

STANDARD FORM OF LOFT LEASE
The Real Estate Board of New York, Inc.

9/99

Agreement of Lease, made as of this 13th day of November in the year 2012, between

MANHATTAN PROPERTIES COMPANY

party of the first part, hereinafter referred to as OWNER, and JAY FRANCO & SONS, INC., A New York Corporation having offices at 295 Fifth Avenue, New York, New York 10016

party of the second part, hereinafter referred to as TENANT,

Witnesseth: Owner hereby leases to Tenant and Tenant hereby hires from Owner Bays 8 through 17 on the 3rd Floor, Room 312, as shown on the floor plan hereto attached and made part of the Lease (the "premises" or the "demised premises"); in the building known as the Textile Building, 295 Fifth Avenue, (the "building" or Building") in the Borough of Manhattan, City of New York, for the term of

SEVEN (7) YEARS

(or until such term shall sooner cease and expire as hereinafter provided) to commence on the

1st day of February in the year 2013, and to end on the 31st day of January in the year 2020

both dates inclusive, at the applicable annual rental rate set forth in Paragraph A of Article 38 of this Lease, plus (a) if electricity energy shall be furnished to the demised premises on a submetering basis, additional rent pursuant to Article 38, and (b) escalation rent pursuant to Article 39,

which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance on the first day of each month during said term, at the office of Owner or such other place as Owner may designate, without any setoff or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

In the event that, at the commencement of the term of this lease, or thereafter, Tenant shall be in default in the payment of rent to Owner pursuant to the terms of another lease with Owner or with Owner's predecessor in interest, Owner may at Owner's option and without notice to Tenant add the amount of such arrears to any monthly installment of rent payable hereunder, and the same shall be payable to Owner as additional rent.

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

Rent: 1. Tenant shall pay the rent as above and as hereinafter provided.
Occupancy: 2. Tenant shall use and occupy the demised premises for offices and showroom for the wholesale sale of home textile products; provided such use is in accordance with the certificate of occupancy for the building, if any, and for no other purpose.

Alterations: 3. Tenant shall make no changes in or to the demised premises of any nature without Owner's prior written consent. Subject to the prior written consent of Owner, and to the provisions of this article, Tenant, at Tenant's expense, may make alterations, installations, additions or improvements which are non-structural and which do not affect utility services or plumbing and electrical lines, in or to the interior of the demised premises, using contractors or mechanics first approved in each instance by Owner. Tenant shall, at its expense, before making any alterations, additions, installations or improvements obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof, and shall deliver promptly duplicates of all such permits, approvals and certificates to Owner. Tenant agrees to carry, and will cause Tenant's contractors and sub-contractors to carry, such worker's compensation, general liability, personal and property damage insurance as Owner may require. If any mechanic's lien is filed against the demised premises, or the building of which the same forms a part, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this article, the same shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's expense, by payment or filing a bond as permitted by law. All fixtures and all paneling, partitions, railings and like installations, installed in the demised premises at any time, either by Tenant or by Owner on Tenant's behalf, shall, upon installation, become the property of Owner and shall remain upon and be surrendered with the demised premises unless Owner, by notice to Tenant no later than twenty (20) days prior to the date fixed as the termination of this lease, elects to relinquish Owner's right thereto and to have them removed by Tenant, in which event the same shall be removed from the demised premises by Tenant prior to the expiration of the lease, at Tenant's expense. Nothing in this article shall be construed to give Owner title to, or to prevent Tenant's removal of, trade fixtures, moveable office furniture and equipment, but upon removal of same from the demised premises, or upon removal of other installations as may be required by Owner, Tenant shall immediately, and at its expense, repair and restore the demised premises to the condition existing prior to any such installations, and repair any damage to the demised premises or the building due to such removal. All property permitted or required to be removed by Tenant at the end of the term remaining in the demised premises after Tenant's removal shall be deemed abandoned and may, at the election of Owner, either be retained as Owner's property or removed from the demised premises by Owner, at Tenant's expense.

thereof incurred by Owner shall be collectible, as additional rent, after rendition of a bill or statement therefor. If the demised premises be or become infested with vermin, Tenant shall, at its expense, cause the same to be exterminated. Tenant shall give Owner prompt notice of any defective condition in any plumbing, heating system or electrical lines located in the demised premises and following such notice, Owner shall remedy the condition with due diligence, but at the expense of Tenant, if repairs are necessitated by damage or injury attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees as aforesaid. Except as specifically provided in Article 9 or elsewhere in this lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner, Tenant or others making or failing to make any repairs, alterations, additions or improvements in or to any portion of the building or the demised premises, or in and to the fixtures, appurtenances or equipment thereof. It is specifically agreed that Tenant shall not be entitled to any setoff or reduction of rent by reason of any failure of Owner to comply with the covenants of this or any other article of this lease. Tenant agrees that Tenant's sole remedy at law in such instance will be by way of an action for damages for breach of contract. The provisions of this Article 4 with respect to the making of repairs shall not apply in the case of fire or other casualty with regard to which Article 9 hereof shall apply.

Window Cleaning: 5. Tenant will not clean nor require, permit, suffer or allow any window in the demised premises to be cleaned from the outside in violation of Section 202 of the New York State Labor Law or any other applicable law, or of the Rules of the Board of Standards and Appeals, or of any other Board or body having or asserting jurisdiction.

Requirements of Law, Fire Insurance, Floor Loads: 6. Prior to the commencement of the lease term, if Tenant is then in possession, and at all times thereafter, Tenant shall, at Tenant's sole cost and expense, promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of the New York Board of Fire Underwriters, Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, whether or not arising out of Tenant's use or manner of use thereof, or, with respect to the building, if arising out of Tenant's use or manner of use of the demised premises of the building (including the use permitted under the lease). Except as provided in Article 30 hereof, nothing herein shall require Tenant to make structural repairs or alterations unless Tenant has, by its manner of use of the demised premises or method of operation therein, violated any such laws, ordinances, orders, rules, regulations or requirements with respect thereto. Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner. Tenant shall not keep anything in the demised premises except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization and other authority having jurisdiction, and then only in such manner and such quantity so as not to increase the rate for fire insurance applicable to the building, nor use the demised premises in a manner which will increase the insurance rate for the building or any

Repairs: 4. Owner shall maintain and repair the exterior of the public portions of the building. Tenant shall, throughout the term of this lease, take good care of the demised premises including the bathrooms and lavatory facilities (if the demised premises encompass the entire floor of the building), the windows and window frames, and the fixtures and appurtenances therein, and at Tenant's sole cost and expense promptly make all repairs thereto and to the building, whether structural or non-structural in nature, caused by, or resulting from, the carelessness, omission, neglect or improper conduct of Tenant, Tenant's servants, employees, invitees, or licensees, and whether or not arising from Tenant's conduct or omission, when required by other provisions of this lease, including Article 6. Tenant shall also repair all damage to the building and the demised premises caused by the moving of Tenant's fixtures, furniture or equipment. All the aforesaid repairs shall be of quality or class equal to the original work or construction. If Tenant fails, after ten (10) days notice, to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Owner at the expense of Tenant, and the expenses

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property located therein over that in effect prior to the commencement of Tenant's occupancy. If by reason of failure to comply with the foregoing the fire insurance rate shall, at the beginning of this lease or at any time thereafter, be higher than it otherwise would be, then Tenant shall reimburse Owner, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Owner which shall have been charged because of such failure by Tenant. In any action or proceeding wherein Owner and Tenant are parties, a schedule or "make-up" or rate for the building or demised premises issued by a body making fire insurance rates applicable to said premises shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates then applicable to said premises. Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Owner reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Owner's judgement, to absorb and prevent vibration, noise and annoyance.

Subordination: 7. This lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the demised premises are a part, and to all renewals, modifications, consolidations, replacements and extensions of any such underlying leases and mortgages. This clause shall be self-operative and no further instrument of subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the real property of which the demised premises are a part. In confirmation of such subordination, Tenant shall from time to time execute promptly any certificate that Owner may request.

Tenant's Liability Insurance Property Loss, Damage, Indemnity: 8. Owner or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for loss of, or damage to, any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by, or due to, the negligence of Owner, its agents, servants or employees; Owner

or its agents shall not be liable for any damage caused by other tenants or persons in, upon or about said building or caused by operations in connection of any private, public or quasi public work. If at any time any windows of the demised premises are temporarily closed, darkened or bricked up (or permanently closed, darkened or bricked up, if required by law) for any reason whatsoever including, but not limited to, Owner's own acts, Owner shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor nor abatement or diminution of rent, nor shall the same release Tenant from its obligations hereunder nor constitute an eviction. Tenant shall indemnify and save harmless Owner against and from all liabilities, obligations, damages, penalties, claims, costs and expenses for which Owner shall not be reimbursed by insurance, including reasonable attorney's fees, paid, suffered or incurred as a result of any breach by Tenant, Tenant's agents, contractors, employees, invitees, or licensees, of any covenant or condition of this lease, or the carelessness, negligence or improper conduct of Tenant, Tenant's agents, contractors, employees, invitees or licensees. Tenant's liability under this lease extends to the acts and omissions of any subtenant, and any agent, contractor, employee, invitee or licensee of any subtenant. In case any action or proceeding is brought against Owner by reason of any such claim, Tenant, upon written notice from Owner, will, at Tenant's expense, resist or defend such action or proceeding by counsel approved by Owner in writing, such approval not to be unreasonably withheld.

Destruction, Fire and Other Casualty: 9. (a) If the demised premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give immediate notice thereof to Owner 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, Owner, and the rent and other items of additional rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty according to the part of the demised premises which is usable. (c) If the demised premises are totally damaged or rendered wholly unusable by fire or other casualty, then the rent and other items of additional rent as hereinafter expressly provided shall be proportionately paid up to the time of the casualty and thenceforth shall cease until the date when the demised premises shall have been repaired and restored by Owner (or sooner reoccupied in part by Tenant then rent shall be apportioned as provided in subsection (b) above), subject to Owner's 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 Owner shall decide to demolish it or to rebuild it, then, in any of such events, Owner may elect to terminate this lease by written notice to Tenant, given within ninety (90) days after such fire or casualty, or thirty (30) days after adjustment of the insurance claim for such fire or casualty, whichever is sooner, specifying a date for the expiration of the lease, which date shall not be more than sixty (60) days after the giving of such notice, and upon the date specified in such notice 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 demised premises without prejudice however, to Owner'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 Owner shall serve a termination notice as provided for herein, Owner 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 Owner's control. After any such casualty, Tenant shall cooperate with Owner's restoration by removing from the demised premises as promptly as reasonably possible, all of Tenant's salvageable inventory and movable equipment, furniture, and other property. Tenant's liability for rent shall resume five (5) days after written notice from Owner that the demised premises are substantially ready for Tenant's


occupancy. (e) Nothing contained hereinabove shall relieve Tenant from liability that may exist as a result of damage from fire or other casualty. Notwithstanding the foregoing, including Owner's obligation to restore under subparagraph (b) above, 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 collectible, and to the extent permitted by law, Owner and Tenant each hereby releases and waives all right of recovery with respect to subparagraphs (b), (d) and (e) above, against the other or any one claiming through or under each of them by way of subrogation or otherwise. The release and waiver herein referred to shall be deemed to include any loss or damage to the demised premises and/or to any personal property, equipment, trade fixtures, goods and merchandise located therein. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance. If, and to the extent, that such waiver can be obtained only by the payment of additional premiums, then the party benefitting from the waiver shall pay such premium within ten (10) days after written demand or shall be deemed to have agreed that the party obtaining insurance coverage shall be free of any further obligation under the provisions hereof with respect to waiver of subrogation. Tenant acknowledges that Owner 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 Owner 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.

Eminent Domain: 10. If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding and Tenant shall have no claim for the value of any unexpired term of said lease. Tenant shall have the right to make an independent claim to the condemning authority for the value of Tenant's moving expenses and personal property, trade fixtures and equipment, provided Tenant is entitled pursuant to the terms of the lease to remove such property, trade fixtures and equipment at the end of the term, and provided further such claim does not reduce Owner's award.

Assignment, Mortgage, Etc.: 11. Tenant, for itself, its heirs, distributees, executors, administrators, legal representatives, successors and assigns, expressly covenants that it shall not assign, mortgage or encumber this agreement, nor underlet, or suffer or permit the demised premises or any part thereof to be used by others, without the prior written consent of Owner in each instance. Transfer of the majority of the stock of a corporate Tenant or the majority partnership interest of a partnership Tenant shall be deemed an assignment. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant, Owner may, after default by Tenant, collect rent from the assignee, undertenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, undertenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Owner to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Owner to any further assignment or underletting.

Electric Current: 12. Rates and conditions in respect to submetering or rent inclusion, as the case may be, to be added in RIDER attached hereto. Tenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the building or the risers or wiring installation, and Tenant may not use any electrical equipment which, in Owner's opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other tenants of the building. The change at any time of the character of electric service shall in no wise make Owner liable or responsible to Tenant, for any loss, damages or expenses which Tenant may sustain.

Access to Premises: 13. Owner or Owner's agents shall have the right (but shall not be obligated) to enter the demised premises in any emergency at any time, and, at other reasonable times, to examine the same and to make such repairs, replacements and improvements as Owner may deem necessary and reasonably desirable to any portion of the building, or which Owner may elect to perform in the demised premises after Tenant's failure to make repairs, or perform any work which Tenant is obligated to perform under this lease, or for the purpose of complying with laws, regulations and other directions of governmental authorities. Tenant shall permit Owner to use, maintain and replace pipes and conduits in and through the demised premises, and to erect new pipes and conduits therein provided, wherever possible, they are within walls or otherwise concealed. Owner may, during the progress of any work in the demised premises, take all necessary materials and equipment into said premises without the same constituting an eviction, nor shall Tenant be entitled to any abatement of rent while such work is in progress, nor to any damages by reason of loss or interruption of business or otherwise. Throughout the term hereof Owner shall have the right to enter the demised premises at reasonable hours for the purpose of showing the same to prospective purchasers or mortgagees of the building, and during the last twelve (12) months of the term for the purpose of showing the same to prospective tenants, and may, during the last six (6) months, place upon the demised premises the usual notices "To Let" and "For Sale" which notices Tenant shall permit to remain thereon without molestation. If Tenant is not present to open and permit an entry into the demised premises, Owner or Owner's agents may enter the same whenever such entry may be necessary or permissible by master key or forcibly, and provided reasonable care is exercised to safeguard Tenant's property, such entry shall not render Owner or its agents liable therefor, nor in any event shall the obligations of Tenant hereunder be affected. If during the last month of the term Tenant shall have removed all or substantially all of Tenant's property therefrom, Owner may immediately enter, alter, renovate or redecorate the demised premises without limitation or abatement of rent, or incurring liability to Tenant for any compensation, and such act shall have no effect on this lease or Tenant's obligation hereunder.

 Rider to be added if necessary.

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**Vault,
Vault Space,
Area:**

14. No vaults, vault space or area, whether or not enclosed or covered, not within the property line of the building is leased hereunder, anything contained in or indicated on any sketch, blue print or plan, or anything contained elsewhere in this lease to the contrary notwithstanding. Owner makes no representation as to the location of the property line of the building. All vaults and vault space and all such areas not within the property line of the building, which Tenant may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority or public utility, Owner shall not be subject to any liability, nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction. Any tax, fee or charge of municipal authorities for such vault or area shall be paid by Tenant, if used by Tenant, whether or not specifically leased hereunder.

Occupancy:

15. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy issued for the building of which the demised premises are a part. Tenant has inspected the demised premises and accepts them as is, subject to the riders annexed hereto with respect to Owner's work, if any. In any event, Owner makes no representation as to the condition of the demised premises and Tenant agrees to accept the same subject to violations, whether or not of record. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business, Tenant shall be responsible for, and shall procure and maintain, such license or permit.

Bankruptcy:

16. (a) Anything elsewhere in this lease to the contrary notwithstanding, this lease may be cancelled by Owner by sending of a written notice to Tenant within a reasonable time after the happening of any one or more of the following events: (1) the commencement of a case in bankruptcy or under the laws of any state naming Tenant as the debtor; or (2) the making by Tenant of an assignment or any other arrangement for the benefit of creditors under any state statute. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled to possession of the premises demised, but shall forthwith quit and surrender the demised premises. If this lease shall be assigned in accordance with its terms, the provisions of this Article 16 shall be applicable only to the party then owning Tenant's interest in this lease.

