

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the quarterly period ended May 3, 2008

OR

Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission File Number: 0-25464



DOLLAR TREE

DOLLAR TREE, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

26-2018846
(I.R.S. Employer
Identification No.)

500 Volvo Parkway
Chesapeake, Virginia 23320
(Address of principal executive offices)

Telephone Number (757) 321-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer Accelerated filer
Non accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of June 5, 2008, there were 90,084,497 shares of the Registrant's Common Stock outstanding.

**DOLLAR TREE, INC.
AND SUBSIDIARIES**

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**DOLLAR TREE, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS**

(In millions, except per share data)	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Net sales	\$ 1,051.3	\$ 975.0
Cost of sales	694.8	649.7
Gross profit	356.5	325.3
Selling, general and administrative expenses	286.8	263.0
Operating income	69.7	62.3
Interest expense, net	1.6	1.6
Income before income taxes	68.1	60.7
Provision for income taxes	24.5	22.6
Net income	\$ 43.6	\$ 38.1
Net income per share:		
Basic	\$ 0.48	\$ 0.38
Diluted	\$ 0.48	\$ 0.38

See accompanying Notes to Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions)	May 3, 2008	February 2, 2008	May 5, 2007
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 84.2	\$ 40.6	\$ 59.8
Short-term investments	-	40.5	128.7
Merchandise inventories	652.7	641.2	599.7
Other current assets	60.2	66.5	50.0
Total current assets	<u>797.1</u>	<u>788.8</u>	<u>838.2</u>
Property, plant and equipment, net	733.7	743.6	715.3
Intangibles, net	146.6	147.8	145.5
Deferred tax assets	22.6	38.7	4.7
Other assets, net	<u>71.1</u>	<u>68.8</u>	<u>59.2</u>
TOTAL ASSETS	<u>\$ 1,771.1</u>	<u>\$ 1,787.7</u>	<u>\$ 1,762.9</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 18.5	\$ 18.5	\$ 18.8
Accounts payable	204.4	200.4	186.7
Other current liabilities	119.7	143.6	110.1
Income taxes payable	<u>29.2</u>	<u>43.4</u>	<u>9.9</u>
Total current liabilities	371.8	405.9	325.5
Long-term debt, excluding current portion	250.0	250.0	250.0
Income taxes payable, long-term	20.6	55.0	18.9
Other liabilities	<u>91.3</u>	<u>88.4</u>	<u>70.6</u>
Total liabilities	<u>733.7</u>	<u>799.3</u>	<u>665.0</u>
Commitments and contingencies			
Shareholders' equity	<u>1,037.4</u>	<u>988.4</u>	<u>1,097.9</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,771.1</u>	<u>\$ 1,787.7</u>	<u>\$ 1,762.9</u>
Common shares outstanding	<u>90.0</u>	<u>89.8</u>	<u>97.6</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Cash flows from operating activities:		
Net income	\$ 43.6	\$ 38.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41.8	39.3
Other non-cash adjustments to net income	33.7	5.8
Changes in operating assets and liabilities	(84.6)	(52.4)
Net cash provided by operating activities	34.5	30.8
Cash flows from investing activities:		
Capital expenditures	(32.7)	(39.7)
Purchase of short-term investments	(34.7)	(452.5)
Proceeds from sales of short-term investments	75.2	545.5
Purchase of restricted investments	(14.4)	(17.4)
Proceeds from sales of restricted investments	14.1	17.2
Other	(0.1)	(0.2)
Net cash provided by investing activities	7.4	52.9
Cash flows from financing activities:		
Principal payments under capital lease obligations	(0.1)	(0.1)
Payments for share repurchases	-	(153.3)
Proceeds from stock issued pursuant to stock-based compensation plans	1.8	37.9
Tax benefit of stock options exercised	-	6.6
Net cash provided by (used in) financing activities	1.7	(108.9)
Net increase (decrease) in cash and cash equivalents	43.6	(25.2)
Cash and cash equivalents at beginning of period	40.6	85.0
Cash and cash equivalents at end of period	\$ 84.2	\$ 59.8
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 2.8	\$ 6.2
Income taxes	\$ 44.3	\$ 44.5

See accompanying Notes to Condensed Consolidated Financial Statements.

