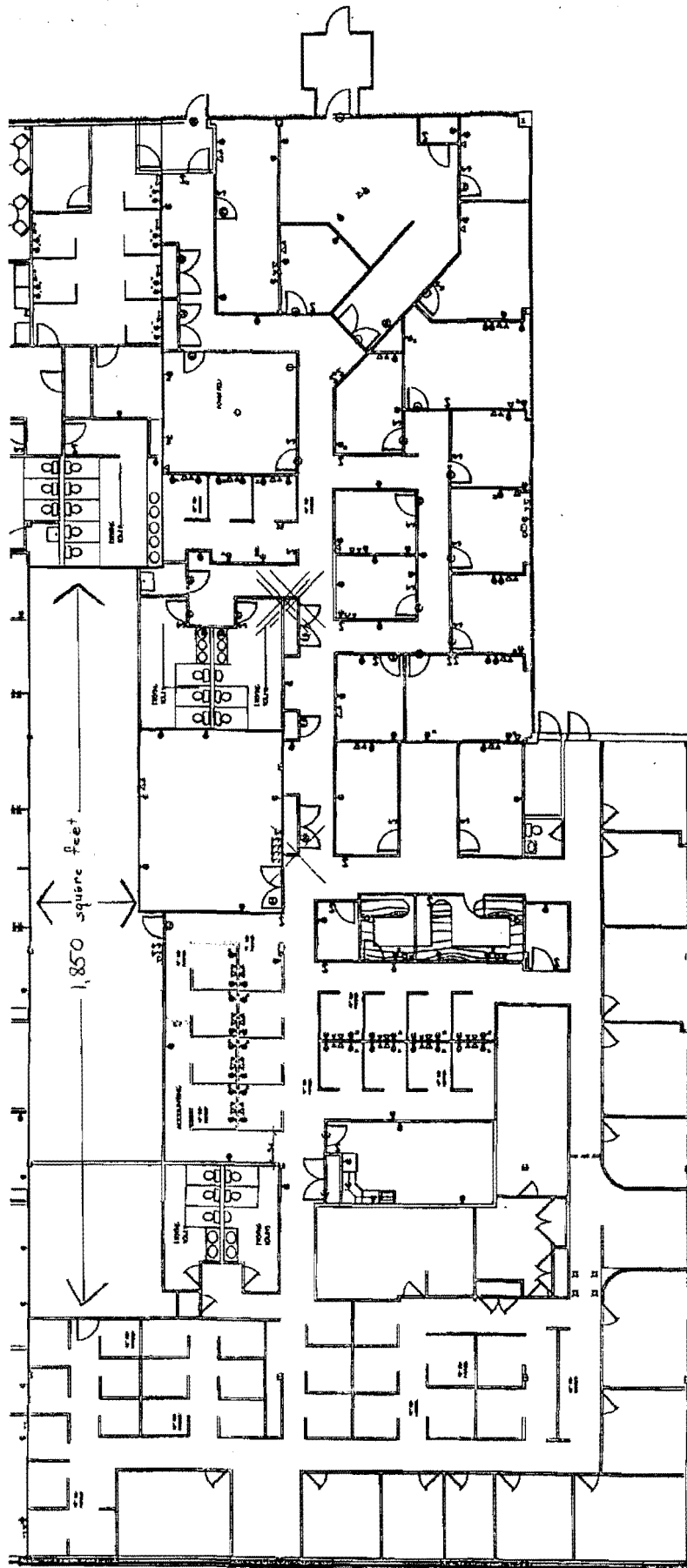
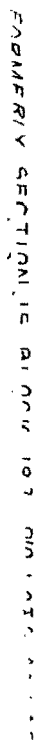


Exhibit "A"