(b) It is stipulated and agreed that in the event of the termination of this lease pursuant to (a) hereof, Owner shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant, as and for liquidated damages, an amount equal to the difference between the rental reserved hereunder for the unexpired portion of the term demised and the fair and reasonable rental value of the demised premises for the same period. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four percent (4%) per annum. If the demised premises or any part thereof be relet by Owner for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the demised premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of the Owner to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

Default:

17. (1) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent; or if the demised premises becomes vacant or deserted, or if this lease be rejected under §365 of Title 11 of the U.S. Code (Bankruptcy Code); or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied by someone other than Tenant; or if Tenant shall be in default with respect to any other lease between Owner and Tenant; or if Tenant shall have failed, after five (5) days written notice, to re-deposit with Owner any portion of the security deposited hereunder which Owner has applied to the payment of any rent and additional rent due and payable hereunder; or if Tenant fails to move into or take possession of the demised premises within thirty (30) days after the commencement of the term of this lease, of which fact Owner shall be the sole judge; then in any one or more of such events, upon Owner serving a written fifteen (15) days notice upon Tenant specifying the nature of said default, and upon the expiration of said fifteen (15) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said fifteen (15) day period, and if Tenant shall not have diligently commenced during such default within such fifteen (15) day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, then Owner may serve a written five (5) days notice of cancellation of this lease upon Tenant, and upon the expiration of said five (5) days this lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Owner, but Tenant shall remain liable as hereinafter provided.

(2) If the notice provided for in (1) hereof shall have been given, and the term shall expire as aforesaid; or if Tenant shall be in default in the payment of the rent reserved herein or any item of additional rent herein mentioned, or any part of either, or in making any other payment herein required; then, and in any of such events, Owner may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise, and the legal representative of Tenant or other occupant of the demised premises, and remove their effects and hold the demised premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease, Owner may cancel and terminate such renewal or extension agreement by written notice.

**Remedies of
Owner and
Waiver of
Redemption:**

18. In case of any such default, re-entry, expiration and/or dispossession by summary proceedings or other wise, (a) the rent, and additional rent, shall become due thereupon and be paid up to the time of such re-entry, dispossession and/or expiration, (b) Owner may re-let the demised premises or any part or parts thereof, either in the name of Owner or otherwise, for a term or terms, which may at Owner's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent or charge a higher rental than that in this lease, (c) Tenant or the legal representatives of Tenant shall also pay to Owner as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and or covenanted to be paid and the net amount, if any, of the rents collected on account of the subsequent lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The failure of Owner to re-let the demised premises or any part or parts thereof shall not release or affect Tenant's liability for damages. In computing such liquidated damages there shall be added to the said deficiency such expenses as Owner may incur in connection with re-letting, such as legal expenses, reasonable attorneys' fees, brokerage, advertising, and for keeping the demised premises in good order or for preparing the same for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rent day specified in this lease, and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Owner to collect the deficiency for any subsequent month by a similar proceeding. Owner, in putting the demised premises in good order or preparing the same for re-rental may, at Owner's option, make such alterations, repairs, replacements, and/or decorations in the demised premises as Owner, in Owner's sole judgment, considers advisable and necessary for the purpose of re-letting the demised premises, and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Owner shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Tenant be entitled to receive any excess, if any, of such net rents collected over the sums payable by Tenant to Owner hereunder. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof, Owner shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Owner from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws.

**Fees and
Expenses:**

19. 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 any article of this lease, after notice if required, and upon expiration of the applicable grace period, if any, (except in an emergency), then, unless otherwise provided elsewhere in this lease, Owner may immediately, or at any time thereafter, and without notice, perform the obligation of Tenant thereunder. If Owner, in connection with the foregoing, or in connection with any default by Tenant in the covenant to pay rent hereunder, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorneys' fees, in instituting, prosecuting or defending any action or proceeding, and prevails in any such action or proceeding, then Tenant will reimburse Owner for such sums so paid or obligations incurred with interest and costs. The foregoing expenses incurred by reason of Tenant's default shall be deemed to be additional rent hereunder and shall be paid by Tenant to Owner within ten (10) days of rendition of any bill or statement to Tenant therefor. If Tenant's lease term shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Owner as damages.

**Building
Alterations
and
Management:**

20. Owner shall have the right, at any time, without the same constituting an eviction and without incurring liability to Tenant therefor, to change the arrangement and or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the building, and to change the name, number or designation by which the building may be known. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or other Tenant making any repairs in the building or any such alterations, additions and improvements. Furthermore, Tenant shall not have any claim against Owner by reason of Owner's imposition of any controls of the manner of access to the building by Tenant's social or business visitors, as Owner may deem necessary, for the security of the building and its occupants.

**No Representations
by
Owner:**

21. Neither Owner nor Owner's agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected, the demised premises, the rents, leases, expenses of operation, or any other matter or thing affecting or related to the demised premises or the building, except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this lease. Tenant has inspected the building and the demised premises and is thoroughly acquainted with their condition and agrees to take the same "as-is" on the date possession is tendered, and acknowledges that the taking of possession of the demised premises by Tenant shall be conclusive evidence that the said premises, and the building of which the same form a part, were in good and satisfactory condition at the time such possession was so taken, except as to latent defects. All understandings and agreements heretofore made between the parties hereto are merged in this contract, which alone fully and completely expresses the agreement between Owner and Tenant, and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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End of Term: 22. Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Owner the demised premises, "broom-clean", in good order and condition, ordinary wear and damages which Tenant is not required to repair as provided elsewhere in this lease excepted, and Tenant shall remove all its property from the demised premises. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this lease. If the last day of the term of this Lease, or any renewal thereof, falls on Sunday, this lease shall expire at noon on the preceding Saturday, unless it be a legal holiday, in which case it shall expire at noon on the preceding business day.

Quiet Enjoyment: 23. Owner covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions, on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless, to the terms and conditions of this lease including, but not limited to, Article 34 hereof, and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

Failure to Give Possession: 24. If Owner is unable to give possession of the demised premises on the date of the commencement of the term hereof because of the holding-over or retention of possession of any tenant, undertenant or occupants, or if the demised premises are located in a building being constructed, because such building has not been sufficiently completed to make the premises ready for occupancy or because of the fact that a certificate of occupancy has not been procured, or if Owner has not completed any work required to be performed by Owner, or for any other reason, Owner shall not be subject to any liability for failure to give possession on said date and the validity of the lease shall not be impaired under such circumstances, nor shall the same be construed in any wise to extend the term of this lease, but the rent payable hereunder shall be abated (provided Tenant is not responsible for Owner's inability to obtain possession or complete any work required) until after Owner shall have given Tenant notice that Owner is able to deliver possession in the condition required by this lease. If permission is given to Tenant to enter into possession of the demised premises, or to occupy premises other than the demised premises, prior to the date specified as the commencement of the term of this lease, Tenant covenants and agrees that such possession and/or occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except the obligation to pay the fixed annual rent set forth in page one of this lease. The provisions of this article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

No Waiver: 25. The failure of Owner to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or of any of the Rules or Regulations, set forth or hereafter adopted by Owner, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Owner of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach, and no provision of this lease shall be deemed to have been waived by Owner unless such waiver be in writing signed by Owner. No payment by Tenant, or receipt by Owner, of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Owner may accept such check or payment without prejudice to Owner's right to recover the balance of such rent or pursue any other remedy in this lease provided. All checks tendered to Owner as and for the rent of the demised premises shall be deemed payments for the account of Tenant. Acceptance by Owner of rent from anyone other than Tenant shall not be deemed to operate as an attornment to Owner by the payor of such rent, or as a consent by Owner to an assignment or subletting by Tenant of the demised premises to such payor, or as a modification of the provisions of this lease. No act or thing done by Owner or Owner's agents during the term hereby demised shall be deemed an acceptance of a surrender of said premises, and no agreement to accept such surrender shall be valid unless in writing signed by Owner. No employee of Owner or Owner's agent shall have any power to accept the keys of said premises prior to the termination of the lease, and the delivery of keys to any such agent or employee shall not operate as a termination of the lease or a surrender of the demised premises.

Waiver of Trial by Jury: 26. It is mutually agreed by and between Owner and Tenant that the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this lease, the relationship of Owner and Tenant, Tenant's use of or occupancy of demised premises, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Owner commences any proceeding or action for possession, including a summary proceeding for possession of the demised premises, Tenant will not interpose any counterclaim, of whatever nature or description, in any such proceeding, including a counterclaim under Article 4, except for statutory mandatory counterclaims.

Inability to Perform: 27. This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in no wise be affected, impaired or excused because Owner is unable to fulfill any of its obligations under this lease, or to supply, or is delayed in supplying, any service expressly or impliedly to be supplied, or is unable to make, or is delayed in making, any repairs, additions, alterations or decorations, or is unable to supply, or is delayed in supplying, any equipment, fixtures or other materials, if Owner is prevented or delayed from doing so by reason of strike or labor troubles, or any cause whatsoever beyond Owner's sole control including, but not limited to, government preemption or restrictions, or by reason of any rule, order or regulation of any department or subdivision thereof of any government agency, or by reason of the conditions which have been or are affected, either directly or indirectly, by war or other emergency.

Space to be filled in or deleted.

Bills and Notices: 28. Except as otherwise in this lease provided, a bill statement, notice or communication which Owner may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if, in writing, delivered to Tenant personally, or sent by registered or certified mail addressed to Tenant at the building of which the demised premises form a part, or at the last known residence address or business address of Tenant, or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Owner must be served by registered or certified mail addressed to Owner at the address first hereinabove given, or at such other address as Owner shall designate by written notice.

Water Charges: 29. If Tenant requires, uses or consumes water for any purpose in addition to ordinary lavatory purposes (of which fact Owner shall be the sole judge) Owner may install a water meter and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Owner for the cost of the meter and the cost of the installation. Throughout the duration of Tenant's occupancy, Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense. In the event Tenant fails to maintain the meter and installation equipment in good working order and repair (of which fact Owner shall be the sole judge) Owner may cause such meter and equipment to be replaced or repaired, and collect the cost thereof from Tenant as additional rent. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and in the event Tenant defaults in the making of such payment, Owner may pay such charges and collect the same from Tenant as additional rent. Tenant covenants and agrees to pay, as additional rent, the sewer rent, charge or any other tax, rent or levy which now or hereafter is assessed, imposed or a lien upon the demised premises, or the realty of which they are a part, pursuant to any law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, the water system or sewage or sewage connection or system. If the building, the demised premises, or any part thereof, is supplied with water through a meter through which water is also supplied to other premises, Tenant shall pay to Owner, as additional rent,

on the first day of each month, %
(\$ meter) of the total meter charges as Tenant's portion. Independently of, and in addition to, any of the remedies reserved to Owner hereinabove or elsewhere in this lease, Owner may sue for and collect any monies to be paid by Tenant, or paid by Owner, for any of the reasons or purposes hereinabove set forth.

Sprinklers: 30. Anything elsewhere in this lease to the contrary notwithstanding, if the New York Board of Fire Underwriters or the New York Fire Insurance Exchange or any bureau, department or official of the federal, state or city government recommend or require the installation of a sprinkler system, or that any changes, modifications, alterations, or additional sprinkler heads or other equipment be made or supplied in an existing sprinkler system by reason of Tenant's business, the location of partitions, trade fixtures, or other contents of the demised premises, or for any other reason, or if any such sprinkler system installations, modifications, alterations, additional sprinkler heads or other such equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate set by said Exchange or any other body making fire insurance rates, or by any fire insurance company, Tenant shall, at Tenant's expense, promptly make such sprinkler system installations, changes, modifications, alterations, and supply additional sprinkler heads or other equipment as required, whether the work involved shall be structural or non-structural in nature. Tenant shall pay to Owner as additional rent the sum of \$, on the first day of each month during the term of this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

Elevators, Heat, Cleaning: * 31. As long as Tenant is not in default under any the covenants of this lease, beyond the applicable grace period provided in this lease for the curing of such defaults, Owner shall: (a) provide necessary passenger elevator facilities on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (b) if freight elevator service is provided, same shall be provided only on regular business days, Monday through Friday inclusive, and on those days only between the hours of 9 a.m. and 12 noon and between 1 p.m. and 5 p.m.; (c) furnish heat, water and other services supplied by Owner to the demised premises, when and as required by law, on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (d) clean the public halls and public portions of the building which are used in common by all tenants. Tenant shall, at Tenant's expense, keep the demised premises, including the windows, clean and in order, to the reasonable satisfaction of Owner, and for that purpose shall employ person or persons, or corporations approved by Owner. Tenant shall pay to Owner the cost of removal of any of Tenant's refuse and rubbish from the building. Bills for the same shall be rendered by Owner to Tenant at such time as Owner may elect, and shall be due and payable hereunder, and the amount of such bills shall be deemed to be, and be paid as additional rent. Tenant shall, however, have the option of independently contracting for the removal of such rubbish and refuse in the event that Tenant does not wish to have same done by employees of Owner. Under such circumstances, however, the removal of such refuse and rubbish by others shall be subject to such rules and regulations as, in the judgment of Owner, are necessary for the proper operation of the building. Owner reserves the right to stop service of the heating, elevator, plumbing and electric systems, when necessary, by reason of accident or emergency, or for repairs, alterations, replacements or improvements, which in the judgment of Owner are desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed. If the building of which the demised premises are a part supplies manually operated elevator service, Owner may proceed diligently with alterations necessary to substitute automatic control elevator service without in any way affecting the obligations of Tenant hereunder.

*Freight: Business days 8 a.m. to 5 p.m. (NO SATURDAYS)

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Security: 32. Tenant has deposited with Owner the sum of \$20,000.00 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, Owner 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 sum which Owner may expend, or may be required to expend, by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency in the re-letting of the demised premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Owner. In the event that Tenant shall fully and faithfully comply with all of the terms, 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 Owner. In the event of a sale of the land and building or leasing of the building, of which the demised premises form a part, Owner shall have the right to transfer the security to the vendee or lessee, and Owner shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Owner 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 Owner. Tenant further covenants that it will not assign or encumber, or attempt to assign or encumber, the monies deposited herein as security, and that neither Owner nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Captions: 33. The Captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

Definitions: 34. The term "Owner" as used in this lease means only the owner of the fee or of the leasehold of the building, or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the building or of the land and building) of which the demised premises form a part, so that in the event of any sale or sales of said land and building or of said lease, or in the event of a lease of said building, or of the land and building, the said Owner shall be and hereby is entirely freed and relieved of all covenants and obligations of Owner hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser, at any such sale, or the said lessee of the building, or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any and all covenants and obligations of Owner hereunder. The words "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning. The term "rent" includes the annual rental rate whether so expressed or expressed in monthly installments, and "additional rent." "Additional rent" means all sums which shall be due to Owner from Tenant under this lease, in addition to the annual rental rate. The term "business days" as used in this lease, shall exclude Saturdays, Sundays and all days observed by the State or Federal Government as legal holidays, and those designated as holidays by the applicable building service union employees service contract, or by the applicable Operating Engineers contract with respect to HVAC service. Wherever it is expressly provided in this lease that consent shall not be unreasonably withheld, such consent shall not be unreasonably delayed.

Adjacent Excavation-Shoring: 35. If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, a license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building, of which demised premises form a part, from injury or damage,

Space to be filled in or deleted.
SEE ARTICLE 55 FOR TRANSFER OF SECURITY DEPOSITS FROM ROOM 310 AND ROOM 312
 ROOM 310 - \$6,000.00
 ROOM 312 - \$14,000.00

Attached Articles 38 through _____ are hereby incorporated into this Lease.
 (SEE ATTACHED RIDER)

In Witness Whereof, Owner and Tenant have respectively signed and sealed this lease as of the day and year first above written.

Witness for Owner:

MANHATTAN PROPERTIES COMPANY



By: Louis Lombardi Jr., Pres. & CEO
 JAY FRANCO & SONS, INC.

[L.S.]

Witness for Tenant

By: Joe N. Franco, President



ACKNOWLEDGEMENT

STATE OF NEW YORK,

SS.:

COUNTY OF _____

On the 30th day of JAN in the year 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared JOE N FRANCO, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the entity in which the individual(s) acted, executed the instrument.

NOTARY PUBLIC, State of New York
 No. 31-4716803
 Qualified in New York County
 Commission Expires Sept. 30, 2014

[Signature]
 NOTARY PUBLIC

and to support the same by proper foundations, without any claim for damages or indemnity against Owner, or diminution or abatement of rent.