**DOLLAR TREE, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Dollar Tree, Inc. and its wholly-owned subsidiaries (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended February 2, 2008 contained in the Company's Annual Report on Form 10-K filed April 1, 2008. The results of operations for the 13 weeks ended May 3, 2008 are not necessarily indicative of the results to be expected for the entire fiscal year ending January 31, 2009.

On March 2, 2008, the Company reorganized by creating a new holding company structure. The primary purpose of the reorganization was to create a more efficient corporate structure. The business operations of the Company and its subsidiaries will not change as a result of this reorganization. As a part of the holding company reorganization, a new parent company, Dollar Tree, Inc., was formed. Outstanding shares of the capital stock of Dollar Tree Stores, Inc., were automatically converted, on a share for share basis, into identical shares of common stock of the new holding company. The articles of incorporation, the bylaws, the executive officers and the board of directors of the new holding company are the same as those of the former Dollar Tree Stores, Inc. in effect immediately prior to the reorganization. The common stock of the new holding company will continue to be listed on the NASDAQ Global Select Market under the symbol "DLTR". The rights, privileges and interests of the Company's stockholders will remain the same with respect to the new holding company.

In the Company's opinion, the unaudited condensed consolidated financial statements included herein contain all adjustments (consisting of those of a normal recurring nature) considered necessary for a fair presentation of its financial position as of May 3, 2008 and May 5, 2007 and the results of its operations and cash flows for the periods presented. The February 2, 2008 balance sheet information was derived from the audited consolidated financial statements as of that date.

Certain 2007 amounts have been reclassified for comparability with the current period presentation. The gross amount of purchases of restricted investments and proceeds from the sale of restricted investments have been included for 2007. These amounts were previously reported on a net basis.

2. LONG-TERM DEBT

On February 20, 2008, the Company entered into a five-year \$550.0 million Credit Agreement (the Agreement). The Agreement provides for a \$300.0 million revolving line of credit, including up to \$150.0 million in available letters of credit, and a \$250.0 million term loan. The interest rate on the facility will be based, at the Company's option, on a LIBOR rate, plus a margin, or an alternate base rate, plus a margin. The revolving line of credit also bears a facilities fee, calculated as a percentage, as defined, of the amount available under the line of credit, payable quarterly. The term loan is due and payable in full at the five year maturity date of the Agreement. The Agreement also bears an administrative fee payable annually. The Agreement, among other things, requires the maintenance of certain specified financial ratios, restricts the payment of certain distributions and prohibits the incurrence of certain new indebtedness. The Company's March 2004, \$450.0 million unsecured revolving credit facility was terminated concurrent with entering into the Agreement. As of May 3, 2008, only the \$250.0 million term loan was outstanding under this Agreement.

3. INTEREST RATE SWAPS

On March 20, 2008, the Company entered into two \$75.0 million interest rate swap agreements. These interest rate swaps are used to manage the risk associated with interest rate fluctuations on a portion of the Company's variable rate debt. Under these agreements, the Company pays interest to financial institutions at a fixed rate of 2.8%. In exchange, the financial institutions pay the Company at a variable rate, which equals the variable rate on the debt, excluding the credit spread. These swaps qualify for hedge accounting treatment pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* and expire in March 2011. The fair value of these swaps as of May 3, 2008 is an asset of \$2.3 million and is included in "Other Assets" on the accompanying condensed consolidated balance sheets.

4. FAIR VALUE MEASUREMENTS

The Company adopted SFAS No. 157, *"Fair Value Measurements"* (SFAS 157) on February 3, 2008. This statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Additionally, on February 3, 2008, the Company elected the partial adoption of SFAS 157 under the provisions of Financial Accounting Standards Board Staff Position FAS 157-2, which amends SFAS 157 to allow an entity to delay the application of this statement until fiscal 2009 for certain non-financial assets and liabilities. The adoption of SFAS 157 did not have a material impact on the condensed consolidated financial statements.

SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset and liability. As a basis for considering such assumptions, SFAS 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy defined by SFAS 157 are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and

Level 3 - Unobservable inputs in which there is little or no market data which require the reporting entity to develop its own assumptions.