**CROSSWAYS PARK WEST**  
(60' WIDE)



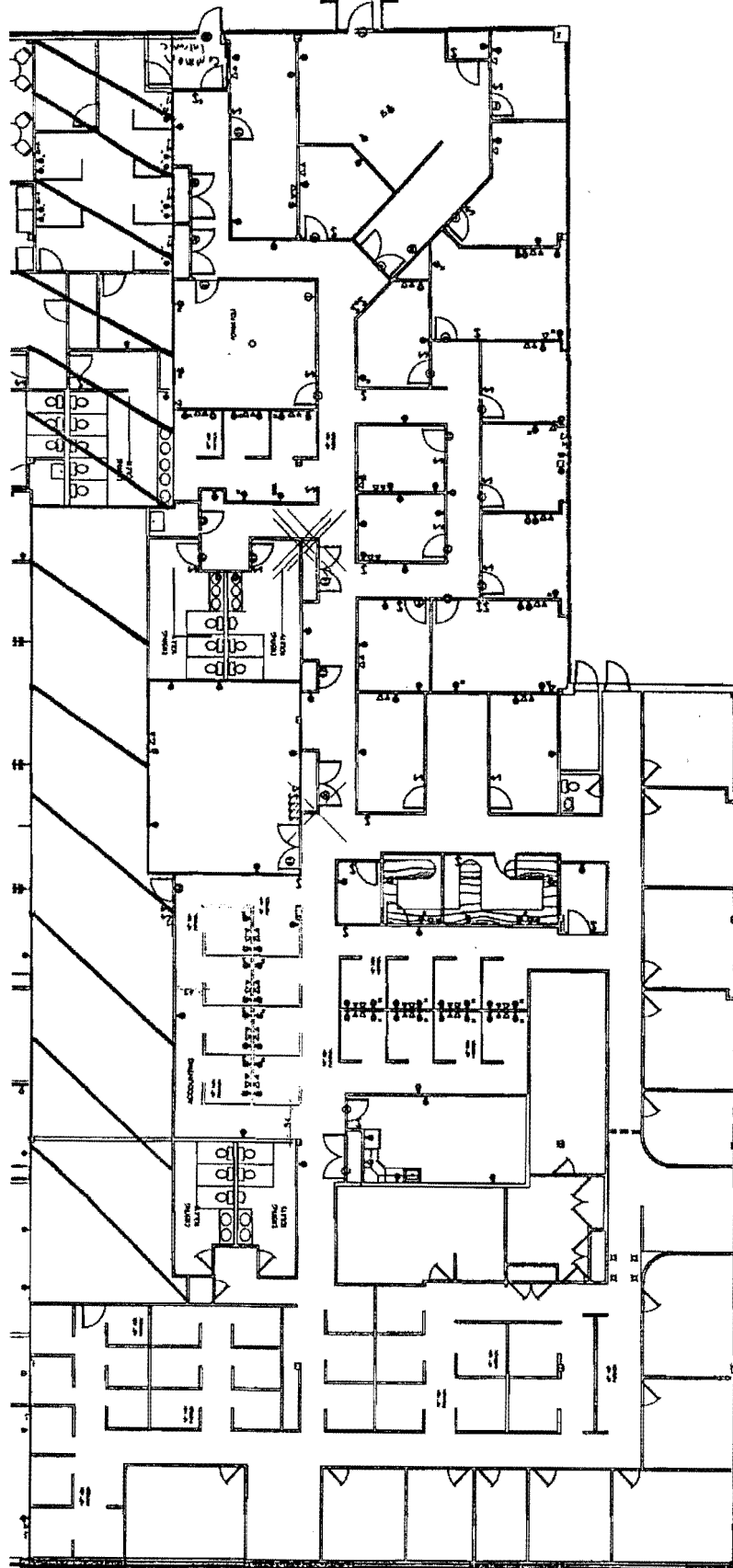


Exhibit "C"

**EXHIBIT "D"**

**CLEANING SPECIFICATIONS**

The following is a summary of duties to be performed by LANDLORD'S personnel during their tour of duty at the Tenant's Demised Premises:

**HOURS:**

Our employees will report to work after 5 p.m., at the close of regular office hours, Monday through Friday with the exception of all legal holidays. At the termination of their duties, they will extinguish all lights, close all windows, set electrical protection devices, and lock all doors.

**GENERAL CLEANING - FIVE NIGHTS WEEKLY:**

Sweep all composition flooring with treated dust mops, if any.

Empty all waste and trash receptacles. Remove contents to receptacles provided by the building for further disposal.

Wash and rinse terrazzo floors, main lobby and entrance area of Demised Premises with neutral cleaner, if any.

Vacuum all carpeting in Demised Premises and spot clean, if necessary.

Sweep staircases and landings where applicable and wash when necessary. Sweep entrances to building and/or Demised Premises.

Spot clean finger marks from walls, doors, trim, light switches and fire exits.

Clean and sanitize water fountains, where applicable.

**PERIODIC CLEANING:**

Perform hi-dusting of all walls, overhead pipes, ledges, air-conditioning louvers and ducts twice each year.

Police parking lot and remove paper and debris twice each week.

**WINDOW CLEANING:**

Wash all exterior and interior windows in the Demised Premises every four months. If building has first floor lobby, interior windows will be washed once every month.

All safety regulations will be rigidly adhered to as prescribed by New York Labor Department. To prevent accidents, ladders and safety belts will be inspected on an ongoing basis.

Wash and clean all glass, lights, directory board glass and entrance doors, if any.

Keep all elevator walls, doors and frames in a clean condition.

Maintain all walls in main lobby and hallways in a clean condition.

Our personnel will be instructed to submit to our office any conditions that would impair the safety of the building's sanitary and/or electrical systems, locks, evidence of vermin or any other safety-related issues.

LAVATORIES – DAILY, MONDAY THROUGH FRIDAY:

Sweep, wash and disinfect all lavatory floors throughout the Demised Premises.

Empty all wastepaper and sanitary disposal cans and remove to a designated area for removal.

Scour and disinfect all toilet bowls, urinals and hand basins.

Wash, disinfect and dry all toilet seats.

Maintain all metal pipes, bright work, mirrors, shelves, cabinets and dispensers in a clean condition.

Keep toilet partitions and tile walls in a clean condition.

Refill all toilet tissue, hand soap and hand towel dispensers as required.

Machine scrub and rinse all tile washroom floors, as required, each month.

**EXHIBIT "E"**

**RULES AND REGULATIONS**

TENANT and TENANT'S servants, employees, agents, visitors and licensees shall observe faithfully and comply strictly with the rules and regulations, as follows:

1. The sidewalks, entrances, passages, courts, elevators, stairways, corridors or halls of the building, shall not be obstructed or encumbered by any TENANT or used for any purpose other than ingress and egress to and from the Demised Premises.

2. No awnings or other projections shall be attached to the outside walls of the building without the prior written consent of the LANDLORD. No curtains, blinds, shades or screens shall be attached to or hung in, or used in conjunction with, any window or door of the Demised Premises, without the prior written consent of the LANDLORD. The TENANT shall install such blinds or draperies as the LANDLORD shall designate, which shall be of a quality, type, design and color and attached in a manner designated by the LANDLORD.

3. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any TENANT of any part of the outside of the Demised Premises or the windows thereof, or building without the prior written consent of the LANDLORD. In the event of the violation of the foregoing by the TENANT, LANDLORD may remove same without any liability, and may charge the expense incurred by such removal to the TENANT or TENANTS violating this rule.