Rules and Regulations: 36. Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations annexed hereto and such other and further reasonable Rules and Regulations as Owner or Owner's agents may from time to time adopt. Notice of any additional Rules or Regulations shall be given in such manner as Owner may elect. In case Tenant disputes the reasonableness of any additional Rules or Regulations hereafter made or adopted by Owner or Owner's agents, the parties hereto agree to submit the question of the reasonableness of such Rules or Regulations for decision to the New York office of the American Arbitration Association, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rules or Regulations upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice, in writing, upon Owner, within fifteen (15) days after the giving of notice thereof. Nothing in this lease contained shall be construed to impose upon Owner any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant, and Owner shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

Glass: 37. Owner shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Owner may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Owner. Bills for the premiums therefor shall be rendered by Owner to Tenant at such times as Owner may elect, and shall be due from, and payable by, Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

Estoppel Certificate: 37a. Tenant, at any time, and from time to time, upon at least ten (10) days prior notice by Owner, shall execute, acknowledge and deliver to Owner, and/or to any other person, firm or corporation specified by Owner, a statement certifying that this lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the dates to which the rent and additional rent have been paid, and stating whether or not there exists any default by Owner under this lease, and, if so, specifying each such default.

Directory Board Listing: 37b. If, at the request of, and as accommodation to, Tenant, Owner shall place upon the directory board in the lobby of the building, one or more names of persons or entities other than Tenant, such directory board listing shall not be construed as the consent by Owner to an assignment or subletting by Tenant to such persons or entities.

Successors and Assigns: 37c. The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Owner and Tenant and their respective heirs, distributees, executors, administrators, successors, and except as otherwise provided in this lease, their assigns. Tenant shall look only to Owner's estate and interest in the land and building for the satisfaction of Tenant's remedies for the collection of a judgement (or other judicial process) against Owner in the event of any default by Owner hereunder, and no other property or assets of such Owner (or any partner, member, officer or director thereof, disclosed or undisclosed), shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under, or with respect to, this lease, the relationship of Owner and Tenant hereunder, or Tenant's use and occupancy of the demised premises.

37d. Wherever reference is made to "Landlord" in the Rider annexed to this lease, such term shall have the same meaning as "Owner" as used in the printed portion of this Lease.



IMPORTANT - PLEASE READ



RULES AND REGULATIONS ATTACHED TO AND MADE A PART OF THIS LEASE IN ACCORDANCE WITH ARTICLE 36.

1. The sidewalks, entrances, driveways, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by Tenant or used for any purpose other than for ingress or egress from the demised premises and for delivery of merchandise and equipment in a prompt and efficient manner, using elevators and passageways designated for such delivery by Owner. There shall not be used in any space, or in the public hall of the building, either by Tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sideguards. If said premises are situated on the ground floor of the building, Tenant shall further, at Tenant's expense, keep the sidewalk and curb in front of said premises clean and free from ice, snow, dirt and rubbish.

2. The water and wash closets and plumbing fixtures shall not be used for any purposes other than those for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein, and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by Tenant, whether or not caused by Tenant, its clerks, agents, employees or visitors.

3. No carpet, rug or other article shall be hung or shaken out of any window of the building; and Tenant shall not sweep or throw, or permit to be swept or thrown, from the demised premises, any dirt or other substances into any of the corridors of halls, elevators, or out of the doors or windows or stairways of the building, and Tenant shall not use, keep, or permit to be used or kept, any foul or noxious gas or substance in the demised premises, or permit or suffer the demised premises to be occupied or used in a manner offensive or objectionable to Owner or other occupants of the buildings by reason of noise, odors, and or vibrations, or interfere in any way, with other tenants or those having business therein, nor shall any bicycles, vehicles, animals, fish, or birds be kept in or about the building. Smoking or carrying lighted cigars or cigarettes in the elevators of the building is prohibited.

4. No awnings or other projections shall be attached to the outside walls of the building without the prior written consent of Owner.

5. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the demised premises or the building, or on the inside of the demised premises if the same is visible from the outside of the demised premises, without the prior written consent of Owner, except that the name of Tenant may appear on the entrance door of the demised premises. In the event of the violation of the foregoing by Tenant, Owner may remove same without any liability, and may charge the expense incurred by such removal to Tenant. Interior signs on doors and directory tablet shall be inscribed, painted or affixed for Tenant by Owner at the expense of Tenant, and shall be of a size, color and style acceptable to Owner.

6. Tenant shall not mark, paint, drill into, or in any way deface any part of the demised premises or the building of which they form a part. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Owner, and as Owner may direct. Tenant shall not lay linoleum, or other similar floor covering, so that the same shall come in direct contact with the floor of the demised premises, and, if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

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

8. Freight, furniture, business equipment, merchandise and bulky matter of any description shall be delivered to and removed from the demised premises only on the freight elevators and through the service entrances and corridors, and only during hours, and in a manner approved by Owner. Owner reserves the right to inspect all freight to be brought into the building, and to exclude from the building all freight which violates any of these Rules and Regulations of the lease, of which these Rules and Regulations are a part.

9. Tenant shall not obtain for use upon the demised premises ice, drinking water, towel and other similar services, or accept barbering or bootblackening services in the demised premises, except from persons authorized by Owner, and at hours and under regulations fixed by Owner. Canvassing, soliciting and peddling in the building is prohibited and Tenant shall cooperate to prevent the same.

10. Owner reserves the right to exclude from the building all persons who do not present a pass to the building signed by Owner. Owner will furnish passes to persons for whom any Tenant requests same in writing. Tenant shall be responsible for all persons for whom it requests such pass, and shall be liable to Owner for all acts of such persons. Notwithstanding the foregoing, Owner shall not be required to allow Tenant or any person to enter or remain in the building, except on business days from 8:00 a.m. to 6:00 p.m. and on Saturdays from 8:00 a.m. to 1:00 p.m. Tenant shall not have a claim against Owner by reason of Owner excluding from the building any person who does not present such pass.

11. Owner shall have the right to prohibit any advertising by Tenant which in Owner's opinion, tends to impair the reputation of the building or its desirability as a loft building, and upon written notice from Owner, Tenant shall refrain from or discontinue such advertising.

12. Tenant shall not bring, or permit to be brought or kept, in or on the demised premises, any inflammable, combustible, explosive, or hazardous fluid, material, chemical or substance, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable odors, to permeate in, or emanate from, the demised premises.

13. Tenant shall not use the demised premises in a manner which disturbs or interferes with other tenants in the beneficial use of their premises.

14. Refuse and Trash. (1) Compliance by Tenant. Tenant covenants and agrees, at its sole cost and expense, to comply with all present and future laws, orders, and regulations, of all state, federal, municipal, and local governments, departments, commissions and boards regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash. Tenant shall sort and separate such waste products, garbage, refuse and trash into such categories as provided by law. Each separately sorted category of waste products, garbage, refuse and trash shall be placed in separate receptacles reasonably approved by Owner. Tenant shall remove, or cause to be removed by a contractor acceptable to Owner, at Owner's sole discretion, such items as Owner may expressly designate. (2) Owner's Rights in Event of Noncompliance. Owner has the option to refuse to collect or accept from Tenant waste products, garbage, refuse or trash (a) that is not separated and sorted as required by law or (b) which consists of such items as Owner may expressly designate for Tenant's removal, and to require Tenant to arrange for such collection at Tenant's sole cost and expense, utilizing a contractor satisfactory to Owner. Tenant shall pay all costs, expenses, fines, penalties, or damages that may be imposed on Owner or Tenant by reason of Tenant's failure to comply with the provisions of this Building Rule 15, and, at Tenant's sole cost and expense, shall indemnify, defend and hold Owner harmless (including reasonable legal fees and expenses) from and against any actions, claims and suits arising from such noncompliance, utilizing counsel reasonably satisfactory to Owner.

Address

Premises

TO

STANDARD FORM OF



The Real Estate Board of New York, Inc.
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Dated

in the year

Rent Per Year

Rent Per Month

Term From To

Drawn by

Checked by

Entered by

Approved by

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THIS RIDER FORMS A PART OF THE LEASE DATED AS OF **November 13, 2012** between **MANHATTAN PROPERTIES COMPANY**, as LANDLORD, and **JAY FRANCO & SONS, INC.**, as TENANT.

38. COMMENCEMENT DATE; BASE RENT; ELECTRICITY

A. This Lease and the term hereof shall commence on **February 1, 2013** (the "**Commencement Date**") and shall expire on **January 31, 2020** (the "**Expiration Date**"), or on such earlier date upon which said term may expire or be cancelled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law.

B. Tenant shall pay base annual rent ("**Base Rent**") during the term of this Lease to Landlord as follows: **SIX HUNDRED FORTY THREE THOUSAND, TWO HUNDRED DOLLARS** per annum (\$53,600.00 per month) from February 1, 2012, the Commencement Date through January 31, 2020, the Expiration Date.

Base Rent shall be payable in equal monthly installments (during the applicable fiscal year) in advance on the first (1st) day of each month during the term of this Lease at the office of Landlord or such other place as Landlord may designate, without any offset or deduction whatsoever, except that in the event the Lease shall commence on a day other than the first day of a calendar month, the rental for that month shall be prorated.

All rent and additional rent payable under this Lease shall be paid by check of Tenant drawn on a bank which is a member of the New York Clearing House Association. Failure to pay rent by such a check shall be deemed a material default by Tenant under this Lease. Any and all costs and expenses incurred by Landlord as a result of Tenant tendering checks which are not drawn on a bank which is a member of the New York Clearing House Association shall be paid by Tenant, as additional rent, within ten (10) days after the rendition by Landlord to Tenant of a bill therefor.

C. Tenant's use of and/or demand for electric energy in the Demised Premises shall not at any time exceed the capacity of any of the electrical conductors, risers, feeders, wiring and equipment in or otherwise serving the Demised Premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's electric service, Tenant shall not, without Landlord's prior consent in each instance, connect any fixtures, appliances or equipment (other than lamps, typewriters, personal computers, copiers, facsimile machines, data terminals and other usual small business office machines having electrical current requirements similar to the aforementioned equipment and appliances) to the Building's electric distribution system or make any alteration or addition to the electric system of the Demised Premises. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord and the cost thereof shall be paid by Tenant to Landlord on demand. Landlord shall not be liable in any way to Tenant for any failure or defect in the supply or character of electric energy furnished to the Demised Premises by reason of any requirement, act or omission of the public utility company serving the Building with electricity or for any other reason whatsoever. In implementation (but not in limitation) of the provisions of the preceding sentence, if either the quantity or the character of electrical service is changed by the public utility furnishing electric energy to the Building or is no longer available or suitable for Tenant's requirements, no such changes, unavailability or unsuitability shall constitute an actual or a constructive eviction, in whole or in part, or relieve Tenant from any of its obligations under this Lease or impose any liability upon Landlord.

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D. Electricity shall be furnished to the Demised Premises on a submetering basis as follows:

(1) Landlord shall furnish electric energy to the Demised Premises for the purposes permitted under this Lease and Tenant shall purchase the same from Landlord at a sum equal to (a) the charges and rates (including sales tax, if any) set from time to time by the public utility company serving the Building under the service classification in effect pursuant to which Landlord purchases electric current, as measured by a meter or meters and furnished by or through such additional riders, wiring, conduits, connectors and other electrical apparatus as may be installed in connection with the conversion to submetering service (all of the foregoing (including such meter or meters) to be maintained and installed by Landlord at Tenant's expense at such location or locations as Landlord shall determine, it being understood that the meters so installed shall be Landlord's property) plus (b) Landlord's administrative charge of twelve percent (12%) of the amount referred to in (a) above, for overhead and supervision, plus (c) the amounts, if any, referred to in paragraph D(2) of this Article 38.

(2) Tenant shall pay to Landlord, as additional rent, the amounts from time to time billed by Landlord pursuant to the provisions hereof for the electric energy consumed in the Demised Premises; each such bill to be paid within ten (10) days after the same has been rendered. Where more than one meter shall measure the electric energy consumed in the Demised Premises, the amount consumed, as measured by each meter, may be computed and billed separately in accordance with the provisions hereof. If any tax is imposed upon Landlord's receipt from the sale or resale of electric energy to Tenant under federal, state, municipal or other law, such tax may, to the extent permitted by law, be passed on by Landlord to Tenant and be included, as additional rent, in the bills payable by Tenant hereunder.

(3) If any bill rendered by Landlord pursuant to this Article 38 is not paid within the period hereinabove specified, Landlord may without further notice discontinue the furnishing of electric energy to the Demised Premises without releasing Tenant from any liability under this Lease and without Landlord or any agent of Landlord incurring any liability for any loss or damage sustained by Tenant by reason of such discontinuance of electrical service.

(4) If, during any period in which electric energy is furnished or is intended to be furnished on a submetering basis under this Paragraph C of this Article, electricity consumed in the Demised Premises shall fail or cease to be measured by a meter for any reason, including, without limitation, any delay in the installation and operation, or the cessation of the proper functioning, of such meter, then pending the commencement or the resumption of the measurement of such consumption of electric energy by meter: (a) the charges by Landlord to Tenant for the furnishing by Landlord of electric energy shall be determined by Landlord's electricity consultant, and such determination shall be binding upon the parties; and (b) such charges shall be payable by Tenant to Landlord as additional rent within ten (10) days after the rendition by Landlord to Tenant of each bill therefor.

E. Landlord reserves the right, for any reason, to discontinue furnishing electric energy to Tenant in the Demised Premises at any time upon not less than thirty (30) days' notice to Tenant, or upon such shorter notice or lower percentage of occupancy as may be required by the public utility serving the Building. If Landlord exercises such right of discontinuance, this Lease shall continue in full force and effect and shall be unaffected thereby, and the same shall not be deemed to be a lessening or diminution of services within the meaning of any law, rule or regulation now or hereafter enacted, promulgated or issued, except only that, from and after the effective date of such discontinuance, Landlord shall not be obligated to furnish electric energy to Tenant on a submetered basis. If Landlord so discontinues furnishing electric energy to Tenant, Tenant at Tenant's expense shall arrange to obtain electric energy directly from the public utility company furnishing electric service to the Building. Such electric energy may be



furnished to Tenant by means of the then existing Building system feeders, risers and wiring to the extent that the same are available, suitable and safe for such purposes. All meters and additional panel boards, feeders, risers, wiring and other conductors and equipment which may be required to obtain electric energy directly from such public utility company shall be installed and maintained by Tenant at its expense; provided, however, that Tenant shall make no alterations or additions to the electric equipment and/or appliances without the prior written consent of Landlord in each instance. Landlord shall not in any way be liable or responsible to Tenant for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric energy is changed or is no longer available or suitable for Tenant's requirements. Tenant shall be liable for all loss or damage sustained in connection with the supply of electric energy.

F. All changes made by Tenant in electrical wiring or in any other part of the electrical system of the Demised Premises, or any other electrical work of Tenant therein, shall be performed by an electrician set forth on the list annexed hereto as Schedule B (such Schedule B, as the same may hereafter be revised from time to time, being hereinafter referred to as the "**Approved Contractor List**") or such other electrical contractor as shall be approved in writing by Landlord.

G. Landlord has advised Tenant that Con Edison ("**Electric Service Provider**") is currently the utility company selected by Landlord to provide electricity service for the Building. Notwithstanding the foregoing, if permitted by law, Landlord shall have the right at any time and from time to time during the term of this Lease to either contract for service from a different company or companies providing electricity service (each such company shall hereinafter be referred to as an "**Alternate Service Provider**") or continue to contract for service from the Electric Service Provider. Tenant shall cooperate with Landlord, the Electric Service Provider, and any Alternate Service Provider at all times and, as reasonably necessary, shall allow Landlord, Electric Service Provider, and any Alternate Service Provider reasonable access to the electric lines, feeders, risers, wiring, and any other machinery within the Premises. Landlord shall in no way be liable or responsible for any loss, damage or expense that Tenant may sustain or incur by reason of any change, failure, interference, disruption, or defect in the supply or character of the electric energy furnished to the Premises, or if the quantity or character of the electric energy supplied by the Electric Service Provider or any Alternate Service Provider is no longer available or suitable for Tenant's requirements, and no such change, failure, defect, unavailability, or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under the Lease.



39. ESCALATIONS

A. As used in this Article, the following terms shall have the following meanings:

(1) "Tax Year" shall mean each period of twelve (12) months, commencing on the first day of July of each such period, in which occurs any part of the term of this Lease or such other period of twelve (12) months occurring during the term of this Lease as hereafter may be duly adopted as the fiscal year for real estate tax purposes of the City of New York.