The Company's cash and cash equivalents, restricted investments and interest rate swaps represent the financial assets and liabilities that were accounted for at fair value on a recurring basis as of May 3, 2008. As required by SFAS 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The fair value of the Company's cash and cash equivalents and restricted investments was \$84.2 million and \$47.9 million, respectively at May 3, 2008. These fair values were determined using Level 1 measurements in the fair value hierarchy. The fair value of the swaps as of May 3, 2008 included assets of \$2.3 million and liabilities of \$0.4 million. These fair values were estimated using Level 2 measurements in the fair value hierarchy. These estimates used discounted cash flow calculations based upon forward interest-rate yield curves. The curves were obtained from independent pricing services reflecting broker market quotes.

5. INCOME TAXES

During the first quarter of 2008, the Company adjusted its balance of unrecognized tax benefits as a result of the filing of accounting method changes for certain temporary differences. Accordingly, "income taxes payable long-term" was reduced by \$34.4 million, of which \$32.3 million reduced "deferred tax assets" and \$2.1 million primarily representing the before tax impact associated with accrued interest on uncertain tax liabilities. The total amount of unrecognized tax benefits at May 3, 2008, that, if recognized, would affect the effective tax rate was \$14.0 million (net of the federal tax benefit).

6. NET INCOME PER SHARE

The following table sets forth the calculation of basic and diluted net income per share:

(In millions, except per share data)	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Basic net income per share:		
Net income	<u>\$ 43.6</u>	<u>\$ 38.1</u>
Weighted average number of shares outstanding	<u>89.9</u>	<u>99.2</u>
Basic net income per share	<u>\$ 0.48</u>	<u>\$ 0.38</u>
Diluted net income per share:		
Net income	<u>\$ 43.6</u>	<u>\$ 38.1</u>
Weighted average number of shares outstanding	<u>89.9</u>	<u>99.2</u>
Dilutive effect of stock options and restricted stock units (as determined by applying the treasury stock method)	<u>0.3</u>	<u>0.8</u>
Weighted average number of shares and dilutive potential shares outstanding	<u>90.2</u>	<u>100.0</u>
Diluted net income per share	<u>\$ 0.48</u>	<u>\$ 0.38</u>

For the 13 weeks ended May 3, 2008 and May 5, 2007, approximately 0.9 million and 0.5 million stock options, respectively, are not included in the calculation of the weighted average number of shares and dilutive potential shares outstanding because their effect would be anti-dilutive.

7. STOCK-BASED COMPENSATION

Stock-based compensation expense was \$3.9 million and \$3.0 million, respectively, during the 13 weeks ended May 3, 2008 and May 5, 2007.

Stock Options

In the 13 weeks ended May 3, 2008, the Company granted a total of 0.5 million stock options from the Equity Incentive Plan (EIP), Executive Officer Equity Plan (EOEP) and the Directors Deferred Compensation Plan (DDCP). The fair value of the 2008 options was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected term in years	6.0
Expected volatility	45.7%
Annual dividend yield	-
Risk free interest rate	2.8%

The estimated fair value of these stock options granted approximated \$5.7 million, net of expected forfeitures, and is being recognized over their three-year vesting period, or a shorter period based on the retirement eligibility of certain grantees. During the 13 weeks ended May 3, 2008, the Company recognized \$0.4 million of expense related to these options. During the 13 weeks ended May 3, 2008 and May 5, 2007, the Company recognized \$0.6 million and \$0.8 million, respectively, of expense related to options granted prior to 2008. The expected term of the awards granted was calculated using the "simplified method" in accordance with Staff Accounting Bulletin No. 107. Expected volatility is derived from an analysis of the historical and implied volatility of the Company's publicly traded stock. The risk free rate is based on the U.S. Treasury rates on the grant date with maturity dates approximating the expected life of the option on the grant date.

During the 13 weeks ended May 3, 2008, less than 0.1 million stock options were exercised yielding \$0.8 million of cash proceeds. The tax benefits recognized as additional paid in capital on these exercises was less than \$0.1 million during the 13 weeks ended May 3, 2008. During the 13 weeks ended May 5, 2007, approximately 1.5 million stock options were exercised yielding \$36.8 million of cash proceeds and \$6.6 million of tax benefits recognized as additional paid in capital, respectively. The intrinsic value of options exercised during the 13 weeks ended May 3, 2008 and May 5, 2007 was approximately \$0.2 million and \$17.4 million, respectively.