4. The doors between the Demised Premises and the halls, passageways or other public places in the building, shall not be covered or obstructed by any TENANT, nor any bottles, parcels or other articles be placed on the window sills.

5. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the building, not placed in the halls, corridors or vestibules.

6. The water and wash closets and other plumbing fixtures shall not be used for any other purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein.

7. No TENANT shall mark, paint, drill into or in any way deface any part of the exterior of the Demised Premises, or the building of which they form a part. No boring, cutting or stringing of wires on the exterior of the Demised Premises shall be permitted except with the prior written consent of the LANDLORD, and as the LANDLORD may direct. LANDLORD agrees that such consent and/or direction shall not be unreasonably withheld or delayed.

8. No bicycles or vehicles of any kind shall be brought into or kept in or about the Demised Premises, and no cooking shall be done or permitted by any TENANT on the Demised Premises, except that TENANT or TENANT'S employees may make coffee, tea, etc., in the employees' lounge area. No TENANT shall allow the smoking of cigarettes, cigars and/or pipes by employees or invitees within the building or within the Demised Premises. In addition, no TENANT shall allow the smoking of cigarettes by employees or invitees in public hallways, corridors or vestibules within the building. No TENANT shall cause any objectionable odors to be produced upon and to permeate from the Demised Premises.

9. No space in the building shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction.

10. No TENANT shall make any disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises, whether by the use of any musical instruments, radio, talking machines, unmusical noises, whistling, singing or in any other way. No TENANT shall throw anything out of the doors, windows, or skylights, or down the passageways.

11. No TENANT or any of the TENANT'S servants, employees or agents, shall at any time bring or keep upon the Demised Premises any inflammable, explosive fluid, chemical or substance.

12. Each TENANT must, upon the termination of his tenancy, restore to the LANDLORD all keys of stores, offices, and toilet rooms, either furnished to or otherwise procured by, such TENANT.

13. No TENANT shall engage or pay any employees on the Demised Premises except those actually working for such TENANT on the Demised Premises.

14. The LANDLORD reserves the right to exclude from the building, between the hours of 10:00 p.m. and 8 a.m. and at all hours on Sundays and legal holidays all persons who do not present a pass to the building signed by the LANDLORD. The LANDLORD will furnish passes to persons for whom any TENANT requests same in writing. Each TENANT shall be responsible for all persons for whom he requests such pass and shall be liable to the LANDLORD for all acts of such persons. TENANT shall not, however, be responsible for the building or liable for any acts of others in respect to the building.

15. Each TENANT before closing and leaving the Demised Premises at any time shall see that the windows are closed.

16. The premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.

17. The requirements of TENANTS will be attended to only upon application at the office of the building. Employees of the LANDLORD shall not perform any work or do anything outside of their regular duties, unless under special instruction from the office of the LANDLORD.

18. Canvassing, soliciting and peddling in the buildings is prohibited and each TENANT shall use its best efforts to prevent the same.

19. There shall not be used in any space, or in the public halls of any building, either by any TENANT or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

20. No aerial shall be erected on the roof or exterior walls of the Demised Premises, or on the grounds.

21. TENANT agrees to comply with all such rules and regulations upon ten (10) days notice to TENANT from LANDLORD, unless same shall be submitted to arbitration.

22. No radio or television or other similar device shall be installed, in each instance, without the LANDLORD'S consent in writing. No aerial shall be erected on the roof or exterior walls of the premises, or on the ground.

23. No TENANT shall cover the floors of the Demised Premises with any material other than carpeting of a similar grade to the originally installed by the LANDLORD.

24. TENANT agrees to comply with all such rules and regulations upon notice to TENANT from LANDLORD or upon posting of same in such place within the building as LANDLORD may designate.

25. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any TENANT, nor shall any changes be made in existing locks or the mechanics thereof. Each TENANT must, upon the termination of his tenancy, restore to the LANDLORD all keys of offices and toilet rooms, either furnished to or otherwise procured by such TENANT and in the event of the loss of any keys, so furnished, such TENANT shall pay to the LANDLORD the cost thereof.

26. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description must take place during the hours which the LANDLORD or its agents may determine from time to time. The LANDLORD reserves the rights to inspect all freight to be brought into the building and to exclude from the building all freight which violates any of these Rules and Regulations or the lease of which these Rules and Regulations are a part. This shall not apply to accounting security boxes used by the TENANT.

27. No TENANT shall occupy or permit any portion of the premises demised to him to be occupied as an office for a public stenographer or typist, or for the possession, storage, manufacture, or sale of liquor, narcotics, dope, tobacco in any form, or as a barber or manicure shop, or pay any employees on the Demised Premises, except those actually working for such TENANT on said Premises, nor advertise for laborers giving an address at said premises. Notwithstanding the foregoing, the LANDLORD shall have the right to public stenographer, typist, sale of liquor, sale of tobacco, or for a barber shop or manicure shop or employment bureau.



28. No TENANT shall purchase spring water, ice, towels or other like service from any company or persons not approved by the LANDLORD. LANDLORD agrees not to unreasonably withhold its approval of any such vendor.

29. LANDLORD shall have the right to prohibit any advertising by any TENANT which, in LANDLORD'S opinion, tends to impair the reputation of the building or its desirability as a building for offices and, upon written notice from LANDLORD, TENANT shall refrain from or discontinue such advertising.