(2) "Operation Year" shall mean each period of twelve (12) months commencing on the 1st day of January of each such period in which occurs any part of the term of this Lease.

(3) "Escalation Square Footage" shall mean the rentable square foot area of the Demised Premises, which shall, for the purposes of this Article 39 only, be deemed to be 16,080 square feet.

(4) "Tenant's Proportionate Share" shall mean 2.797 %

(5) "Real Estate Taxes" shall mean: (i) the aggregate amount of real estate taxes and assessments imposed upon the land (the "Land") upon which the Building is erected and upon the Building, including, without limitation, (y) real estate taxes upon any "air rights" or payable by Landlord to a ground lessor with respect thereto and (z) any assessments levied after the date of this Lease for public benefits to Land and/or Building (excluding an amount equal to the assessments payable in whole or in part during or for the Real Estate Tax Base, which assessments, if payable in installments, shall be deemed payable in the maximum number of permissible installments) in the manner in which such taxes and assessments are imposed as of the date hereof; provided, that if, because of any change in the taxation of real estate, any other tax assessment (including, without limitation, any occupancy, gross receipts or rental tax) is imposed upon the Landlord or the owner of the Land and/or Building, or upon or with respect to the Land and/or Building or the occupancy, rents or income therefrom, in substitution for, or in addition to, any of the foregoing Real Estate Taxes, such other taxes or assessments shall be deemed part of the Real Estate Taxes; plus (ii) all expenses, including legal fees, experts' and other witnesses' fees, incurred in contesting the validity or amount of any such taxes or assessments or of the assessed valuation of the Land, the Building or any of the above referred to air rights. Notwithstanding the foregoing, if Landlord elects not to charge Tenant with all expenses incurred in contesting the validity or amount of any such taxes or assessments or the assessed valuation of the Land, the Building or any of the above referred to air rights in any Tax Year, such election does not constitute a waiver of Landlord's right to collect all expenses for any previous or subsequent Tax Year.

(6) "Real Estate Tax Base" shall mean \$5,431,320.00, which is the Real Estate Taxes, as determined by the City of New York as of the date of execution of this Lease, for the Tax Year ending on **June 30, 2013** (the "Base Tax Year"). Tenant hereby acknowledges that, for purposes of this Article 39, the Real Estate Tax Base shall, in no event, be modified from the dollar amount stated above.

(7) "Hourly Wage Rate" as respects any Operation year shall mean the average minimum hourly wage rate prescribed to be paid to or on behalf of Employees in Class A office buildings (hereinafter called "Class A Office Buildings") and in effect as of January 1st in such Operation Year pursuant to an agreement between the Midtown Realty Owners Association, Incorporated (or any successor thereto) and Local 32B-32J of the Service Employees' International Union, AFL-CIO (or any successor thereto) covering the wage rates of employees in Class A Office Buildings, which said average minimum hourly wage rate shall be computed on the basis of the average total weekly amount required to be paid to or on behalf of employees for regular work weeks of forty (40) hours (inclusive of any overtime or premium pay work in such regular work week), whether based on an hourly or other pay scale but predicated on the number of hours in such retrospective work week. Such total weekly amount shall be inclusive of all payments or benefits of every nature and kind (including those required to be paid by the employer directly to the taxing authorities or others on account of the employment) such as without limiting the generality of the foregoing, social security, unemployment and all other taxes, holiday and vacation pay, incentive pay, accident health and welfare insurance programs, pension plans, guarantee pay plans and supplemental unemployment benefit



programs, and fringe benefits, payments, plans or programs of a similar or dissimilar nature, irrespective of whether they may be required or provided for in any applicable law or regulation or otherwise. If there is no such agreement in effect as of any such January 1st by which the average Hourly Wage Rate for employees is determinable, computations and payments shall thereupon be made upon the basis of the average Hourly Wage Rate being paid by Landlord or by the contractor performing porter or cleaning services for Landlord on such January 1st for said employees and appropriate retroactive adjustment shall thereafter be made when the average Hourly Wage Rate paid on January 1st pursuant to such agreement for employees is finally determined, and provided further that if, as of the last day of such Operation Year, no such agreement covering the January 1st occurring in such Operation year shall have been in effect, the average Hourly Wage Rate paid by Landlord on such January 1st for said employees shall be for all purposes hereof deemed to be such average Hourly Wage Rate prescribed by such an agreement and in effect as of such January 1st. As used herein, the term "employees" shall mean the classification of employees engaged in the general maintenance and operation of office buildings most nearly comparable to the classification now applicable to employees in the current agreement with said Local 32B-32J (which classification is presently termed "handypersons, forepersons, starters and others" in said agreement). The hourly wage rates determined pursuant to this subdivision (7) shall be determined without reference to the wages actually paid by Landlord to employees in the Building.

(8) "Base Labor Rate" shall mean the Labor Rate for the year ending December 31, 2012.

(9) "Labor Rate" for any Operation Year shall mean the average Hourly Wage Rate for employees.

(10) "Fuel Quarter" shall mean (a) the three (3) month period commencing on the January 1, April 1, July 1, or October 1 first occurring subsequent to the date of the commencement of the term of this lease (e.g., if the term commences on a March 1, the first Fuel Quarter will be the three (3) month period commencing on April 1) and (b) each succeeding three (3) month period.

(11) "Fuel Cost" shall mean the price actually paid by Landlord or its agent for No. 6 oil for the Building or any similar building (whether or not No. 6 oil is used in the Building) on the first business day that Landlord or its agent shall have purchased No. 6 oil during the calendar month immediately preceding the commencement date of the applicable Fuel Quarter. In the event that the designation "No. 6" is changed or discontinued, then the designation for the grade of oil consumed by the oil burners in the Building shall be used in lieu of "No. 6" oil.

(12) "Base Fuel Cost" shall mean one dollar (\$1.00) per gallon.

(13) "Fuel Rate Multiple" shall mean the figure 16,080.

(14) "Escalation Statement" shall mean a statement in writing signed by Landlord, setting forth the amount payable by Tenant for a specified Operation Year or Fuel Quarter (as the case may be) pursuant to this Article.

(15) "Employees" shall mean any persons working in the Building hired by Landlord or by a third party on behalf of Landlord.

B. (1) If the Real Estate Taxes for any Tax Year shall be greater than the Real Estate Tax Base, whether by reason of any increase in either the tax rate or the assessed valuation, or both, or by reason of the levy, assessment or imposition of any tax on real estate as such, ordinary or extraordinary, not now levied, assessed or imposed, or for any other reason, Tenant shall pay to Landlord, as additional rent, an amount equal to Tenant's Proportionate Share of the amount by which the Real Estate Taxes for such Tax Year are greater than the Real Estate Tax Base (**Tenant's Tax Payment**).

(2) Landlord shall make reasonable estimates of Tenant's Tax Payment with respect to any current or forthcoming Tax Year and Tenant shall be required to pay such estimated amounts in such installments and amounts as Landlord may require, in



advance, on the first day of each month, based upon delivery of an **"Estimated Tax Statement"**. If there shall be any increase in Real Estate Taxes for any Tax Year, prior to or during such Tax Year, Landlord may deliver to Tenant a revised Estimated Tax Statement, and Tenant's Tax Payment for such Tax Year shall be appropriately adjusted. In the event of any increase in Real Estate Taxes, Tenant shall, within ten (10) days of rendition of such revised Estimated Tax Statement, pay to Landlord, as additional rent, the amount of any underpayment of Tenant's Tax Payment with respect to such Tax Year. In the event of any decrease in Real Estate Taxes for any Tax Year for which Tenant has made a Tenant's Tax Payment, Landlord shall either pay to Tenant, or at Landlord's election, credit against subsequent payments of Tenant's Tax Payment, the amount of any overpayment (less Tenant's Tax Proportionate Share of all costs and expenses, including counsel fees, incurred by Landlord in connection with any application or proceeding to reduce such Taxes). At any time after, during or prior to the end of each Tax Year, Landlord shall cause the actual amount of Tenant's Tax Payment to be computed and a **"Final Tax Statement"** to be given to Tenant. If such Final Tax Statement shall show a deficiency, Tenant shall pay such amount to Landlord within ten (10) days; if it shall show that Tenant has made an overpayment, Landlord shall either pay to Tenant, or at Landlord's election, credit against subsequent payments of Tenant's Tax Payment, the amount of such overpayment. Notwithstanding the foregoing, if Real Estate Taxes are required to be paid prior to the expiration of the appropriate calendar half or any other applicable fiscal period or the expiration of any Tax Year to avoid a penalty or late charge, then Landlord may immediately elect to bill Tenant for its above specified percentage of any increase in Real Estate Taxes in excess of the Base Tax with respect to such calendar half or any other applicable fiscal period or Tax Year, as the case may be, and Tenant shall pay same within five (5) days thereafter. Any decrease in rent under this Paragraph B.(2) can be applied only to reduce prior increases under this Paragraph B.(2).

(3) The Final Tax Statements furnished to Tenant shall constitute a final determination as between Landlord and Tenant of the Taxes for the periods represented thereby, unless (a) the Real Estate Taxes for any such period are subsequently reduced by tax certiorari proceedings or otherwise (in which event the Final Tax Statement for such adjusted Taxes shall be conclusive and binding, subject to subsection (b) of this Section), or (b) Tenant, within fifteen (15) days after they are furnished, shall give a notice to Landlord that it disputes the accuracy or appropriateness of any of same, which notice shall specify the particular respects in which the disputed Final Tax Statement is inaccurate or inappropriate. Pending the resolution of such dispute, Tenant shall pay Tenant's Proportionate Share of the Real Estate Taxes to Landlord in accordance with the Estimated Tax Statements and/or Final Tax Statements furnished by Landlord. Tenant shall have the right to receive a copy of any tax bill or statement from the applicable taxing authority upon which the disputed Final Tax Statement is based within twenty (20) days after demand therefor. Tenant may not dispute Estimated Tax Statements.

C. If the Labor Rate for any Operation Year shall be greater than the Base Labor Rate, Tenant shall pay to Landlord, as additional rent for such Operation Year, an amount equal to the product obtained by multiplying the Escalation Square Footage by one hundred fifty (150) percent of the number of cents (including any fraction of a cent) by which the Labor Rate for such Operation Year is greater than the Base Labor Rate. If the agreement referred to in paragraph A. (7) of this Article shall take effect on a day other than the first day of January or end on a day other than the thirty first day of December, or if the twelve (12) month period during which wage rates shall remain in effect under such agreement shall be changed from a period that begins on the first day of January and ends on the next succeeding thirty first day of December, Landlord may appropriately change the specified commencement date and the closing date of the Operation Year hereunder, for the purpose of computing the additional rent payable under this Paragraph C of this Article, to correspond to such change in circumstances. If a change in the Labor Rate shall take place on a day other than the first day of any Operation Year, then the computation of the additional rent payable under this Paragraph C of this Article shall be appropriately apportioned to such date of change.

D. Any such adjustment payable by reason of the provisions of Paragraph C hereof shall commence as of the first day of the relevant Operation Year, and, after Landlord shall



furnish Tenant with an Escalation Statement relating to such Operation Year, all monthly installments of rental shall reflect one-twelfth (1/12) of the annual amount of such adjustment until a new adjustment becomes effective pursuant to the provisions of this Article; provided, however, that if said Escalation Statement is furnished to Tenant after the commencement of such Operation Year, there shall be promptly paid by Tenant to Landlord an amount equal to the portion of such adjustment allocable to the part of such Tax Year or Operation Year which shall have elapsed prior to the first day of the calendar month succeeding the calendar month in which said Escalation Statement is furnished to Tenant.

E. In the event (i) that the Commencement Date shall occur during a Tax Year or an Operation Year, (ii) that the date of the expiration or other termination of this Lease shall be a day other than the last day of a Tax Year or an Operation Year, or (iii) of any increase or decrease (as herein provided) in the Escalation Square Footage or in the rentable square foot area of the Building, then in each such event, in applying the provisions of this Article with respect to any Tax Year or Operation Year in which such event shall have occurred, appropriate adjustments shall be made to reflect the occurrence of such event on a basis consistent with the principles underlying the provisions of this Article, taking into consideration (x) the portion of such Tax Year or Operation Year which shall have elapsed prior to the term commencement date, the date of such expiration or other termination, or the date of such increase or decrease, or (y) the period of such increase or decrease, as the case may be, and (z) in the case of such increase or decrease, the portion of the Demised Premises to which the same relates.

F. Any Escalation Statement furnished to Tenant pursuant to this Article shall constitute a final determination as between Landlord and Tenant of the matters covered in the Escalation Statement for the period referred to therein, unless Tenant within fifteen (15) days after such Escalation Statement is sent shall give notice to Landlord that it disputes the accuracy of such Escalation Statement, which notice shall specify the particular respects in which such Statement is inaccurate. Pending the resolution of such dispute, Tenant shall pay the additional rent to Landlord in accordance with the Escalation Statement furnished by Landlord. If such notice is sent, either party may refer the decision of the issues raised to Berdon LLP, certified public accountants, or any successor firm, or other reputable independent firm of certified public accountants selected by Landlord, and the decision of such accountants shall be conclusively binding upon the parties. The fees and expenses involved in such decision shall be borne by the unsuccessful party (and if both parties are partially unsuccessful, the accountants shall apportion the fees and expenses between the parties, based upon the degree of success of each party).

G. Payments shall be made pursuant to this Article notwithstanding the fact that an Escalation Statement is furnished to Tenant after the expiration of the term of this Lease.

H. If the Fuel Cost immediately preceding a Fuel Quarter shall be greater than the Base Fuel Cost, Tenant shall pay to Landlord, as additional rent, on the first day of each month during said Fuel Quarter, an amount to be determined by multiplying the Fuel Rate Multiple by three per cent (3%) of the number of cents (including any fraction of a cent) of such increase. Landlord shall give Tenant written notice of each change in the Fuel Cost which will be effective to create or change Tenant's obligation to pay additional rent pursuant to the provisions of this Article. If said notice shall be given to Tenant after the commencement of a Fuel Quarter, then Tenant shall, within ten (10) days after the giving thereof, pay to Landlord such additional rent for any months in such Fuel Quarter, which shall have elapsed prior to the giving of such notice. The obligation to make any payments pursuant to this Article shall survive the expiration or other termination of this Lease. Each such notice of change in Fuel Cost shall be deemed to be an Escalation Statement.

I. In no event shall the Base Rent payable under this Lease (exclusive of the additional rent under this Article) be reduced by virtue of this Article.

40. MISCELLANEOUS

A. Notwithstanding anything to the contrary contained herein, Tenant acknowledges that it has inspected the Demised Premises, is fully familiar with the condition thereof, and agrees to take possession thereof, on the Commencement Date in their present "as is" state and physical condition. Tenant acknowledges and agrees that Landlord shall not be required to perform any repairs, alterations or decorations or furnish any materials to or in the Demised Premises to suit them for Tenant's occupancy, except as specifically set forth in this Lease. Neither Landlord nor anyone acting for or on behalf of Landlord has made any covenant, warranty or representation to Tenant with respect to the condition of the Demised Premises.

B. No recourse shall be had on any of Landlord's obligations under this Lease or for any claim based thereon or otherwise in respect thereof against, any incorporator of Landlord, subscriber to Landlord's capital stock, shareholder, employee, agent, officer or director, past, present or future, of any corporation, or any partner or joint venturer of any partnership or joint venture which shall be Landlord hereunder or included in the term "Landlord" or of any successor of any such corporation, or against any principal, disclosed or undisclosed, or any such corporation, or against any principal, disclosed or undisclosed, of any affiliate of any party which shall be Landlord or included in the term "Landlord," whether directly or through Landlord or through any receiver, assignee, agent, trustee in bankruptcy or through any other person, firm or corporation, whether by virtue of any constitution, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability being expressly waived and released by Tenant.

C. Tenant shall look solely to Landlord's estate and interest in the Land and the Building for the satisfaction of any right of Tenant for the collection of a judgment or other judicial process or arbitration award requiring the payment of money by Landlord and no other property or assets of Landlord, Landlord's agents, incorporators, shareholders, officers, directors, partners, principals (disclosed or undisclosed) or affiliates shall be subject to levy, lien, execution, attachment, or other enforcement procedure for the satisfaction of Tenant's rights and remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or under law, or Tenant's use and occupancy of the Demised Premises or any other liability of Landlord to Tenant.