Restricted Stock Units (RSUs)

The Company granted approximately 0.5 million RSUs in the 13 weeks ended May 3, 2008 from the EIP and the EOEP to employees and officers. The estimated \$12.0 million fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The fair value was determined using the Company's closing stock price on the date of grant. The Company recognized \$0.8 million of expense related to these RSUs for the 13 weeks ended May 3, 2008. The Company recognized \$1.9 million of expense related to RSUs granted prior to 2008 in each of the 13 weeks ended May 3, 2008 and May 5, 2007.

In the 13 weeks ended May 3, 2008, approximately 0.2 million RSUs vested and approximately 0.1 million shares net of taxes were issued. In the 13 weeks ended May 5, 2007, approximately 0.1 million RSUs vested and approximately 0.1 million shares net of taxes were issued.

8. SHAREHOLDERS' EQUITY

Comprehensive Income

The Company's comprehensive income reflects the effect of recording the derivative financial instrument entered into in March 2008, pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The following table provides a reconciliation of net income to total comprehensive income:

(In millions)	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Net income	\$ 43.6	\$ 38.1
Fair value adjustment-derivative		
cash flow hedging instrument	2.3	-
Income tax expense	(0.9)	-
Fair value adjustment, net of tax	1.4	-
Total comprehensive income	\$ 45.0	\$ 38.1

Share Repurchase Program

The Company had no share repurchases during the 13 weeks ended May 3, 2008. As of May 3, 2008, the Company had approximately \$453.7 million remaining under Board approved repurchase authorizations.

9. LITIGATION MATTERS

In 2003, the Company was served with a lawsuit in a California state court by a former employee who alleged that employees did not properly receive sufficient meal breaks and paid rest periods, along with other alleged wage and hour violations. The suit requested that the Court certify the case as a class action. The parties engaged in mediation and reached an agreement which upon presentation to the Court, received preliminary approval and the certification of a settlement class. Notices have been mailed to the class members and the final fairness hearing occurred on May 22, 2008. The settlement amount was accrued in the accompanying condensed consolidated balance sheets as of May 3, 2008 and February 2, 2008.

In 2005, the Company was served with a lawsuit by former employees in Oregon who allege that they did not properly receive sufficient meal breaks and paid rest periods, and that terminated employees were not paid in a timely manner. The trial court certified three classes, two for alleged violations of that state's labor laws concerning rest breaks and one related to untimely payments upon termination. Thereafter, in a similar rest break class action case, the Oregon Supreme Court ruled that one of the rest break allegations does not give rise to a wage claim under the applicable Oregon statute. It is thus anticipated that the trial court will eliminate this class of plaintiffs from the case. Discovery is now on-going and no trial is anticipated before the latter part of 2008.

In 2006, the Company was served with a lawsuit by a former employee in a California state court alleging that she was paid for wages with a check drawn on a bank which did not have any branches in the state, an alleged violation of the state's labor code; that she was paid less for her work than other similar employees with the same job title based on her gender; and that she was not paid her final wages in a timely manner, also an alleged violation of the labor code. The plaintiff requested the court to certify the case and those claims as a class action. The parties have reached a settlement and executed an Agreement by which the named plaintiff individually settled her Equal Pay Act and late payment claims. The Court accepted the proposed settlement and certified a class for the check claim. Notices have been mailed to class members and a hearing for final approval of the settlement occurred on April 22, 2008. The estimated settlement amount has been accrued in the accompanying condensed consolidated balance sheets as of May 3, 2008 and February 2, 2008.

In 2006, the Company was served with a lawsuit filed in federal court in the state of Alabama by a former store manager. She claims that she should have been classified as a non-exempt employee under the Fair Labor Standards Act and, therefore, should have received overtime compensation and other benefits. She filed the case as a collective action on behalf of herself and all other employees (store managers) similarly situated. Plaintiff sought and received from the Court an Order allowing nationwide (except for the state of California) notice to be sent to all store managers employed by the Company now or within the past three years. Such notice was mailed and less than fifteen percent of those eligible to opt-in as a plaintiff did so. Each involved person will determine whether he or she wishes to opt-in to the class as a plaintiff. The Company will challenge the anticipated effort by the opt-in plaintiffs to be certified as a class following discovery which is on-going.