30. TENANT agrees that extraordinary waste, such as crates, cartons, boxes, furniture and equipment, construction debris, etc., shall be removed from the Real Property by TENANT, at TENANT'S own costs and expense. At no time shall TENANT place any waste of any kind in any public areas. If TENANT shall place any waste in the public areas, the parties agree that everything so placed is abandoned and of no value to TENANT, and LANDLORD may have the same removed and disposed of at TENANT'S expense. This remedy is in addition to any other remedies the LANDLORD may have therefore.

31. Wastepaper baskets used in conjunction with TENANT'S Demised Premises may be filled with paper products only. No liquids or other items may be disposed of in same.

32. TENANT is not permitted to have any pets in or visiting the Demised Premises.

#18

app. 1671  
rec. 7658  
9/30/66

bb

**CERTIFICATE OF OCCUPANCY**

No. 28609

TOWN OF OYSTER BAY  
DEPARTMENT OF ENGINEERING AND BUILDING  
TOWN HALL, AUDREY AVENUE  
OYSTER BAY, N. Y.

ISSUED TO OWNER	Industrial & Research Assoc.	DATE	Oct. 7, 1968
NAME	300 Hempstead Tpke.	BUILDING PERMIT No.	C3785
STREET ADDRESS	Levittown, New York	CESSPOOL PERMIT No.	
POST OFFICE		PLUMBING PERMIT No.	
FOR BUILDING LOCATED ON THE TAX		OIL BURNER PERMIT No.	
MAP OF THE TOWN OF OYSTER BAY IN		APPEAL BOARD No.	
SECTION 15 BLOCK 184 LOTS p/o 12		SCHOOL DIST.	Zone H

*This CERTIFIES that the Building located at s/o Crossways Prk Drive 230.01' e/o Cr  
ways Park West, Woodbury, New York*

was constructed substantially in accordance with the plans filed for the above Building Permit and to all  
requirements of The Building Zone Ordinance and The Building Code of the Town of Oyster Bay and  
the occupancy is limited to the following use: CLASS

200' x 175' Industrial Building Type C3 - 2B construction

SHOULD THE OCCUPANCY CHANGE FROM THE ABOVE LIMITATION OF USE, APPLICATION MUST BE  
MADE FOR NEW CERTIFICATE.

*Edward J. Gault*  
TOWN OF OYSTER BAY DEPARTMENT OF ENGINEERING & BUILDING

UNDERWRITERS CERTIFICATE  
N.B.F.U. No. N683655

MISCELLANEOUS PROVISIONS

1. Miscellaneous Provisions Controls - The printed part of this lease is hereby modified and supplemented as follows, it being agreed that wherever there is any conflict between this Rider and the printed part of this Lease and/or other riders to this lease (if any), the provisions of this Rider are paramount and shall govern, and this lease shall be construed accordingly.

2. Commencement of Term and Rent Commencement Date -  
(a) The commencement date set forth in the body of the lease shall be adjusted to coincide with the substantial completion by the Landlord of the work to be performed by the Landlord in Tenant's space. In the event the Demised Premises has not been substantially completed by the stated commencement date of this lease and the Landlord cannot deliver possession of the Demised Premises to the Tenant, then the commencement date shall be adjusted to reflect a date coincidental with the Landlord's ability to deliver possession of the Demised Premises to the Tenant. The termination date of the lease shall be similarly adjusted and any anniversary dates for rental increases or for renewals by the Tenant shall be adjusted to reflect the new commencement date. The first "lease year" during the term hereof shall be the period commencing on the rent commencement date if it occurs on the first day of a calendar month, or the first day of the next succeeding calendar month if the rent commencement date occurs on any date other than the first day of a calendar month, and shall terminate twelve (12) full calendar months thereafter.

(b) (i) Notwithstanding anything in this Lease to the contrary, all payments under this Lease shall not commence or begin to accrue until thirty (30) days after delivery to Tenant of the Premises substantially in the condition called for under this Lease and seven (7) days written notice to Tenant thereof, and (ii) notwithstanding anything to the contrary contained herein, in no event will Landlord deliver the premises to Tenant between December 15, 1994 and January 7, 1995 unless Tenant otherwise agrees in writing.

3. Delivery of Possession - Delivery of possession of the Premises to Tenant shall in no event be deemed to have occurred until actual physical possession of the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations, and prior leases, Tenants and/or occupants, other than JISCO, and with warranties and representations contained in this Lease being true and fulfilled as of such date, and with the construction and condition of the Building.

Substantially completed shall mean to be so complete as to allow the Tenant to operate his normal business without undue interference even though there might be minor items of decorating still to be completed.

4. Use of the Premises - Landlord represents and warrants that there is presently issued and shall remain outstanding a certificate of occupancy for the Premises pursuant to which Tenant may occupy the Premises for the purpose permitted hereunder, 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.

continued. . .

Miscellaneous Provisions  
Page 2

5. Force Majeure - Except as otherwise specifically provided herein, in any case where either party hereto is required to do any act, other than Tenant's obligation to pay Basic Annual Rent or Additional Rent, delays caused by or resulting from acts of God, war, civil commotion, fire or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, or other causes beyond such party's reasonable control shall not be counted in determining the time which work shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time."

6. Authority - The individuals executing this Lease hereby represent that they are empowered and duly authorized to so execute this Lease on behalf of the parties they represent.

7. Mutuality of Lease Provisions - All provisions of said Lease relating to (i) payment of attorneys' fees, (ii) effect of waivers (or lack of waivers), (iii) delays ("force majeure"), and (iv) indemnification and/or exculpation of Landlord, shall be deemed mutual, Tenant having the same rights with respect thereto as Landlord.