D. This Lease shall be deemed to have been made in New York County, New York, and shall be construed in accordance with the laws of the State of New York. Tenant represents and warrants to Landlord that Tenant is now and at all times during the term of this Lease, shall be, authorized to conduct business in the State of New York. Tenant, any guarantor of the performance of its obligations hereunder and their respective successors and assigns hereby (a) irrevocably consent and submit to the jurisdiction of any federal, state, county or municipal court sitting in the State of New York in respect to any action or proceeding brought therein by Landlord against Tenant concerning any matters arising out of or in any way relating to this Lease; (b) irrevocably waive personal service of any summons and complaint and consent to the service upon it of process in any such action or proceeding by mailing of such process to Tenant at the address set forth herein and hereby irrevocably designates Jay Franco & Sons, Inc., having an address at: 295 Fifth Avenue, New York, NY 10016 [Office or residence address located in NY State], to accept service of any process on Tenant's behalf and hereby agree that such service shall be deemed sufficient and shall constitute personal service; (c) irrevocably waive all objections as to venue and any and all rights it may have to seek a change of venue with respect to any such action or proceedings; (d) agree that the laws of the State of New York shall govern in any such action or proceeding and waive any defense to any action or proceeding granted by the laws of any other country or jurisdiction unless such defense is also allowed by the laws of the State of New York; and (e) agree that any final judgment (after all applicable appeals or time periods permitted to appeal have expired) rendered against it in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law. Tenant further agrees that any action or proceeding by Tenant against Landlord in respect to any matters arising out of or in any way relating to this Lease shall be brought only in the State of New York, County of New York.



E. Tenant shall not at any time use the Demised Premises for (i) any retail use or purpose or conduct any real or fictitious "going out of business", auction, clearance, distress, fire or bankruptcy or similar sale or (ii) the display of any sign or other notification of any of the foregoing from within or without the Demised Premises.

F. The submission of this Lease to Tenant shall not constitute an offer by Landlord to execute and exchange a lease with Tenant and is made subject to Landlord's acceptance, execution and delivery thereof.

G. Landlord shall list the name of Tenant on the Building's directory. The listing of any additional names (maximum of two) shall require the prior written approval of Landlord and such additional listings may be terminated by Landlord for any reason at any time, without prior notice. The listing of any party's name other than the Tenant's shall neither grant such party any right or interest in this Lease or the Demised Premises nor constitute Landlord's consent to any assignment or sublease to or occupancy by such party. Such listing may be terminated by Landlord at any time, without prior notice.

H. Tenant shall not use or permit all or any part of the Demised Premises to be used so as to impair the Building's character or dignity or impose any additional burden upon Landlord in its operation of the Building. Tenant shall not use, occupy, suffer or permit the Demised Premises (or any part thereof) to be used in any manner, or suffer or permit anything to be brought into or kept therein, which would, in Landlord's reasonable judgment, (a) increase the rates then being charged to Landlord under its policies for fire insurance with extended coverage or liability, elevator, boiler, umbrella or other insurance, (b) cause, or be likely to cause, injury or damage to the Building or to any Building equipment or to the Demised Premises, (c) constitute a public or private nuisance, (d) violate the certificate of occupancy or temporary certificate of occupancy, as the case may be, for the Building to the extent it relates to the Demised Premises, (e) emit objectionable noise, fumes, vibrations, heat, chilled air, vapors or odors into or from the Building or the Building equipment, or (f) impair or interfere with any of the Building services, including the furnishing of electrical energy, or the proper and economical cleaning, heating, ventilating, air-conditioning or other servicing of the Building, Building equipment, or the Demised Premises.

I. Supplementing relevant provisions of the rules and regulations attached to and made part of this Lease, any signs and lettering which are requested by Tenant and approved by Landlord will be ordered by Landlord at the sole cost and expense of Tenant. Bills rendered to Tenant for such signs and lettering shall be due and payable upon demand, and the amount thereof shall be deemed to be, and be paid as, additional rent.

J. If any Building services shall be requested by Tenant for which there is a charge, such charge will be due and payable upon demand, and the amount thereof shall be deemed to be, and shall be paid as, additional rent.

K. Tenant shall from time to time, upon at least fifteen (15) days' prior written notice from Landlord, promptly execute and acknowledge a written instrument in form satisfactory to Landlord certifying to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person specified by Landlord, as to the validity and force and effect of this Lease as then constituted, as to the existence of any default on the part of any party hereunder, as to the dates to which and the amounts in which the annual rent, additional rent and other charges hereunder, have been paid, as to the existence of any counterclaims, offsets or defenses hereunder on Tenant's part and as to any other matters requested by Landlord. Tenant shall, upon request by Landlord, promptly execute and acknowledge a memorandum of this Lease in the form requested by Landlord.

L. If more than one person executes this Lease as Tenant, each of them understands and hereby agrees that the obligations of each of them under this Lease are and shall be joint and several, that the term "Tenant" as used in this Lease shall mean and include each of them jointly and severally and that the act of or notice from, or notice or refund to, or the signature of, any one or more of them, with respect to, or the tenancy and/or this Lease, including, but not limited to, any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed.

41. CAPTIONS

The captions are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Lease or the intent of any provision thereof.

42. LATE CHARGES AND ATTORNEY'S FEES

a. If any Base Rent, additional rent or any other charges under this Lease are not paid by Tenant to Landlord within ten (10) days after the same shall be due and payable, the same shall bear interest at the rate of two (2%) percent per month or the maximum rate permitted by law, whichever is less, from the due date thereof until paid, and the amount of such interest shall be additional rent. Application of the provisions hereof shall not be deemed to constitute a consent by Landlord to, or a waiver by Landlord of any rights and remedies arising from, any failure of Tenant to pay any Base Rent, additional rent or other charges on the due date for the payment thereof. Notwithstanding anything in this Lease to the contrary, Landlord may use, apply or retain the whole or any part of any security deposit held by Landlord to the extent required for the payment of any amounts owed by Tenant pursuant to this Article 42 without being obligated to give Tenant any prior notice that such amounts are due.

b. Notwithstanding the terms and conditions of Article 19 of this lease, if Tenant shall default in the payment of Base Rent or any item of additional rent reserved herein beyond the expiration of any applicable grace period, Tenant shall be obligated to pay to Landlord any sums expended by Landlord on account of enforcing Landlord's rights under this Lease, including, but not limited to, attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred shall in no event be less than \$1,000.00 and shall be deemed to be additional rent hereunder and shall be paid to it by Tenant on demand.

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43. ASSIGNMENT/SUBLETTING

A. Tenant or its legal representatives, shall not by operation of law or otherwise, assign (in whole or in part), mortgage or encumber this Lease, or sublet or permit the Demised Premises or any part thereof to be used or occupied by others, without Landlord's prior written consent in each instance and subject to the provisions of this Article 43. The consent by Landlord to any assignment or subletting, whether by Tenant or by any other tenant in the Building, shall not be waiver of or constitute a diminution of Landlord's right to withhold its consent to any other assignment or subletting and shall not be construed to relieve Tenant from obtaining Landlord's express written consent to any other or further assignment or subletting. Such attorneys' fees as may be incurred by Landlord in connection with Tenant's request for consent to an assignment or subletting shall be paid by Tenant, but in no event shall said fees be less than \$2,500.00, which amount shall be paid by Tenant upon Tenant's request for Landlord's consent.

B. A transfer, by operation of law or otherwise, of (1) Tenant's interest in this Lease (in whole or in part) or (2) a 50% or greater amount of the direct or indirect interests of either Tenant or the parent company of Tenant (whether in the form of stock, membership interests, partnership interests, assets or otherwise), whether in one transaction or a series of transactions, shall be deemed an assignment of this Lease within the meaning of Article 11 of this Lease and subject to the provisions of Paragraph B of this Article 43.

C. If Tenant shall sublet all or any portion of the Demised Premises or grant permission to use the whole or any portion of the Demised Premises (including, without limitation, the use of desk space or of showroom space) to any person or party, other than as expressly permitted under this Lease, for use or occupancy by such person or party during the whole or any part of (a) any month during which any jobber, linens and domestics or curtain and drapery market week in the home textile and home furnishing industry shall take place in New York City, or (b) any month preceding any month referred to in clause (a), Landlord may, at its election, refrain from invoking Landlord's rights to withhold its consent with respect to such subletting or use of the Demised Premises pursuant to Article 17 of this Lease, as supplemented by this Article 43. If Landlord shall refrain from invoking its said rights and shall give notice to that effect to Tenant, Tenant shall, upon demand, pay to Landlord as additional rent an amount equal to the sum of: (a) six (6) months' Base Rent, plus (b) six months' additional rent under Article 38 and Article 39 of this Lease. The refraining by Landlord from invoking its rights to withhold its consent with respect to any such instance of subletting or use of the Demised Premises other than as expressly permitted under this Lease, shall be without prejudice to Landlord's right to exercise any of its right and remedies under this Lease, including, without limitation, the right to withhold its consent, upon any other instance (or instances) of such subletting or of such use of the whole or any part of the Demised Premises that may take place during the term of this Lease.

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44. CAPITAL IMPROVEMENTS, ETC.; COMPLIANCE WITH LAW

If (a) in any Operation Year (any part or all of which falls within the Lease term), the Landlord shall incur any cost for: (i) a capital improvement made in compliance with any law or governmental regulation or (ii) the removal, containment or other treatment relating to any asbestos containing materials or any other environmentally hazardous materials or substances, made in compliance with any law or governmental regulation (as, for example, respecting fire safety, in compliance with New York City Local Law #5-73, as amended, or respecting asbestos containing materials, in compliance with Local Law #76-85, as the same may be amended) or (b) as of the commencement of the first Operation Year Landlord shall have previously incurred any such cost which shall not have then been fully amortized, then Tenant shall pay to Landlord as additional rent for such Operation Year and continuing thereafter for each succeeding year (and any fraction thereof) during the balance of the Lease term (to the extent that such improvement is being amortized during the balance of the Lease term) an amount equal to Tenant's Proportionate Share of the reasonable annual amortization of such cost (if clause (a) applies) or of the balance of such cost (if clause (b) applies) together with interest thereon at the prime rate of interest charged by Citibank, N.A.

45. AIR CONDITIONING

(1) Tenant acknowledges that the Demised Premises are not rented on an air conditioned basis.

(2) Tenant understands and agrees that no air conditioning equipment may be installed in the Demised Premises without the prior written approval of Landlord. Landlord reserves the right to remove any air conditioning equipment which has been installed, without Landlord's written approval, at Tenant's expense.

(3) Tenant understands and agrees that window air conditioning units shall not extend outside beyond the window line. Tenant agrees to remove any window air conditioning units that presently extend beyond the window line and replace same with units which do not project beyond the window line. Tenant also understands and agrees that no part or parts of any type of air conditioning either installed or to be installed can extend beyond the window line without Landlord's prior written approval.

(4) The parties hereto acknowledge that there is presently air conditioning equipment installed in the Demised Premises. Tenant specifically agrees that the air conditioning equipment presently or hereafter installed in the Demised Premises is and shall at all times remain the property of Landlord. Tenant further agrees that it shall throughout the term of this Lease or any renewal thereof, at Tenant's sole cost and expense, operate, maintain, repair and replace said air conditioning equipment. In furtherance thereof, Tenant, at its sole cost and expense, shall obtain (and maintain in full force and effect during the term hereof) a service contract covering the repair and maintenance of such air-conditioning equipment, which service contract shall be reasonably acceptable to Landlord in all respects. Such service contract shall not be terminable by either party thereto, unless Landlord shall have been provided with not less than ten (10) days' prior written notice of such termination. If Tenant shall fail to obtain (or maintain) and deliver to Landlord the aforesaid service contract, then Landlord, at Tenant's sole cost and expense, may procure a service contract on Tenant's behalf and the cost thereof shall be paid by Tenant as additional rent.

(5) Tenant understands and agrees that the room (or rooms) housing the air conditioning equipment are not to be utilized as storage rooms. Landlord reserves the right to clean out air conditioning rooms at any time and at Tenant's expense.

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46. DUPLICATE KEY

Tenant agrees to provide Landlord with a duplicate key to the Demised Premises for use in an emergency situation.

47. BROKERAGE

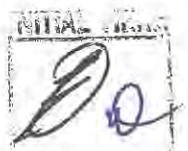
Tenant represents to Landlord that there was no broker, finder, consultant or similar person entitled to a commission, fee or other compensation in connection with the consummation of this Lease and no conversations or prior negotiations were had by Tenant or anyone acting on behalf of Tenant with any broker, finder, consultant or similar person concerning the renting of the Demised Premises. Tenant hereby indemnifies Landlord against all liability arising from any claims for brokerage commissions, finder's fees or other compensation resulting from or arising out of any conversations, negotiations or actions had by Tenant or anyone acting on behalf of Tenant with any broker, finder, consultant or similar person. The provisions of this Article 47 shall survive the termination of this Lease.

48. WAIVER

Tenant hereby waives any claim for money damages wherever in this Lease it is provided that Landlord shall not unreasonably withhold (or unreasonably withhold or delay) any consent or approval; nor shall Tenant claim any such money damages by way of setoff, counterclaim or defense. If Tenant shall claim that Landlord has unreasonably withheld (or unreasonably withheld or delayed) Landlord's consent or approval in breach of any provisions of this Lease, Tenant's sole remedy shall be an action or proceeding for a declaratory judgment or injunctive relief (but not for any damages, whether as part of or in addition to such declaratory or injunctive relief or otherwise); and if the outcome of such action or proceeding shall be adverse to Landlord, the sole obligation of Landlord shall be to grant such consent or approval in accordance with the final order, judgment or decree that may be entered in such action or proceeding.

49. ELEVATOR SERVICE

As long as Tenant is not in default in the performance and observance of its obligations under this Lease, Landlord shall make passenger elevator facilities available during the hours of 12:00 A.M. to 11:59 P.M., Mondays through Fridays, State and Federal holidays excluded (such days of availability being hereinafter called "**Business Days**", and such hours during such Business Days being hereinafter called "**Business Hours**"). Landlord shall make freight elevator facilities reasonably available during the hours of 8:00 A.M. to 5:00 P.M. on Business Days. Landlord shall, when and to the extent reasonably requested by Tenant, make such freight elevator facilities available on days and times of the day other than those hereinabove specified (including, by way of illustration, making such facilities available when Tenant may move into or out of the Building), subject to the payment by Tenant to Landlord of such charges as Landlord may from time to time determine and subject to such conditions as Landlord may impose. Such charges shall be deemed additional rent, and payment thereof shall be made by Tenant to Landlord within ten (10) days after the rendition by Landlord to Tenant of each bill therefor. The provisions of this Article 49 shall supersede the provisions of clause (a) of Article 31.



50. CLEANING SERVICE

A. Landlord shall **NOT** provide cleaning services for the Demised Premises.

B. Tenant, at its own cost and expense, shall provide cleaning services for the Demised Premises by engaging: (a) a contractor designated by Landlord to perform such services, provided that the charges of such contractor are reasonably comparable to the prevailing charges of established contractors operating in the same general area as that in which the Building is located for the performance of the same service, or if Landlord shall fail to designate such a contractor, then (b) a contractor selected by Tenant, subject to Landlord's written approval, which approval shall not be unreasonably withheld, provided that: (1) the contractor shall be an established and reputable contractor performing services comparable to those being discontinued by Landlord in comparable office buildings in Manhattan; and (2) the employment of such contractor, in the sole judgment of Landlord, will create no likelihood of giving rise to any labor disputes or disharmony with personnel of Landlord or of any contractor of Landlord performing work or providing services in the Building (it being, among other things, understood that Landlord may withhold its approval of any such contractor whose employees are not members of Local 32B-32J of the Service Employee's International Union, AFL-CIO, or any other union which may in the future represent the service employees of the Building). Such cleaning services shall only be performed during such hours during Business Days and within such places within the Demised Premises and/or the Building as Landlord may prescribe, subject to such other terms and conditions and to such rules and regulations as Landlord may impose. Any approval by Landlord of any contractor hereunder may thereafter be withdrawn by Landlord if, in the sole judgment of Landlord, the performance by such contractor of such services shall or may result in any labor disputes or disharmony with service or other employees of Landlord or of any contractor performing work or services in the Building.

C. Landlord shall provide the service of removal of Tenant's refuse and rubbish at rates or charges from time to time established by Landlord for the Building. Tenant shall, as additional rent, pay Landlord's charges for such service within ten (10) days after the rendition by Landlord to Tenant of each bill therefor.