In 2007, the Company was served with a lawsuit filed in federal court in the state of California by one present and one former store manager. They claim they should have been classified as non-exempt employees under both the California Labor Code and the Fair Labor Standards Act. They filed the case as a class action on behalf of California based store managers. The Company responded with a motion to dismiss which the Court granted with respect to allegations of fraud. The plaintiff then filed an amended complaint which has been answered by us. The Company was thereafter served with a second suit in a California state court which alleges essentially the same claims as those contained in the federal action and which likewise seeks class certification of all California store managers. The Company has removed the case to the same federal court as the first suit, answered it and the two cases have been consolidated. The Company will defend the plaintiffs' anticipated effort to seek class certification.

In 2007, the Company was served with a lawsuit filed in federal court in California by two former employees who allege they were not paid all wages due and owing for time worked, that they were not paid in a timely manner upon termination of their employment and that they did not receive accurate itemized wage statements. They filed the suit as a class action and seek to include in the class all of the Company's former employees in the state of California. The Company responded with a motion to dismiss which the Court denied. The Company thereafter answered and opposed plaintiffs' motion for class certification. The Court denied certification on the grounds their counsel failed to demonstrate he would adequately represent the class as required by the applicable federal rule. It is unknown at this time whether other counsel will enter the case.

The Company will vigorously defend itself in these lawsuits. The Company does not believe that any of these matters will, individually or in the aggregate, have a material adverse effect on its business or financial condition. The Company cannot give assurance, however, that one or more of these lawsuits will not have a material adverse effect on its results of operations for the period in which they are resolved.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

INTRODUCTORY NOTE: Unless otherwise stated, references to "we," "our" and "us" generally refer to Dollar Tree, Inc. and its direct and indirect subsidiaries on a consolidated basis.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS: This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address future events, developments or results and typically use words such as "believe," "anticipate," "expect," "intend," "plan," "view," "target" or "estimate." For example, our forward-looking statements include statements regarding:

- our anticipated sales, including comparable store net sales, net sales growth, earnings growth and new store growth;
 - the average size of our stores to be added for the remainder of 2008 and their performance compared with other store sizes;
 - the effect of a shift in merchandise mix to consumables and the continued roll-out of frozen and refrigerated merchandise on gross profit margin and sales;
-

- the effect of expanding forms of tender type accepted, including VISA, on sales;
- the effect of the increase in import purchases in the current year on profit margin;
- the possible effect of inflation and other economic changes on our future costs and profitability, including future changes in minimum wage rates, shipping rates and diesel fuel costs;
- our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
- the future reliability of, and cost associated with, our sources of supply, particularly imported goods such as those sourced from China and Hong Kong;
- costs of pending and possible future legal and tax claims.

For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully review the risk factors summarized below and the more detailed discussions in the "Risk Factors" and "Business" sections in our Annual Report on Form 10-K filed April 1, 2008. Also see section 1A. "Risk Factors" in Part II of this Quarterly Report on Form 10-Q.

- Our profitability is especially vulnerable to cost increases, such as diesel fuel costs.
- Our profitability is affected by the mix of products we sell.
- A downturn in economic conditions could adversely affect our sales.
- We could encounter disruptions or additional costs in receiving and distributing merchandise.
- Sales below our expectations during peak seasons may cause our operating results to suffer materially.
- Our sales and profits rely on directly and indirectly imported merchandise which may increase in cost, become unavailable, or not meet U.S. product safety standards.
- We may be unable to expand our square footage as timely and profitably as planned.
- Pressure from competitors, including competition for merchandise, may reduce our sales and profits.
- The resolution of certain legal and tax matters could have a material adverse effect on our results of operations, accrued liabilities and cash.
- Certain provisions in our articles of incorporation and bylaws could delay or discourage a takeover attempt that may be in shareholders' best interests.

Our forward-looking statements could be wrong in light of these and other risks, uncertainties and assumptions. The future events, developments or results described in this report could turn out to be materially different. We have no obligation to publicly update or revise our forward-looking statements after the date of this quarterly report and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, it is against our policy to selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, shareholders should not assume that we agree with any statement or report issued by any analyst regardless of the content of the statement or report, as we have a policy against confirming information issued by others. Thus, to the extent that reports issued by securities analysts contain any financial projections, forecasts or opinions, such reports are not our responsibility.