8. Warranties - Landlord represents and warrants that the bathrooms, HVAC system, plumbing system and electrical system will be in good working order at date of delivery of the premises and that the roof will be free of leaks and the sidewalk free of repair and that the Landlord has not received any notices of any violations of the applicable building code.

9. Execution - Landlord shall have seven (7) days from receipt of Tenant's executed copies of the Lease in which to execute and return this Lease to Tenant or this Lease shall be considered null and void and Landlord shall return any and all monies, if any, advanced by Tenant to Landlord in connection with this Lease.

W O O D B U R Y O F F I C E M A N A G E M E N T

PROCESSING DATE: 04/21/10

\*\*\* LEASEABS - TENANT LEASE ABSTRACT REPORT \*\*\*

PAGE: 1

PROPERTY: TG -415 CROSSWAYS PARK DRIVE

\*-NEXT TO TENANT ID INDICATES DELETED

&-NEXT TO TENANT ID INDICATES FUTURE

TENANT NO: TG -JENN2

COMMENCEMENT: 09/01/96

\*\*\*\*\* AMENDMENT DATES \*\*\*\*\*

NAME: JENNIFER CONVERTIBLES INC,

LEASE EXPIRATION: 01/31/18

ADDRESS: ACCOUNTS PAYABLE

LEASE EXECUTED: 02/01/03

417 CROSSWAYS PK DRIVE

SQUARE FEET: 11,330

WOODBURY

NY 11797

SECURITY TYPE:

SECURITY DEPOSIT: 0.00

EXECUTIVE:

1ST BROKER:

NOTICE:

TELEPHONE:

2ND BROKER:

ADDRESS:

CONTACT:

FEDERAL ID NO.:

TELEPHONE:

COMMENTS:

\*\*RENTAL\*\*

CD	DESCRIPTION	SQ FEET	ST. DATE	END DATE	BASE PER EFF DATE	BASE AMT BILLING AMT	ANNUAL AMT	PER SQ FOOT	RATIO	PAID	FLOOR
	CURRENT BASE RENT	11,330				19,282.08	231,384.96	20.4223		M	
R	INCREASE	11,330	02/01/08			18,175.21	218,102.52	19.2500		M	
		11,330	02/01/09			18,720.46	224,645.52	19.8275		M	
		11,330	02/01/10			19,282.08	231,384.96	20.4223		M	
	&	11,330	02/01/11			19,860.54	238,326.48	21.0350		M	
	&	11,330	02/01/12			20,456.36	245,476.32	21.6660		M	
	&	11,330	02/01/13			21,070.05	252,840.60	22.3160		M	
	&	11,330	02/01/14			21,702.15	260,425.80	22.9855		M	
	&	11,330	02/01/15			22,353.21	268,238.52	23.6751		M	
	&	11,330	02/01/16			23,023.81	276,285.72	24.3853		M	
	&	11,330	02/01/17			23,714.52	284,574.24	25.1169		M	
CO	RENT CONCESSION	11,330	02/01/08	02/28/08	00/00/00	0.00			0.0000	M	0.00
	&				02/01/08	18,175.21-	218,102.52-	19.2500-			
TS	SCHOOL TAX PRORATA	11,330	09/01/96	01/31/08	00/00/00	80,671.34			42.0000	S	0.00
	&				07/01/06	N/A	31,025.28				
TS	SCHOOL TAXES	11,330	02/01/08	01/31/18	07/01/07	160,011.30			28.3300	S	0.00
					07/01/09	N/A	5,496.35				
TT	TOWN TAX PRORATA	11,330	09/01/96	01/31/08	00/00/00	71,017.54			42.0000	S	0.00
	&				01/01/08	N/A	24,004.51				
TT	TOWN TAXES	11,330	02/01/08	01/31/18	01/01/08	128,171.14			28.3300	S	0.00
					01/01/10	N/A	2,816.17				
**	GROSS RENT **	11,330				19,282.08	294,727.27	26.0130		M	

\*\*OPTIONS\*\*

NUMBER	NOTICE DATE	EFF. DATE	DESCRIPTION
000 MEMO			\$18,175.21 CREDIT TOWARDS 1ST MONTHS RENT

W O O D B U R Y O F F I C E M A N A G E M E N T

PROCESSING DATE: 04/21/10

\*\*\* LEASEABS - TENANT LEASE ABSTRACT REPORT \*\*\*

PAGE: 2

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\*-NEXT TO TENANT ID INDICATES DELETED