D. Landlord shall clean the windows of the Demised Premises inside and outside two (2) times during each lease year at the rates or charges from time to time established by Landlord for the Building, and with such greater frequency as Tenant may reasonably request, at the rates and charges for the Building that may then be in effect for such additional cleaning. Tenant shall, as additional rent, pay Landlord's charges for such service within ten (10) days after the rendition by Landlord to Tenant of each bill therefor. Irrespective of whether Tenant requests window cleaning or not, Landlord requires all windows to be cleaned prior to each of the two major Market Weeks each year. Landlord will schedule these cleanings at a reasonable time prior to each major Market Week. Landlord will charge Tenant the regular building charge for these cleanings.

E. Landlord may delegate to one or more independent cleaning contractors selected by Landlord the performance of all or any of the cleaning, window cleaning or refuse removal services to be performed hereunder by Landlord, all without affecting the provisions of this Article.

F. Landlord may, at any time, upon the giving of not less than thirty (30) days' prior written notice to Tenant, discontinue the performance of refuse removal or window cleaning services hereunder. Effective as of the date of the discontinuance by Landlord of such service, Tenant, at its own cost and expense, shall engage to perform such service: (a) a contractor



designated by Landlord, provided that the charges of such contractor are reasonably comparable to the prevailing charges of established contractors operating in the same general area as that in which the Building is located for the performance of the same service, or if Landlord shall fail to designate such a contractor, then (b) a contractor selected by Tenant, subject to Landlord's written approval, which approval shall not be unreasonably withheld, provided that: (1) the contractor shall be an established and reputable contractor performing services comparable to those being discontinued by Landlord in comparable office buildings in Manhattan; and (2) the employment of such contractor, in the sole judgment of Landlord, will create no likelihood of giving rise to any labor disputes or disharmony with personnel of Landlord or of any contractor of Landlord performing work or providing services in the Building (it being, among other things, understood that Landlord may withhold its approval of any such contractor whose employees are not members of Local 32B32J of the Service Employee's International Union, AFL-CIO, or any other union which may in the future represent the service employees of the Building). Any such service discontinued by Landlord shall thereupon and thereafter be performed by the contractor engaged by Tenant only during such hours during Business Days and within such places within the Demised Premises and/or the Building as Landlord may prescribe, subject to such other terms and conditions and to such rules and regulations as Landlord may impose. Any approval by Landlord of any contractor hereunder may thereafter be withdrawn by Landlord if, in the sole judgment of Landlord, the performance by such contractor of such services shall or may result in any labor disputes or disharmony with service or other employees of Landlord or of any contractor performing work or services in the Building.

G. If any tax shall be imposed upon the charges payable by Tenant under this Article, Landlord may, to the extent allowable by law, pass on the same to Tenant, and the same shall be included in and be made a part of such charges and shall be payable as additional rent hereunder.

H. Landlord shall only be obliged to perform any of the services covered under this Article as long as Tenant is not in default in the performance and observance of Tenant's obligations under this Lease, including, without limitation, any obligation of Tenant under this Article. So long as Landlord agrees, subject to the provisions of the preceding sentence of this Paragraph, to perform any service covered under this Article, Tenant agrees to accept such performance and to pay for the same subject to and in accordance with the applicable provisions of this Article.



51. TENANT'S ALTERATIONS

Subject to the provisions of this Article 51 and Article 3 of this Lease, Tenant may perform alterations and improvements to the Demised Premises (hereinafter collectively "**Tenant's Changes**"); and Tenant hereby agrees to perform promptly Tenant's Changes and that Tenant's Changes shall include the creation and installation of a first-class showroom and sales space within the Demised Premises.

(a) No Tenant's Changes shall be made which shall impair the structural soundness or diminish the value of or cause permanent damage or injury to the Building or the Demised Premises or create a dangerous or hazardous condition or injure the business of or interfere with, disturb or annoy any other Tenant or occupant of the Building.

(b) All Tenant's Changes shall be performed in a workmanlike manner and in compliance with all laws, codes, ordinances, orders, rules, regulations and requirements of all governmental authorities having or asserting any jurisdiction thereover and with all applicable rules or regulations of the New York Board of Fire Underwriters.

(c) Tenant shall maintain or cause to have maintained by its general contractor and each sub-contractor, at no cost to Landlord (1) Worker's Compensation Insurance in accordance with law, covering all persons employed in connection with Tenant's Changes and, (2) General Liability and Personal and Property Damage Insurance in amounts and with insurers satisfactory to Landlord insuring Landlord and its agent against the hazards due to Tenant's Changes. Prior to the commencement of any work, Tenant shall deliver certificates evidencing such insurance for the general contractor and each sub-contractor to the Landlord and naming Landlord, any mortgagee of the Building and the Building's managing agent as insured parties under the policy.

(d) (1) Promptly following the date hereof and prior to Tenant undertaking any Tenant's Changes, Tenant agrees to submit to Landlord for its approval (which approval shall not be unreasonably withheld) two sets of complete working plans, drawings and specifications (collectively "**Tenant's Plans**"), including, but not limited to, all mechanical, electrical, air conditioning and other utility systems and facilities, for Tenant's Alterations, prepared by an architect and/or engineer duly licensed as such in the State of New York. Landlord's architect and/or engineer and/or consultant shall have the right to review Tenant's plans to ensure compliance with the Building standards established by Landlord, and if said plans deviate with the Building standards, Landlord's architect and/or engineer and/or consultant may provide appropriate comments and/or suggestions. Within fifteen (15) days following Landlord's receipt of Tenant's Plans, Landlord shall review or cause to be reviewed Tenant's Plans and shall thereupon return to Tenant one set of the same with Landlord's approval (which shall not be unreasonably withheld) or disapproval noted thereon, and if the same shall be disapproved in any respect, Landlord shall state the reason(s) for such disapproval.

(2) In case of any such disapproval, Tenant shall, within ten (10) days of receipt thereof, cause its architect or engineer to make such changes in Tenant's Plans as Landlord shall reasonably require and thereupon resubmit the same to Landlord for its approval (which approval shall not be unreasonably withheld).

(3) Following the approval of Tenant's Plans, as aforesaid, the same shall be final and shall not be changed by Tenant without the prior approval of Landlord (which approval shall either be granted or denied within seven (7) business days, but which shall not be unreasonably withheld) except as may be required by law, and Tenant shall give prior notice to Landlord of any such changes as may be required by law and shall promptly furnish Landlord with copies of all such required changes in Tenant's Plans. Following approval of Tenant's Plans, Landlord's architect and/or engineer and/or consultant shall have the right to prepare the documents required for the filing of Tenant's Plans with the New York City Department of Buildings and to file Tenant's Plans.



(4) Landlord's approval of Tenant's Plans or of any revisions thereof shall not constitute an opinion or agreement by Landlord that the same are structurally sufficient or that Tenant's Plans are in compliance with law, nor shall such approval impose any present or future liability on Landlord or waive any of Landlord's rights hereunder.

(5) Tenant acknowledges and agrees that Landlord's approval of Tenant's Plans shall be conditioned upon Tenant's employing licensed persons and firms (where required by law) and union labor for the performance of Tenant's Changes so as not to cause any jurisdictional or other labor disputes in the Building.

(6) All contractors Tenant proposes to employ shall be bondable and shall be subject to Landlord's prior approval, which shall not be unreasonably withheld and which approval may be requested by Tenant prior to the submission of Tenant's Plans to Landlord.

(7) Landlord hereby advises Tenant that as of the date of this Lease, Landlord will approve those contractors set forth on the Approved Contractor List annexed hereto as Schedule B, to perform Tenant's Changes. Notwithstanding the foregoing, Tenant understands and agrees that Schedule B is often revised and that Tenant should obtain the most current Schedule B approved by Landlord before employing any contractor.

(8) Tenant agrees that the general contractor to be employed by Tenant to perform Tenant's Work shall employ the electrical firm (the "Electrical Firm") listed on the Approved Contractor List as its subcontractor to perform the electrical work and one of the HVAC firms listed on the Approved Contractor List as its subcontractor to perform HVAC work, provided however that if Tenant does not agree to hire said contractors, Tenant shall comply with Landlord's solicitation of bid rules in order to obtain prices and bids from outside contractors, which rules shall establish a procedure for Tenant to solicit competing bids from outside contractors to perform the work in question based upon drawings and plans prepared by a licensed architect or engineer and for Landlord and Tenant to jointly open said bids.

(9) Tenant shall promptly reimburse Landlord on written demand, as additional rent, for all of Landlord's costs incurred in retaining the services of a licensed architect and/or licensed engineer and/or consultant, to assist in reviewing the plans, drawings and specifications for Tenant's Alterations and for making appropriate suggestions in regard thereto, which costs shall be no less than \$3,500.00. Landlord's architect and/or engineer and/or consultant shall have the right to visit the Demised Premises to observe and inspect Tenant's Alterations to assure compliance with Tenant's Plans and to prepare and file any required inspection forms.

(e) INTENTIONALLY OMITTED.

(f) Nothing contained in this Article or in any other provision of this Lease shall be construed in any way as giving Tenant the right, power or authority to contract for or permit the rendering of any service or the furnishing of any material that would give rise to the filing of any mechanic's lien against the Land or the Building or any part thereof or any leasehold estate therein. If, because of any act or omission done or claimed to have been done by or at the request of Tenant, any mechanic's or other lien or order for the payment of money shall be filed against the Demised Premises or any building or improvement thereon or against Landlord (whether or not such lien or order is valid or enforceable as such), Tenant shall, at Tenant's own cost and expense, cause the same to be cancelled and discharged of record or bonded within ten (10) days after the date of filing thereof, and, Tenant shall indemnify, hold harmless and defend Landlord from and against any and all costs, expenses, claims, causes of action, judgments, losses or damages, including, without limitation, court costs and attorneys' fees, resulting therefrom or by reason thereof.



(g) To the extent not inconsistent with or in conflict with the provisions of this Article, the provisions of Article 3 shall apply to Tenant's Changes, including, without limitation, the provisions of Article 3 requiring that any contractors engaged to perform Tenant's Changes shall be subject to the prior written consent of Landlord.

(h) Supplementing Paragraph (d)(7) of this Article, any general contractor for Tenant's Changes, other than those general contractors listed in Paragraph (d)(7) of this Article, shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, provided that:

(1) In the reasonable judgment of Landlord, the contractor is an independent, responsible, quality contractor, with an established record of successful performance, in a good and workmanlike manner and in compliance with law, of comparable office installations and alteration work in high-rise office Buildings in midtown Manhattan, and shall satisfy such standards with respect to financial worth, financial references, performance of work, insurance requirements and such other matters as Landlord, in Landlord's reasonable judgment, shall determine to apply;

(2) Such contractor shall employ union personnel; and, in the sole judgment of Landlord, the performance by such contractor of work in the Building will create no likelihood of giving rise to labor disputes or disharmony with any service or other employees of Landlord or of any other contractor performing work or services in the Building.

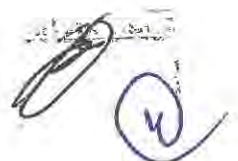
(3) Simultaneously with the request to Landlord for approval of such general contractor, there shall be submitted to Landlord by Tenant a certificate, signed by Tenant and such contractor, setting forth a good faith estimate of the total cost of the work (inclusive of labor, materials, overhead, profit and all other charges); and as a condition to Landlord's approval of such contractor (and before the commencement of any work) there shall then be paid by Tenant to Landlord, as additional rent, a fee equal to five per cent (5%) of such cost for the supervision, by Landlord or Landlord's designee, of such work by the contractor, no part of which payment, if such contractor shall be approved by Landlord, shall be refundable to Tenant;

(4) By no later than 30 days after the completion of construction by such contractor, Tenant shall deliver to Landlord a certificate signed by Tenant and such contractor, of the actual total cost of the work, together with, if such cost shall exceed the previously submitted estimate, a check covering additional payment on account of Landlord's supervision fee in the amount of five per cent (5%) of such excess cost, such payment to be deemed additional rent that is due and payable under this Lease; and

(5) Such general contractor shall comply with all applicable requirements set forth in this Article and in other provisions of this Lease relating to contractors and the performance of alteration work hereunder.

(i) Landlord may revoke any approval of any contractor given pursuant to said Paragraph (h) of this Article, effective upon the giving of notice to Tenant, if the performance by the employees of such contractor of the work shall create disharmony or shall give rise to labor disputes with the service or other employees of Landlord or of contractors performing work or services in the Building.

(j) Any approval by Landlord under this Article or under Article 3 of any installations or to the work by Tenant, and any approval by Landlord, under Paragraph (h) of this Article or under Article 3, of any contractor to perform such installations or other work, shall be limited to the installations and other work for which such approval was requested. Such approval shall not be deemed to be a waiver of any requirement of obtaining the approval of



Landlord for any other subsequent installations or other work ("**Subsequent Installations**") or of obtaining, de novo, the approval by Landlord of any contractor, previously approved under Paragraph (h) of this Article or under Article 3 in connection with previously approved installations or other work, if such contractor is to perform the Subsequent Installations.

(k) Upon the completion of Tenant's Changes, Tenant shall provide to Landlord (i) the certificate of Tenant's architect or engineer or general contractor stating that Tenant's Changes has been completed substantially in accordance with Tenant's Plans, (ii) an affidavit from the Tenant's general contractor that all sub-contractors, laborers, material suppliers for Tenant's Changes have been paid in full and that all liens therefor that have been filed have been bonded, discharged of record or waived, (iii) certificates and approvals required to be obtained by Tenant or Tenant's architect with respect to the work, that may be required by any governmental authority have been obtained and copies given to Landlord, (iv) releases of lien with respect to the payment being requested from the general contractor and any contractors or subcontractors hired by Tenant to supervise or perform any work within the Demised Premises and (v) such other documentation as Landlord may reasonably require.

(l) **Tenant understands and agrees that an architect designated by the Landlord ("Landlord's Architect"), shall review all plans for building standards, coordinate filing documents with Landlord and expeditor, provide the controlled inspection required by the Department of Buildings for sign-offs and assure the Landlord that the project will be closed out upon completion. Tenant agrees to pay the standard fee of Landlord's Architect for such work directly to Landlord's Architect. If Tenant fails to promptly pay Landlord's Architect, Landlord may do so on Tenant's behalf and the Tenant shall pay such fee to Landlord, as additional rent, within three (3) days of receipt of an invoice for the same. Tenant understands and agrees that a filing company designated by Landlord (which is independent of Landlord's Architect) ("Landlord's Filing Company") shall be responsible for filing Tenant's plans with the Department of Buildings. Tenant agrees to pay the standard fee of Landlord's Filing Company for such work directly to Landlord's Filing Company. If Tenant fails to promptly pay Landlord's Filing Company, Landlord may do so on Tenant's behalf and the Tenant shall pay such fee to Landlord, as additional rent, within three (3) days of receipt of an invoice for the same. Failure to timely pay Landlord's Architect or Landlord's Filing Company shall be deemed a material default under the Lease.**



52. DEPOSIT OF CHECKS

Landlord's deposit of any checks delivered by Tenant simultaneously with Tenant's execution of this Lease shall not constitute Landlord's execution and delivery of this Lease.

53. PARTIAL PAYMENT

If Landlord receives from Tenant any payment ("Partial Payment") less than the sum of the annual Base Rent, additional rent and other charges then due and owing pursuant to the terms of this Lease, Landlord in its sole discretion may allocate such Partial Payment in whole or in part to any Base Rent, any additional rent and/or any other charges or to any combination thereof.

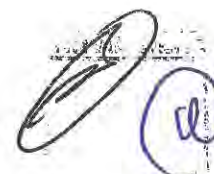
54. ADDITIONAL RENT

All payments other than the Base Rental payable by Tenant pursuant to this Lease shall be deemed additional rent, and, in the event of any nonpayment thereof, Landlord shall have all rights and remedies provided for herein or by law for non-payment of rent.

55. INTEREST ON SECURITY DEPOSIT

Landlord agrees to deposit the security deposit referred to in Article 32 of this Lease in an interest bearing account or in a Certificate of Deposit of a banking organization located in New York State. To the extent not prohibited by law, Landlord shall be entitled to receive and retain as an administrative expense a sum equivalent to 1 % per annum or such greater rate or sum as may hereafter be legally permitted, on the security deposit and Landlord shall have the right to withdraw such sum from time to time as Landlord may determine. The balance of the interest actually credited to such account by reason of such security deposit, after the deduction of such administrative expense, shall, at the option of Landlord: (a) be added to and held as part of the security deposit under this Lease, subject to and in accordance with Article 32 of this Lease, or (b) such balance, as at the end of any calendar year, after such deduction, shall be paid over by Landlord to Tenant during the succeeding calendar year during the term hereof, provided that Tenant is not in default under this Lease.