Overview

Our net sales are derived from the sale of merchandise. Two major factors tend to affect our net sales trends. First is our success at opening new stores or adding new stores through mergers or acquisitions. Second is the performance of stores once they are open. Sales vary at our existing stores from one year to the next. We refer to this change as a change in comparable store net sales, because we include only those stores that are open throughout both of the periods being compared, beginning after the first fifteen months of operation. We include sales from stores expanded during the period in the calculation of comparable store net sales, which has the effect of increasing our comparable store net sales. The term “expanded” also includes stores that are relocated.

At May 3, 2008 we operated 3,474 stores in 48 states, with 29.1 million selling square feet compared to 3,280 stores with 27.0 million selling square feet at May 5, 2007. During the 13 weeks ended May 3, 2008, we opened 83 stores, expanded 24 stores and closed 20 stores, compared to 75 stores opened, 27 stores expanded and 14 stores closed during the 13 weeks ended May 5, 2007. In the 13 weeks ended May 3, 2008, we added approximately 0.7 million selling square feet, of which approximately 0.2 million, was added through expanding existing stores. The average size of stores opened during the 13 weeks ended May 3, 2008 was approximately 8,400 selling square feet (or about 10,600 gross square feet). For the remainder of 2008, we continue to plan to open stores that are approximately 8,500 - 9,000 selling square feet (or about 10,000 – 12,500 gross square feet). We believe that this size store is our optimal size operationally and that this size also gives the customer an improved shopping environment that invites them to shop longer and buy more.

For the 13 weeks ended May 3, 2008, comparable store net sales increased 2.1%. The comparable store net sales increase was the result of increases of 2.0% in the number of transactions and 0.1% in transaction size, compared to the 13 weeks ended May 5, 2007. We believe comparable store net sales were positively affected by a number of our initiatives over the past year, including expansion of forms of payment accepted by our stores and the continued roll-out of frozen and refrigerated merchandise to more of our stores. During 2006 we completed the roll-out of pin-capture debit card acceptance to all of our stores, which has also enabled us to accept Electronic Benefit Transfer cards. We now accept food stamps in approximately 1,250 qualified stores compared to 700 stores at May 5, 2007. As of October 31, 2007, all of our stores accepted Visa credit which has had a positive impact on sales during the quarter and we expect it to have a positive impact on sales this year.

We continue to experience a slight shift in the mix of merchandise sold to more consumables which we believe increases the traffic in our stores; however, this merchandise has lower margins. The negative impact from the planned shift toward more consumables was smaller in the first quarter 2008 than in 2007. The planned shift in mix to more consumables is partially the result of the roll-out of frozen and refrigerated merchandise to more stores in 2008 and 2007. At May 3, 2008 we had frozen and refrigerated merchandise in approximately 1,160 stores compared to approximately 740 at May 5, 2007. We believe that this has and will continue to enable us to increase sales and earnings by increasing the number of shopping trips made by our customers and increasing the average transaction size.

Even with the higher amount of basic, consumable products in the current quarter, we experienced margin improvement compared with the same period of 2007. Decreased costs for merchandise in many of our categories in the current year were partially offset by a shift in the product mix toward lower margin consumable products compared with last year. With the pressures of the current economic environment, we anticipate that the basic, consumable products will grow at a faster rate for the remainder of 2008. We believe that the anticipated increase of basic, consumable merchandise and the current high diesel fuel prices will put pressure on our margins for the remainder of 2008.

On May 25, 2007, the President signed legislation that increased the Federal Minimum Wage from \$5.15 an hour to \$7.25 an hour by July 2009. We do not expect this legislation to have a material effect on our operations for the remainder of fiscal 2008.

We estimate that sales for the second quarter of 2008 will be in the range of \$1.045 billion to \$1.075 billion and earnings per diluted share will be in the range of \$0.33 to \$0.36. For fiscal 2008, we estimate sales will be in the range of \$4.52 billion to \$4.63 billion and diluted earnings per share will be in the range of \$2.23 to \$2.39. Guidance for the second quarter and for the full year fiscal 2008 is based on low single digit comparable store net sales growth. The earnings per share guidance for 2008 is based on selling square footage growth of 8% to 9% and includes freight costs continuing to increase as a percentage of sales. This guidance is exclusive of any potential share repurchase activity in 2008.