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TENANT NO: TG -JENN2

COMMENCEMENT: 09/01/96

\*\*\*\*\* AMENDMENT DATES \*\*\*\*\*

NAME: JENNIFER CONVERTIBLES INC,

LEASE EXPIRATION: 01/31/18

\*\*OPTIONS\*\*

NUMBER		NOTICE DATE	EFF. DATE	DESCRIPTION
000	MEMO			STANDARD SIGNAGE ON ENTRANCE DOORS AT TENANTS EXP AND UPON OWNERS APPROVAL. TENANT CAN BE LISTED ON EXTERIOR SIGN AT TENANTS EXPENSE.
000	MEMO			TENANT RESPONSIBLE FOR CLEANING OF EXERCISE ROOM
000	MEMO			2 OPTIONS TO CANCEL LEASE EFFECTIVE 1/31/13 OR 1/31/15 PROVIDED TENANT HAS DELIVERED WRITTEN NOTICE TO LL NO LATER THAN 1/31/11 OR 1/31/13
001	OPTION TO RENEW			1-5 year option, 9 month written notice prior to 1/31/08 no default 14,790/sq=17.50/sf 1,8520/sf=8.00/sf
002	RNWL DTE NOTICE			9 months prior to 1/31/2008
ABS	ABSTRACTED BY			MHH&H 3/3/2005
BKT	BROKER - TENANT			N/A
COL	COLLECTIONS	12/04/08	12/04/08	CALLED AND LEFT MESS FOR ED SEIDER, ADVISED I WAS CALLING IN REGARDS TO OPEN RENT FROM NOV 08 AND TO CALL ME BACK ASAP!
COL	COLLECTIONS	12/08/08	12/08/08	LEFT AN URGENT V.MAIL FOR ED SEIDER TO CALL ME BAC K ASAP. DEMANDED WE COLLECT THE \$37K OPEN ASAP!
COL	COLLECTIONS	01/21/09	01/21/09	AS BH, DG AND BS ADVSD - HAVE BW CALL FOR THE JAN RENT, IF NO RENT IS RECEIVED BY THE END OF THE MON THEN A DEMAND NOTICE WILL BE SENT. EMAIL TO BW TO P/U WITH ED SEIDNER.
HOR	HOLDOVER RENT			125% monthly rate. If in good faith negotiations to renew lease, this shall not apply until 90 days after expiration or 30 days after negotiations end.
INS	INSURANCE			G/L \$3,000,000 AS PER AMENDMENT #1

W O O D B U R Y O F F I C E M A N A G E M E N T

PROCESSING DATE: 04/21/10

\*\*\* LEASEABS - TENANT LEASE ABSTRACT REPORT \*\*\*

PAGE: 3

PROPERTY: TG -415 CROSSWAYS PARK DRIVE

\*-NEXT TO TENANT ID INDICATES DELETED

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TENANT NO: TG -JENN2

COMMENCEMENT: 09/01/96

\*\*\*\*\* AMENDMENT DATES \*\*\*\*\*

NAME: JENNIFER CONVERTIBLES INC,

LEASE EXPIRATION: 01/31/18

\*\*OPTIONS\*\*

NUMBER	NOTICE DATE	EFF. DATE	DESCRIPTION
			Copy of Certificate:
LTE	LATE CHARGES		Prime plus 2% per annum / 10 days, but in any eveny not less than \$25 per occurrence.
MSC	MISCELLANEOUS		The 1,850 square feet of storage space can be recaptured by landlord at any time with 3 months written notice. Pro rata share would then be reduced to 37%. Upon recapture, Rent reduces to 244,035.00/annum.
PKG	PRKG SPCE/LEASE		70 total, 6 reserved
PKG	PRKG SPCE/LEASE		PROPORTIONATE SHARE OF PARKING SPACES PLUS 4 RESERVED SPACES
PKM	MONTHLY PARKING		N/A
RCA	ADDITIONAL RENT		N/A
RCE	ELECTRIC		Tenant shall pay utility directly.
RCT	REAL ESTATE TAX		SCHOOL TAXES 2007/2008 BASE YEAR, TOWN TAXES 2008 BASE YEAR. PRO RATA SHARE REDUCED TO 28.33%
RCT	REAL ESTATE TAX		PRO RATA SHARE REDUCED TO 28.33% AS PER 1ST AMENDMENT
RCU	UTILITIES		TENANTS ELECTRIC/GAS DIRECTLY METERED FROM UTILITY COMPANY. WATER SUPPLIED BY OWNER AT OWNERS EXP
RFR	RIGHT 1ST RFSL		N/A
RTR	RIGHT TO RELCTE		N/A
RTT	RIGHT TO TERMNT		N/A