Landlord hereby acknowledges that it is presently holding the sum of **\$6,000.00** from **Room 310**, Lease dated December 23, 2003 then amended on October 23, 2006 and **\$14,000.00** from **Room 312**, Lease July 17, 2002 then amended on April 1, 2005 then amended on October 23, 2006 as a security deposit (the "**Existing Security Deposits**") for Tenant pursuant to that certain lease dated (the "**Existing Lease**") with respect to **Room 310** and **Room 312** in the Building. The parties hereby acknowledge and agree that, upon the cancellation of the Existing Lease, the Existing Security Deposit shall be credited by Landlord to the security required to be maintained by Tenant under this Lease.



56. HOLDING OVER

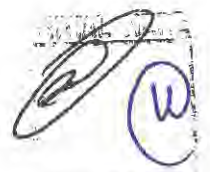
If Tenant holds over in possession after the expiration or sooner termination of the original term or any extended term of this Lease:

A. Such holding over shall not be deemed to extend or renew the term of this Lease, but such holding over shall be subject to the covenants and conditions of this Lease, except those relating to the term hereof, those relating to rent and those that shall be inconsistent with holding over, and except that the charges for use and occupancy for each month or portion of such month that Tenant shall hold over, then for such month or portion of such month, shall be equal to the product of two (2) times the sum of the Base Rent and all additional rent payable by Tenant during the last month of the term. (i.e. If Tenant shall hold over even one (1) day, the charges for such hold over shall be two (2) times the sum of the Base Rent and all additional rent for the amount payable during the entire last month of the term of the Lease. There is no pro rata apportionment for a portion of a month.)

B. Tenant shall indemnify Landlord against any claims, liability, costs, losses or damages resulting from such holding over by Tenant, whether or not the same shall be foreseeable, including, without limitation, any claims made by any other tenant against Landlord for any delay by Landlord in delivering possession of space that includes the whole or any part of the demised premises that shall result from such holding over by Tenant.

C. Neither the provisions of this Article nor the enforcement thereof shall be deemed to be a waiver of any rights and remedies reserved to Landlord under this Lease by virtue of any such holding over or those available in equity or at law, including without limitation, the institution and prosecution of summary proceedings against Tenant to recover possession of the demised premises.

D. Notwithstanding anything to the contrary contained in this Lease, if Tenant shall not have removed all of its trade fixtures, moveable office furniture and equipment and all other personal property (collectively, "Personal Property") from the demised premises on or before the date on which this Lease expires or is sooner terminated, Landlord shall have the right, effective as of the day immediately following the date on which this Lease expires or is sooner terminated, to remove any and all of the Personal Property and dispose of the same as Landlord shall so determine in its sole discretion, without any liability whatsoever to Tenant therefor; provided, however, that Tenant shall remain liable for Landlord's costs of such removal and shall reimburse Landlord for the same within ten (10) days following demand therefor. The provisions of this Paragraph D shall survive the expiration or sooner termination of this Lease.



57. LIQUIDATED DAMAGES

Article 18 of this Lease is hereby amended to add the following:

A. Whether or not Landlord collects any unpaid deficiency installments above, Tenant shall pay Landlord, on demand, in lieu of any further deficiency, as and for liquidated and agreed final damages (it being agreed that it would be impractical or extremely difficult to fix the actual damages), a sum equal to the amount by which the Base Rent and items of additional rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the term of this Lease discounted to present worth at the rate of four percent (4%) per annum.

Except as specifically set forth in this Article 57, nothing in this Article 57 is intended to modify the provisions of Articles 17 and 18 of this Lease.

B. If any statute or rule of law governing a proceeding in which such liquidated, final damages are to be provided shall validly limit the amount thereof to an amount less than either the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such statute or rule of law.

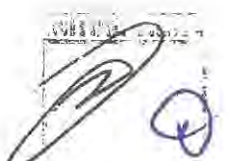
58. STOPPAGE OR FAILURE OF SERVICES

A. Notwithstanding anything set forth in this Lease, Landlord reserves the right to stop the service of the heating, elevator, plumbing, electric or (only if furnished by Landlord) air conditioning systems or of any other systems, or any other service, when necessary or advisable, in Landlord's sole judgment, by reason of accident, casualty or emergency, or for repairs, alterations, replacements or improvements, until the effects of such accident, casualty or emergency shall have passed and/or until such repairs, alterations, replacements or improvements shall have been completed. Tenant agrees that the stoppage of such services shall not constitute or be deemed to be a constructive eviction or be grounds for a termination of this Lease or the term hereof, nor shall the same in any way affect the obligations of Tenant under this Lease, including, without limitation, the obligation to pay the rents herein reserved or give Tenant the right to claim damages or any matter or thing from Landlord or Landlord's agent(s) or contractor(s).

B. Tenant understands and acknowledges that Landlord may alter, restore and/or renovate the entrance lobby and/or other portions of the Building and that such alterations, restoration and/or renovation or other work in the Building may result in certain inconveniences or disturbances to Tenant and other occupants of the Building (including, without limitation, the temporary relocation of the entrance to the Building). Tenant agrees that the performance of any such work shall not constitute or be deemed to be a constructive eviction or be grounds for a termination of this Lease or the term hereof, nor shall the same in any way affect the obligations of Tenant under this Lease, including, without limitation, the obligation to pay the rents herein reserved or give Tenant the right to claim damages or any matter or thing from Landlord or Landlord's agent(s) or contractor(s).

59. CONFLICT OR INCONSISTENCY

In case of any conflict or inconsistency between any of the provisions of this Rider and the provisions of the printed portion of this Lease, the provisions of this Rider shall prevail.



60. PERSONAL PROPERTY

1. Tenant understands and agrees that the Demised Premises were delivered with certain personal property which shall at all times remain the property of the Landlord. The tenant shall at its sole cost and expense maintain and repair said property, (reasonable wear and tear excepted), and shall surrender said property when Tenant vacates and surrenders the Demised Premises.

2. The property consists of:

315 regular track head lights
12 halogen track lights

3. If for any reason whatsoever the above named personal property is not surrendered or is damaged without repair (normal wear and tear excepted) when Tenant vacates and surrenders the Demised Premises, Landlord shall be entitled to recover from Tenant and Tenant shall pay Landlord, on demand, as and for liquidated and final, agreed damages as follows:

\$100.00 per missing track head

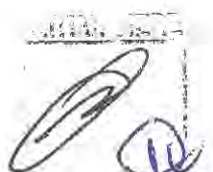
These liquidated damages shall be in lieu of Landlord claiming and prosecuting its claims for liquidated damages for the missing or damaged (beyond repair) items and shall be Landlord's sole option.

61. ACTUAL USE OF PREMISES

A. Tenant, recognizing that the Building is maintained as a location for first class occupancy by showroom tenants and as an additional inducement to Landlord to enter into this Lease, covenants that Tenant shall, subject to the provisions of Paragraph B. below, continuously and without interruption occupy and use during the entire term the entire Demised Premises for the use set forth in Article 2 hereof. Because of the difficulty or impossibility of determining Landlord's damages by way of loss of value in the Building because of diminished leaseability, saleability and mortgageability or adverse publicity or appearance by Tenant's actions should Tenant vacate, abandon or desert the Demised Premises or cease operating or conducting its business therein (except during any period the Demised Premises are rendered untenable by reason of fire, casualty, permitted repairs or alterations), Landlord shall have the right, at its option, to increase the Base Rent hereunder, during the remainder of the term, to an amount equal to two (2) times the amount of Base Rent that would otherwise be then due and payable under this Lease. Tenant acknowledges and agrees that Landlord's option to increase the Base Rent, as provided for herein, is reasonably related to the harm caused if Tenant is not opened for business during Market Weeks (defined below) as the Landlord and the showroom tenants depend on the other showroom tenants to be open for business during Market Weeks for the continued viability of the Building and the market(s). Landlord's claim that Tenant has vacated, abandoned or deserted the Demised Premises shall not be defeated solely because Tenant may have left all or part of its trade fixtures or other personal property in the Demised Premises. For purposes of this paragraph, the term "vacated, abandoned or deserted" shall mean that Tenant shall (a) have vacated the Demised Premises with no intention to return and (b) not be maintaining the Demised Premises in accordance with Article 2 of this Lease.

B. Tenant will not be required to continually occupy the Demised Premises, but will have the premises open only for business primarily during specific times of the year during "market" or "shows". Tenant shall not be required to continuously and without interruption occupy and use during the entire term the entire demised premises. However, it is the intention of Tenant to be a showroom Tenant, to keep current merchandise on display and keep the premises clean and orderly.

C. If Tenant is not open for business during specific times of the year, known as "Market Weeks", Tenant shall be in default of the Lease and shall be subject to all rights Landlord has under this Lease including Landlord's right to increase the rent as stated above. Tenant understands and agrees that Landlord is damaged when the Demised Premises are not open for business during "Market Week"(s) even if Tenant pays the rent.



62. INSURANCE.

A. Tenant shall not violate, or permit the violation of, any condition imposed by the standard fire insurance policy then issued for office buildings in the Borough of Manhattan, City of New York, and shall not do, permit anything to be done, keep, or permit anything to be kept, in the Demised Premises that would: (i) subject Landlord to any liability or responsibility for personal injury, death, or property damage; (ii) increase the fire or other casualty insurance rate on the Building or the property therein over the rate that would otherwise then be in effect (unless Tenant pays the resulting premium as provided in Section F of this Article 65); or (iii) result in insurance companies of good standing refusing to insure the Building or any of such property in amounts reasonably satisfactory to Landlord.

B. Tenant covenants to provide on or before the Commencement Date, and to keep in force during the term hereof, the following insurance coverage:

(i) for the benefit of Landlord and Tenant, a comprehensive policy of liability insurance protecting Landlord and Tenant against any liability whatsoever occasioned by accident on or about the Demised Premises or any appurtenances thereto. Such policy is to be written by good and solvent insurance companies authorized to do business in the State of New York, and the limits of liability thereunder shall not be less than the respective amounts of Five Million (\$5,000,000.00) Dollars of combined single limit coverage on a per occurrence basis and One Million (\$1,000,000.00) Dollars in respect of property damage. Such insurance may be carried under a blanket policy or policies covering the Demised Premises and other locations of Tenant, if any; and

(ii) fire and extended coverage in an amount adequate to cover the cost of replacement of all personal property, fixtures, leasehold improvements, furnishing and equipment, including Tenant's Changes, located in the Demised Premises. Such policy shall be written by good and solvent insurance companies authorized to do business in the State of New York.

Prior to the time that such insurance is first required to be carried by Tenant, and thereafter, at least thirty (30) days prior to the expiration of any such policies, Tenant agrees to deliver to Landlord either duplicate originals of the aforesaid policies or certificates evidencing such insurance, provided that said certificate contains an endorsement that such insurance may not be modified or canceled except upon fifteen (15) days' notice to Landlord, together with evidence of payment for the policy. Tenant's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder, entitling Landlord to exercise any or all of the remedies as provided in this Lease in the event of Tenant's default beyond all periods of notice and grace.

C. Landlord and Tenant shall each endeavor to secure an appropriate clause in, or an endorsement upon, each fire or extended coverage policy obtained by it and covering the Building, the Demised Premises, or the personal property, fixtures and equipment located therein or thereon, pursuant to which the respective insurance companies waive subrogation or permit the insured, prior to any loss, to agree with a third party to waive any claim it might have against said third party. The waiver of subrogation or permission for waiver of any claim hereinbefore referred to shall extend to the agents of each party and its employees and, in the case of Tenant, shall also extend to all other persons and entities occupying or using the Demised Premises in accordance with the terms of this Lease. If, and to the extent that, such waiver or permission can be obtained only upon payment of an additional charge, then, except as provided in Sections D and E of this Article 65, the party benefiting from the waiver or permission shall pay such charge upon demand, or shall be deemed to have agreed that the party obtaining the insurance coverage in question shall be free of any further obligations under the provisions hereof relating to such waiver or permission.

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D. In the event that Tenant shall be unable at any time to obtain one of the provisions referred to in Section C above in any of its insurance policies, Tenant shall cause Landlord to be named in such policy or policies as one of the insureds, but if any additional premium shall be imposed for the inclusion of Landlord as such an insured, Landlord shall pay such additional premium upon demand or Tenant shall be excused from its obligations under Section C with respect to the insurance policy or policies for which such additional premiums would be imposed. In the event that Landlord shall have been named as one of the insureds in any of Tenant's policies in accordance with the foregoing, Landlord shall endorse promptly to the order of Tenant, without recourse, any check, draft, or order for the payment of money representing the proceeds of any such policy, or any other payment growing out of or connected with said policy, and Landlord hereby irrevocably waives any and all rights in and to such proceeds and payments.

E. In the event that Landlord shall be unable at any time to obtain one of the provisions referred to in Section C above in any of its insurance policies, Landlord shall, at Tenant's option, cause Tenant to be named in such policy or policies as one of the insureds, but if any additional premium shall be imposed for the inclusion of Tenant as such an insured, Tenant shall pay such additional premium upon demand. In the event that Tenant shall have been named as one of the insureds in any of Landlord's policies in accordance with the foregoing, Tenant shall endorse promptly to the order of Landlord, without recourse, any check, draft, or order for the payment of money representing the proceeds of any such policy, or any other payment growing out of or connected with said policy, and Tenant hereby irrevocably waives any and all rights in and to such proceeds and payments.

F. Subject to the provisions of Sections C, D and E above, and insofar as may be permitted by the terms of the insurance policies carried by it, each party hereby releases the other with respect to any claim (including a claim for negligence) that it might otherwise have against the other party for loss, damages, or destruction with respect to its property by fire or other casualty (including rental value or business interruption, as the case may be) occurring during the term of this Lease.

G. If, by reason of a failure of Tenant to comply with the provisions of Section A of this Article 65, the rate of fire insurance with extended coverage on the Building or equipment or other property of Landlord shall be higher than it otherwise would be, Tenant shall reimburse Landlord, on demand, for that part of the premiums for fire insurance and extended coverage paid by Landlord because of such failure on the part of Tenant.

H. If any dispute shall arise between Landlord and Tenant with respect to the incurrence or amount of any additional insurance premium referred to in Section F above, the dispute shall be determined by arbitration.



63. DEFAULTS

Article 17 of this hereof is hereby amended to add the following:

A. If Tenant defaults in the payment of Base Rent or any item of additional rent reserved herein or any part of either or in making any other payment herein required, then in any one or more of such events, upon Landlord serving a written five (5) days' notice upon Tenant specifying the default and upon the expiration of said five (5) days if Tenant shall have failed to cure such default, then Landlord may serve a written three (3) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said three (3) days this lease and the term hereunder shall end and expire as fully and completely as if the expiration of said three (3) day period were the day herein definitely fixed for the end and expiration of this lease and the term hereof and Tenant shall then quit and surrender the Demised Premises to Landlord, but Tenant shall remain liable as in this lease provided, it being the intention of the parties hereto to create hereby a conditional limitation.

B. Notwithstanding anything to the contrary contained in the above paragraph, if Tenant defaults in the payment of Base Rent or any item of additional rent reserved herein or any part of either or in making any other payment herein required for two (2) or more consecutive months, Tenant acknowledges and agrees that Landlord, at Landlord's option, may immediately terminate the Lease upon serving a written notice of cancellation upon Tenant. In such event, Landlord may exercise peaceable self-help and re-enter the Demised Premises and remove any and all of the Personal Property and dispose of the same as Landlord shall so determine in its sole discretion, without any liability whatsoever to Tenant therefor.

C. If Tenant shall default in the performance of any term of this Lease to be performed by Tenant (other than the payment of any item of rent due hereunder) more than three (3) times in any period of twelve (12) months or, with respect to the payment of any item of rental, more than two (2) times in any period of nine (9) months, then, notwithstanding that such defaults shall have each been cured within the applicable period, if any, as above provided, any further similar default shall, after notice of the same, be deemed to be deliberate and Landlord thereafter may serve the said three (3) days' notice of termination upon Tenant without affording to Tenant an opportunity to cure such further default.

D. Nothing contained in Articles 17 or 63 shall be deemed to require Landlord to give the notices therein provided for prior to the commencement of a summary proceeding for non-payment of rent or plenary action for recovery of rent on account of any default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which the Lease shall terminate, and if Tenant thereafter, remains in possession after such termination, it shall do so as a holdover tenant.