Results of Operations

13 Weeks Ended May 3, 2008 Compared to the 13 Weeks Ended May 5, 2007

Net sales. Net sales increased 7.8%, or \$76.3 million, over last year's first quarter resulting from sales in our new stores and a 2.1% increase in comparable store net sales in the current quarter. Comparable store net sales are positively affected by our expanded and relocated stores, which we include in the calculation, and, to a lesser extent, are negatively affected when we open new stores or expand stores near existing stores.

Gross Profit. For the 13 weeks ended May 3, 2008, our gross profit margin was 33.9% compared to the gross profit margin of 33.4% for the 13 weeks ended May 5, 2007. This increase can be attributed to the following:

- Merchandise costs, including inbound freight, decreased 50 basis points due to the lower cost of merchandise in many categories in the current quarter.
- Shrink expense decreased 30 basis points in the quarter due to favorable adjustments to shrink estimates in the current quarter based on actual inventory results. In the prior year quarter, we increased the accrual rate based on actual, unfavorable inventory results.
- The aforementioned improvement was partially offset by a 30 basis point increase in occupancy costs.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses for the current quarter increased to 27.3%, as a percentage of net sales, compared to 27.0% for the same period last year. This increase was primarily due to the following:

- A 20 basis point increase in operating and corporate expenses resulting from increased debit and credit fees in the current year quarter due to increased debit transactions and the rollout of Visa credit in the fourth quarter of 2007. Advertising also increased in the current quarter due to additional print advertising compared to last year.
- Store operating costs increased 10 basis points due to increased utility costs in the current year due to higher rates and increased consumption.

Operating Income. Operating income for the current quarter was 6.6% as a percentage of sales compared to 6.4% for the same period last year as a result of increased gross profit being partially offset by increased selling, general and administrative expenses.

Income Taxes. The income tax rate for the quarter was 36.0% compared to 37.2% for the first quarter last year. The lower rate in the current year reflects the recognition of certain tax benefits in accordance with Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" which was partially offset by a reduction in tax-exempt interest income.

Liquidity and Capital Resources

Our business requires capital to open new stores, expand our distribution network and operate our existing business. Our working capital requirements for our existing business are seasonal in nature and typically reach their peak in the months of September and October. Historically, we have satisfied our seasonal working capital requirements, funded our store opening and expansion programs and repurchased shares from internally generated funds and borrowings under our credit facilities.

The following table compares cash flow information for the 13 weeks ended May 3, 2008 and May 5, 2007:

(In millions)	13 Weeks ended	
	May 3, 2008	May 5, 2007
Net cash provided by (used in):		
Operating activities	\$ 34.5	\$ 30.8
Investing activities	7.4	52.9
Financing activities	1.7	(108.9)

Net cash provided by operating activities increased \$3.7 million due to increased earnings before income taxes and depreciation and amortization in the current year, partially offset by changes in operating assets and liabilities in the current year.

Net cash provided by investing activities decreased \$45.5 million in the current year. In the prior year quarter, we sold more investments to finance share repurchases.

In the current year quarter, financing activities provided cash of \$1.7 million as a result of employee stock plan purchases and limited stock option exercise. In the prior year quarter, net cash used in financing activities was \$108.9 million as a result of share repurchases of \$153.3 million partially offset by stock option exercises resulting from our higher stock price last year.

On February 20, 2008, we entered into a five-year \$550.0 million Credit Agreement (the Agreement). The Agreement provides for a \$300.0 million revolving line of credit, including up to \$150.0 million in available letters of credit, and a \$250.0 million term loan. The interest rate on the facility will be based, at our option, on a LIBOR rate, plus a margin, or an alternate base rate, plus a margin. The revolving line of credit also bears a facilities fee, calculated as a percentage, as defined, of the amount available under the line of credit, payable quarterly. The term loan is due and payable in full at the five year maturity date of the Agreement. The Agreement also bears an administrative fee payable annually. The Agreement, among other things, requires the maintenance of certain specified financial ratios, restricts the payment of certain distributions and prohibits the incurrence of certain new indebtedness. Our March 2004, \$450.0 million unsecured revolving credit facility was terminated concurrent with entering into the Agreement.