W O O D B U R Y O F F I C E M A N A G E M E N T

PROCESSING DATE: 04/21/10

\*\*\* LEASEABS - TENANT LEASE ABSTRACT REPORT \*\*\*

PAGE: 4

PROPERTY: TG -415 CROSSWAYS PARK DRIVE

\*-NEXT TO TENANT ID INDICATES DELETED

&-NEXT TO TENANT ID INDICATES FUTURE

TENANT NO: TG -JENN2

COMMENCEMENT: 09/01/96

\*\*\*\*\* AMENDMENT DATES \*\*\*\*\*

NAME: JENNIFER CONVERTIBLES INC,

LEASE EXPIRATION: 01/31/18

\*\*OPTIONS\*\*

<u>NUMBER</u>	<u>NOTICE DATE</u>	<u>EFF. DATE</u>	<u>DESCRIPTION</u>
SAT	SATURDAY HOURS		N/A



LEASE MEMO (WD) LONG ISLAND DIVISION						
Leasing Rep:			Date Prepared: 5/24/10			
Tenant Name		Jennifer Convertibles Inc				
Building/Suite		Building: 417 Crossways Park Drive			Suite: 1417	
IBS Type/Use/REX Code		IBS Type: O		Use: Offices for furniture Company		REX Code: 0170
Type of Transaction		<input type="checkbox"/> New Lease <input type="checkbox"/> Early Renewal <input type="checkbox"/> Renewed at LED <input type="checkbox"/> Early Renewal Contraction <input type="checkbox"/> Expansion <input type="checkbox"/> Early Termination <input checked="" type="checkbox"/> Other – First Amendment to & Partial Lease Surrender Agreement				
Transaction Description		TT originally leased 16,640 RSF including storage space. First Amendment and Partial Surrender Agreement reduces this space to 11,330 RSF, and extends term 10-years on remainder premises.				
Document/Date		Document			Date	
		First Amendment & Partial Lease Surrender Agreement Agreement of Lease			11/13/07 02/01/03	
RSF Leased		RSF: 11,330		USF: NAV		Loss Factor: %
Previous/Current Tenant(s)		Tenant ID	Suite	RSF	USF	Term Expiration / Date Vacated
Name: Jennifer Convertibles Inc		JENN2	NM	11,330	NM	1/31/18
		Note: Electric exclusive – direct meter				
SQUARE FOOTAGE RECONCILIATION						
Type	Stack	Suite/Location	Beginning RSF	Adjustment	Ending RSF	Comments
OIR						
Non OIR						
Dates and Term:		Date	Comments			
Substantial Completion Date		NAP				
Term Commencement Date		2/1/08	All Fixed Dates per 1 <sup>st</sup> Amendment / Partial Surrender Agreement			
Rent Commencement Date		2/1/08				
Lease Expiration Date		1/31/18				
Term (No. of Years)		10 yrs				
Comment:						
Rent	Lease Years		Rate/RSF	Monthly	Annual	
	2/1/08 – 1/31/09		\$19.25	\$18,175.21	\$218,102.52	
	2/1/09 – 1/31/10		\$19.83	\$18,720.46	\$224,645.52	
	2/1/10 – 1/31/11		\$20.42	\$19,282.08	\$231,384.94	
	2/1/11 – 1/31/12		\$21.03	\$19,860.54	\$238,326.49	
	2/1/12 – 1/31/13		\$21.67	\$20,456.36	\$245,476.29	
	2/1/13 – 1/31/14		\$22.32	\$21,070.05	\$252,840.57	
	2/1/14 – 1/31/15		\$22.99	\$21,702.15	\$260,425.79	
	2/1/15 – 1/31/16		\$23.68	\$22,353.21	\$268,238.56	
	2/1/16 – 1/31/17		\$24.39	\$23,023.81	\$276,285.72	
	2/1/17 – 1/31/18		\$25.12	\$23,714.52	\$284,574.29	
Exclusive electric – Direct Meter to Utility Company						
Cash Average Rent: \$22.70						
Rental Abatement	\$18,175.21 to be applied to the 1 <sup>st</sup> instalment of Rent of the Extension Term					
Additional Rent	Real Estate Tax Escalations					
Late Fee	<b>Article 3.4 of Lease Agreement</b> Rent not paid within 10-days, the amount due shall be added to prime rate (established by Citibank) plus 2% per annum of unpaid amount, with a minimum charge of \$25.00 per occurrence					

Tenant: Jennifer Convertibles Inc  
Lease Memo: 417 Crossways Park Drive  
Date Prepared: 5/24/10

Work Letter Budget	Type	Amount	Type	Amount
NAV	<input type="checkbox"/> Turnkey		<input type="checkbox"/> Allowance	
	<input type="checkbox"/> Extra		<input type="checkbox"/> Cost Plus	
	<input type="checkbox"/> Other		<input type="checkbox"/> No Cost	
	T.I.	= rsf	LL	= rsf
Direct Cost				
RXR Fee				
Transaction Totals			Transaction Total	Transaction Total = rsf
<b>Comment: NAV</b>				
Space Planning Fee	NAP			
Security Deposit	Amount	Original Security Deposit: \$20,627.29		Form Cash
		Current Balance: \$0.00 per CLK abstracts and Security Deposit Schedule		
Interest	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Admin Fee	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Other Guarantees	NM			
Broker Fees:	Company	Amount	Individual	
Outside Broker	CLK/Houlihan-Pamers	NM	NM	
	Renewal: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Expansion: <input type="checkbox"/> Yes <input type="checkbox"/> No		
	Amount	PSF	Payment #1 Due	Payment #2 Due
Outside Broker	\$	\$		
Exclusive Broker	0	0		
RXR Fee	\$	\$		
Total for Transaction	0	0		
<b>Comment: Broker comm. Per separate agreement – not provided.</b>				
REX Sales Person	NM			
REX Architect	NM			
Base Years:	Re Taxes:	Article 3 of Lease		TPS: 28.33%
		2008 Town/County Tax		
		2007/2008 School/Village Tax		
		Pro rata share based 40,000 SF Building Total		
Operating:		NAP		TPS:
CAM Cap	NAP			
Tenant's Electric	<input type="checkbox"/> Inclusive <input checked="" type="checkbox"/> Exclusive			
	Per Schedule ( )			
	Rate:	Hours: /week	Allowable Use:	
	OT Service:			
	Excess Service: \$			
	Equipment Energy: \$			
	Charge to Change Work in Hours	<input type="checkbox"/> Yes: <input type="checkbox"/> No		
	Comments:			
Read and billed by Landlord	Submeter(s)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	TBD	
	<input type="checkbox"/> Existing Meter <input type="checkbox"/> To be installed by LL			
	Rate Prior to Installation:	Rate After Installation:		
	Admin Fee: <input type="checkbox"/> Yes <input type="checkbox"/> No	Amt:		
	Comments:			
Read and billed by Utility Company	Directly Metered	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	Comment: Gas and Electric directly metered.			