64. GOVERNMENTAL COMPLIANCE

Tenant represents, warrants and covenants that neither Tenant nor any of its partners, members, shareholders or employees (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) ("Order") and all applicable provisions of Title III of the USA PATRIOT ACT (Public Law No. 107-56 (October 26, 2001)); (ii) is listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) is listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State; (iv) is listed on any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraqi Sanctions Act, Publ. L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 aa-9; The Cuban Democracy Act, 22 U.S.C. §§ 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 18 U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-201, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (vi) is engaged in activities prohibited in the Orders; or (vii) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.).

64A. FEE FOR NON-COMPLIANCE

Tenant understands and agrees that tenant is required, at its own cost and expense, to comply with all governmental laws, rules and regulations and orders of governmental officials having jurisdiction relating to the interior of the demised premises. If Landlord receives a notice requiring compliance by Tenant which subjects the building to any fines or penalties, Landlord, without being under any obligation to do so and without waiving any such default by Tenant, may comply with such order, at Tenant's cost and expense, and Landlord shall invoice Tenant, as additional rent, for Landlord's cost plus a 20 % fee or \$100.00 dollars (whichever is higher) for overhead and profit.



65. HAZARDOUS MATERIALS

Tenant shall not cause or permit any Hazardous Materials (as defined below) to be used, transported, stored, released, handled, produced or installed in, on or from, the Demised Premises or the Building, except for such Hazardous Materials (such as cleaning and photocopying fluids) that are customarily used in the operation of offices, provided that such Hazardous Materials are used in compliance with all laws and/or requirements of public authorities. The term "Hazardous Materials" shall mean any flammable, explosive, or radioactive materials, or hazardous wastes, hazardous and toxic substances, or related materials, asbestos or any material, containing asbestos, or any other such substance or material, as defined by any federal, state or local environmental law, ordinance, rule or regulation including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, and in the regulations adopted and publications promulgated pursuant to each of the foregoing. In the event of a breach by Tenant of the provisions of this Article 65, Landlord shall, in addition to all of its rights and remedies under this Lease, including without limitation its rights set forth in Paragraph 45(5) of the Lease, and pursuant to law, require Tenant to remove any such Hazardous Materials from the Demised Premises or the Building in the manner prescribed for such removal by all requirements of law. If Tenant shall fail to adequately remove any such Hazardous Materials from the Demised Premises, Landlord may do so on Tenant's behalf and the cost thereof shall be paid by Tenant as additional rent. The provisions of this Article 69 shall survive the expiration or sooner termination of this Lease.

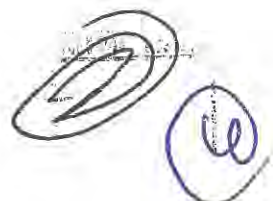
66. NOTICES

Whenever a provision is made under this Lease for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and served either (i) by hand delivery against written receipt, or (ii) by nationally recognized overnight courier providing for written evidence of delivery, or (iii) by United States certified mail, return receipt requested, postage prepaid, in any of such manners addressed at the addresses set forth below or at such other address as either party may advise the other from time to time: Notices given by mail shall be deemed given three (3) business days after deposit in the United States mail as aforesaid; notices given by hand delivery or overnight courier shall be deemed given upon receipt during regular business hours.

Landlord:
Manhattan Properties Company
Room 1721
295 Fifth Avenue
New York, New York 10016

with a copy to:
Rosenberg & Estis, P.C.
Attention: Luise A. Barrack Esq.
733 Third Avenue, 14th Floor
New York, New York 10016

Tenant:
Jay Franco & Sons, Inc.
295 Fifth Avenue, Suite 312
New York, NY 10016



67. GOOD-GUY GUARANTY

It is a condition of this Lease, without which Owner would not have entered into this Lease, that simultaneously with the execution of this Lease, _____ shall execute and deliver a good-guy guaranty of this Lease in the form annexed hereto as Exhibit B.

N/A

Handwritten signature and initials in blue ink. The signature is a large, stylized 'E' or 'O' shape. Below it, the letter 'W' is written inside a circle.

68. FREE POSSESSION

A. Tenant may take possession of the demised premises from the Possession Date stated below subject to all terms, covenants and conditions contained in this Lease, except only that Tenant shall not be required to pay the Base Rent until the Rent Commencement Date stated below.

POSSESSION DATE February 1, 2013

RENT COMMENCEMENT DATE February 1, 2013

B. Nothing herein contained shall affect the lease termination date, which is set forth on the first page of the printed portion of this Lease.

C. The deferment, under Paragraph A of this Article, of the date of the payment of rent to the Rent Commencement Date shall only apply to the Base Rent. All other items of additional rent and other charges, including, without limitation, additional rent under Article 39 of this Lease shall begin to accrue as of the date of the commencement of the term of this Lease; provided, however, that if the Possession Date shall be earlier than the date of the commencement of the term of this Lease, charges for electricity begin to accrue as of the Possession Date.

D. If for any reason Tenant shall be in default of any of its obligations under this Lease, then Landlord shall have all the rights and remedies set forth in this Lease and in addition Tenant shall pay Landlord the Base Rent as set forth in Article 38 of this Lease without regard to the provisions of paragraphs A, B and C of this Article together with interest on such amount from the possession date as if A, B and C of this Article had never been entered into.



69. WORK LETTER

A. Notwithstanding the provisions of Paragraph A of Article 40 of this Lease and provided that Tenant is not in default of this Lease, Landlord agrees, at its own cost and expense, to do the following work ("**Landlord's Work**") within the Demised Premises in building standard manner in connection with making the demised premises ready for Tenant's initial occupancy (or, if this Lease shall constitute the renewal or replacement of an existing lease, for Tenant's continued occupancy) of the Demised Premises; it being understood that Landlord's Work may be performed, in whole or in part, prior to, during or after the conclusion of the performance of Tenant's Changes:

N/A

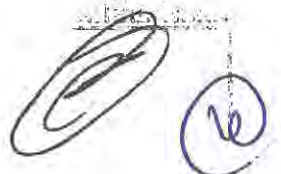
B. Except for the performance of Landlord's Work, Landlord shall be under no obligation to make any improvements or alterations or to perform any other work in the Demised Premises in connection with Tenant's initial occupancy (or, if this Lease shall be a renewal or replacement lease, Tenant's continued occupancy) of the Demised Premises; and, except for Landlord's Work, Tenant agrees to accept the Demised Premises in accordance with Paragraph A of Article 40 of this Lease.

C. Tenant shall, if required hereunder, make elections and deliver any plans and specifications to Landlord for Landlord's approval on or before , 20 . They shall incorporate all information which may be needed by Landlord to let the contracts for the performance of the work, and shall be fully dimensioned working drawings.

D. Progress of Landlord's Work shall not affect the payment of Base Rent and/or additional rent by Tenant.

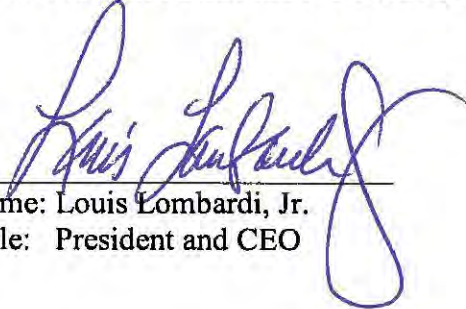
70. RUBBISH REMOVAL CHARGES

Tenant shall pay \$444.00 plus tax per month for rubbish removal.

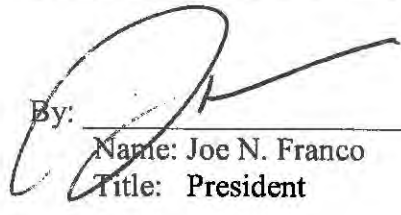
Handwritten signature and initials in blue ink, consisting of a large, stylized signature and a smaller circular mark containing the letter 'e'.

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

**LANDLORD:
MANHATTAN PROPERTIES COMPANY**

By: 
Name: Louis Lombardi, Jr.
Title: President and CEO

**TENANT:
JAY FRANCO & SONS, INC.**

By: 
Name: Joe N. Franco
Title: President



Lease dated:

Between Manhattan Properties Company, as Landlord, and
as Tenant.

SCHEDULE A

CLEANING SCHEDULE

**There is no cleaning service provided by Landlord
in this Lease except as stated in Article 50.**

Handwritten signature and initials in blue ink.

SCHEDULE B

THE CONTRACTORS LISTED BELOW ARE APPROVED AS OF THE DATE SHOWN. BECAUSE THIS LIST IS PERIODICALLY REVISED TENANT SHALL REQUEST THE MOST CURRENT LIST FROM LANDLORD WHEN REQUIRED BY TENANT.

APPROVED CONTRACTORS AS OF APRIL 7, 2011

GENERAL CONTRACTORS

Protech Interiors, Inc.

2 Winter Park Drive
Vernon, NJ 07462
Phone: 973-827-7221 Fax: 973-827-6221
John Brandt Cell: 917-417-3351

James E. Fitzgerald, Inc.

252 West 38th Street
New York, NY 10018
Phone: 212-921-8700 Fax: 212-302-8730
John Fitzgerald

ACC Construction

6 East 32nd Street, 7th floor
New York, NY 10016
Michele Medaglia, Pres. & CEO
Phone: 212-810-4471
Fax: 212-686-9332
Website: ACC-CONSTRUCTION.COM
MMEDAGLIA@ACC-CONSTRUCTION.COM

HVAC

Rimco Air Conditioning Co., Inc.

35-57 9th Street
Long Island City, NY 11106
Phone: 718-204-0600 Fax: 718-274-9048

Computer Cool Air Conditioning Co.

45-46 11th Street
Long Island City, NY 11101
Phone: 718-472-4400
Ken Blitzer

PLUMBING

L & M Mechanical

35 West 31st. Street
New York, NY 10001
Phone: 212-244-6100 Cell: 917-337-7213
Mike Binkley

Olympic Plumbing & Heating Services, Inc.

233-08 Linden Boulevard
Cambria Heights, New York 11411
Phone: 718-528-4001
Al Rocco



M & T Plumbing & Heating

120 East 13th Street
New York, NY 10003
Phone: 212-673-6700
John Mitchell

SPRINKLERS

Manhattan Automatic

25 East 21st. Street
New York, NY 10010
Phone: 212-475-1775 Fax: 212-475-4743
Steve Wasserman

Olympic Plumbing & Heating Services, Inc.

233-08 Linden Boulevard
Cambria Heights, New York 11411
Phone: 718-528-4001
Al Rocco

ELECTRICIAN

C.W. Greene, Inc.

111 John Street
New York, NY 10038
Phone: 212-267-0440

PAINTING

A & S Painting & Decorating, Inc.

157-32 24th Road
Whitestone, NY 11357
Phone: 718-746-7171
Steve Kolivas

J & M Corporate Painters, Inc.

1992 Commerce Street, Apt. # 231
Yorktown Heights, NY 10598
Phone: 914-962-2400
Maureen Murphy

DEMOLITION

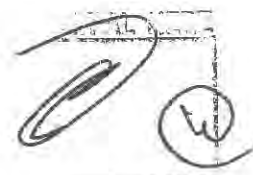
W5 Group LLC d/b/a Waldorf Demolition

60 East Palisades Avenue, Suite 111
Englewood, NJ 07631
Phone: 201-541-0030
James Marone

CARPET & FLOORING

Consolidated Carpet

45 West 25th Street
New York, NY 10010
Phone: 226-4600
Scott Goodnough



Allied Flooring Systems, Inc.
55 West 39th Street, Suite 307
New York, NY 10018
Phone: 212-391-0331 Fax: 212-391-0334
Cell: 917-217-2270
Gene Albanese

ARCHITECTS

John Bratichak
1771 East 46th Street
Brooklyn, N.Y. 11234
Phone: 718-252-6980 Fax: 718-252-6984
Cell: 917-376-3025

DC-2 Design Consortium
149 Madison Avenue, 5th fl.
New York, NY 10016
Phone: 212-532-6753
Jack Michaelson



MANHATTAN PROPERTIES COMPANY

295 FIFTH AVENUE NEW YORK, N.Y. 10016
212-685-0530

THE AREA MARKED REPRESENTS:

SPACE BAYS 8 - 17, ROOM 312
TENANT JAY FRANCO & SONS, INC.
LEASE DATED NOVEMBER 13, 2012

MANHATTAN PROPERTIES COMPANY

295 FIFTH AVENUE
NEW YORK, N.Y. 10016

TEXTILE BUILDING

TEL (212) 685-0530

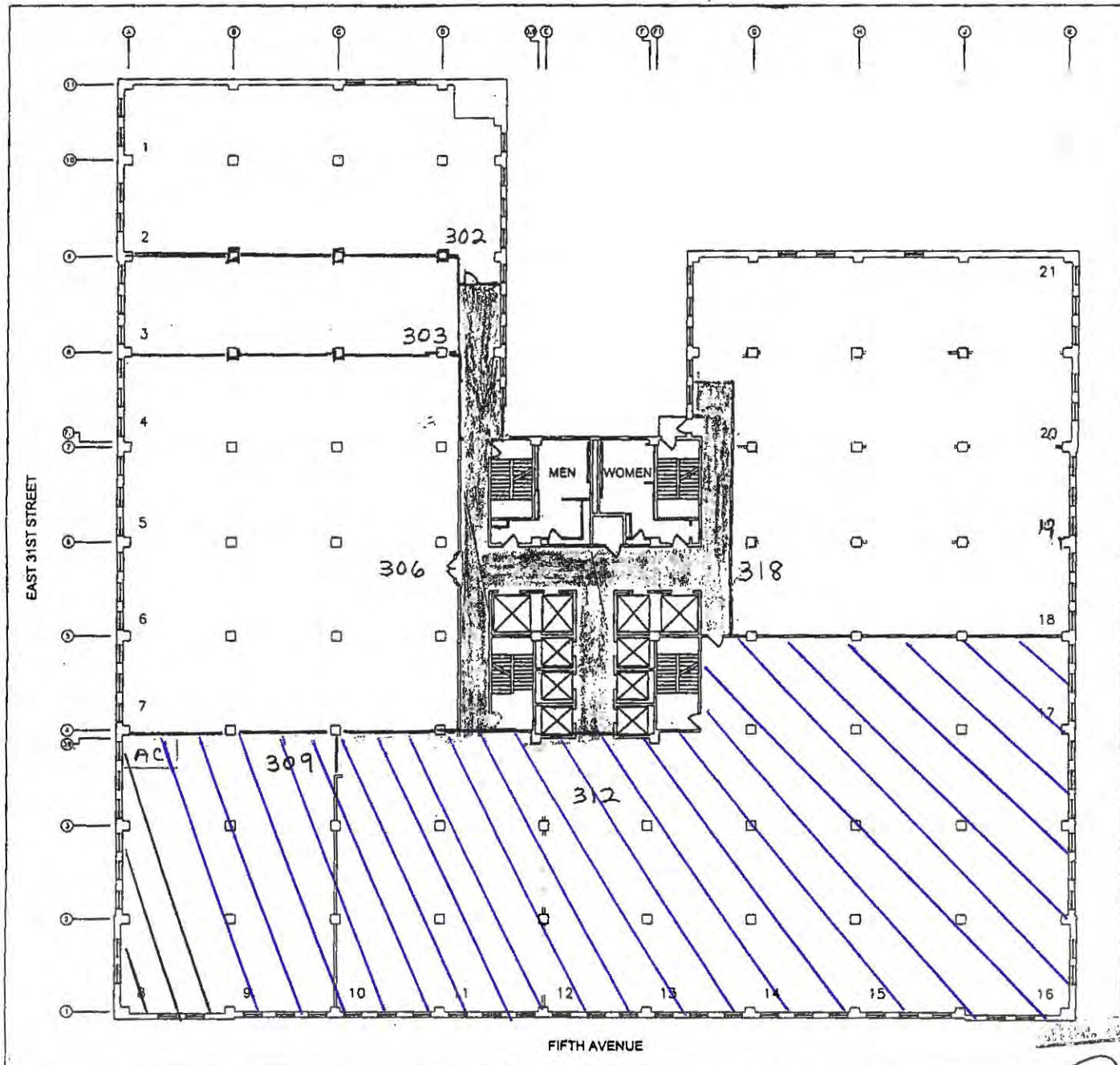
FAX (212) 685-0857

3RD



FLOOR PLAN

SCALE 1/32" = 1'-0"



(Handwritten initials and signature)