NAV = Not Available TBD = To be determined  
NAP = Not Applicable NM = Not Mentioned

Tenant: Jennifer Convertibles Inc  
Lease Memo: 417 Crossways Park Drive  
Date Prepared: 5/24/10

<b>Common Area Electric</b>		<input type="checkbox"/> Submeter		<input type="checkbox"/> Fixed Rate		<input checked="" type="checkbox"/> NAP	
		Admin Fee: <input type="checkbox"/> Yes <input type="checkbox"/> No		Amt:			
		<input type="checkbox"/> Included in Operating Expense		<input type="checkbox"/> Billed as Additional Rent			
		Comment:					
<b>Energy Provided</b>		<input type="checkbox"/> Electric		<input type="checkbox"/> Natural gas		<input type="checkbox"/> Oil	
						<input checked="" type="checkbox"/> Other – Water @ LL's cost	
<b>Working Hours</b>		Directly Metered		Directly Metered			
		NM					
<b>OT HVAC Rate</b>		<input type="checkbox"/> \$ /Hour		<input type="checkbox"/> TBD (LL's reasonable cost)		<input checked="" type="checkbox"/> NAP	
		Comment:					
<b>LL permitted to Survey</b>		<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No			
<b>Density</b>		NM					
<b>Supplemental HVAC</b>		<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No		Location:	
<b>Service Contract on HVAC Equip.</b>		<input type="checkbox"/> Yes		<input type="checkbox"/> No		NM	
<b>Light bulbs</b>		<input type="checkbox"/> LL's Cost		<input checked="" type="checkbox"/> Tenant's Cost			
		Comments: TT to make all non-structural repairs, not including bathroom and plumbing					
<b>Tenant's Options</b>	<b>Yes</b>	<b>No</b>	<b>See Comments Below</b>	<b>Permitted by Document</b>	<b>Status (In effect, deleted, etc.)</b>		
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Expansion				
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Renewal				
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cancellation	First Amendment	See – comments below		
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Right of First Offer				
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Right of First Refusal				
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Relocation				
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Purchase Option				
<b>Options On Tenant's Space</b>		NM					
<b>Use of Premises</b>		Office					
<b>Assignment and Subletting</b>							
		<b>Article 22 of Lease-</b> No assignment or subletting without LL's prior written consent, except TT may sublease 25% of the Demised Premises provided TT gives notice to the LL of such sublease. LL shall have right of first refusal to recapture the leased premises, prior to any sublet or assignment. If 25% or more is sublet or assigned than LL is entitled to 50% profits.					
<b>Insurance</b>							
		LL as add'l insured <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Days notice prior to cancellation: 20			
		<b>Article 6 of 1<sup>st</sup> Amend:</b> Coverage required: 1. \$3,000,000.00 combined single limit coverage for injury, death, and for property damage 2. Fire insurance on Tenant's property for the full replacement value 3. Workers Compensation and employees liability insurance 4. Boiler Insurance for \$500,000					
<b>Cleaning Cost</b>		<input checked="" type="checkbox"/> Landlord's		<input type="checkbox"/> Tenant's			
		Comment: TT responsible for cleaning exercise room					
<b>Directory Listings</b>		NM					
<b>Signage</b>							
		<b>Article 29 of lease –</b> Standard Sign of Entrance Door at TT expense subject to LL approval & listed on the exterior illuminated sign at TT expense.					

Tenant: Jennifer Convertibles Inc  
Lease Memo: 417 Crossways Park Drive  
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<b>Parking</b>	<input checked="" type="checkbox"/> LL's Cost: <input type="checkbox"/> Tenant's Cost:	
	<input type="checkbox"/> Indoor:	<input type="checkbox"/> Outdoor
	# Non-Reserved:	# Reserved: 4 Total #: NAV
	Comment: Unassigned, non-reserved basis, but no more than TT's Proportionate share of parking space in common surface parking facilities at the building.	
<b>Amenities</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	Comment:	
<b>Damage and Destruction</b>	Article 11 of Lease	
<b>Roof Responsibility</b>	<input checked="" type="checkbox"/> LL's Cost <input type="checkbox"/> Tenant's Cost	
<b>Holdover Rate</b>	Article 29 of Lease	
	TT shall pay 125% of Annual Basic Rent	
<b>Credit Or Financial Report</b>	Date:	Copy enc.:
<b>Environmental Report</b>	Date:	Copy enc.:
<b>Contact Person</b>	Pre-Occupancy:	Occupancy:
Name		See property management for tenant
Phone		contacts
Fax		
<b>Notices to:</b>		
Address	To Tenant at Demised Premises with copy to the following: Law Office of Bernard Wincig 574 Fifth Avenue New York, NY 10036 Attn: Bernard Wincig	
<b>Method:</b>	Certified mail and prepaid postage or by Fedex or comparable courier.	

#### COMMENTS

**Termination Options (Section 31.1 – 1<sup>st</sup> Amend.)** – TT has 2 options to cancel lease on 1/31/2013 or 1/31/2015. TT must deliver written notice to LL no later than 1/31/2011 for the first option and no later than 1/31/2013 for the second.

**Storage Space (Article 3 of Lease)** – 1,850 SF of storage space can be recaptured by LL at any time with 3 months notice in writing. Rent would reduce by \$8.00 per SF.

**Tenant Alterations – Article 6**– Tenant, at TT's expense, may make non-structural alterations to the DP, with LL's prior written consent. TT shall provide to LL (i) liability insurance from the contractor doing the work for no less than \$1,000,000.00, naming LL as additional insured (ii) Workers Compensation Insurance for all workers doing work to the DP. (iii) an agreement with contractor to remove all debris from the premises by 6:00 p.m. each day.

#### Long Island Distribution

Bauer, Ken	Rich, F.D.	Moran, Rob	Stoll, Ingrid
Belding, Brandy	Ferrentino, Lauren	Peyser, Kristina	Stone, Christine
Bruton, Amy	Hyman, Douglas	Rupolo, Joseph	Wenz, Carlton
DiMaio, Gerri	McMahon, Michael	Schiraldi, Marion	Williams, Shanna

Submitted by: Larry Beck, Brandy Belding  
Version – 08-20-07

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