At May 3, 2008, our long-term borrowings were \$268.5 million, our capital lease commitments were \$0.8 million and we had \$300.0 million available on our revolving credit portion of the Agreement. We also have \$125.0 million and \$50.0 million Letter of Credit Reimbursement and Security Agreements, under which approximately \$97.1 million was committed to letters of credit issued for routine purchases of imported merchandise as of May 3, 2008.

We had no share repurchases during the 13 weeks ended May 3, 2008. As of May 3, 2008, we had approximately \$453.7 million remaining under Board approved repurchase authorizations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes and foreign currency rate fluctuations. We may enter into interest rate swaps to manage our exposure to interest rate changes, and we may employ other risk management strategies, including the use of foreign currency forward contracts. We do not enter into derivative instruments for any purpose other than cash flow hedging purposes.

On March 20, 2008, we entered into two \$75.0 million interest rate swap agreements. These interest rate swaps are used to manage the risk associated with interest rate fluctuations on a portion of our variable rate debt. Under these agreements, we pay interest to financial institutions at a fixed rate of 2.8%. In exchange, the financial institutions pay us at a variable rate, which equals the variable rate on the debt, excluding the credit spread. These swaps qualify for hedge accounting treatment pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and expire in March 2011. The fair value of these swaps as of May 3, 2008 is an asset of \$2.3 million and is included in "Other Assets" on the accompanying condensed consolidated balance sheets.

Our other remaining interest rate swap does not qualify for hedge accounting treatment under SFAS No. 133, as amended by SFAS No. 138, because it contains provisions that "knockout" the swap when the variable interest rate exceeds a predetermined rate. As of May 3, 2008, the fair value of this interest rate swap is a liability of 0.4 million. The fair value of this swap as of May 3, 2007 was an asset of less than \$0.1 million.

Item 4. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on this evaluation, the Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures are effective.

There have been no changes in our internal control over financial reporting during the quarter ended May 3, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

From time to time, we are defendants in ordinary, routine litigation or proceedings incidental to our business, including allegations regarding:

- . employment related matters;
- . infringement of intellectual property rights;
- . product safety matters, which may include product recalls in cooperation with the Consumer Products Safety Commission or other jurisdictions;
- . personal injury/wrongful death claims; and
- . real estate matters related to store leases.

For a discussion of our current lawsuits, please refer to "Note 9. Litigation Matters", included in "Part I. Financial Information, Item 1. Financial Statements" of this Form 10-Q.

We will vigorously defend ourselves in these lawsuits. We do not believe that any of these matters will, individually or in the aggregate, have a material adverse effect on our business or financial condition. We cannot give assurance, however, that one or more of these lawsuits will not have a material adverse effect on our results of operations for the period in which they are resolved.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors described in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K, filed with the SEC on April 1, 2008.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

We had no share repurchases during the 13 weeks ended May 3, 2008. As of May 3, 2008, we had approximately \$453.7 million remaining under Board approved repurchase authorizations.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

Item 5. OTHER INFORMATION.

None.

Item 6. EXHIBITS.

10. Material Contracts

10.1 Store Lease between Suburban Management Company (Landlord) and Dollar Tree Stores, Inc. (Tenant) dated May 5, 1996 and current renewal dated January 7, 2005.

10.2 Store Lease between DMK Associates, L.P. (Landlord) and Dollar Tree, Stores, Inc. (Tenant) dated August 19, 2002 and current renewal dated March 17, 2004.

10.3 Store Lease between DMK Associates, L.P. (Landlord) and Dollar Tree Stores, Inc. (Tenant) dated July 17, 1995 and current renewal dated September 27, 2006.

31. Certifications required under Section 302 of the Sarbanes-Oxley Act

31.1 Certification required under Section 302 of the Sarbanes-Oxley Act of Chief Executive Officer

31.2 Certification required under Section 302 of the Sarbanes-Oxley Act of Principal Financial Officer

32. Certifications required under Section 906 of the Sarbanes-Oxley Act

32.1 Certification required under Section 906 of the Sarbanes-Oxley Act of Chief Executive Officer

32.2 Certification required under Section 906 of the Sarbanes-Oxley Act of Principal Financial Officer

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 12, 2008

DOLLAR TREE, INC.

By: /s/ Kathleen E. Mallas
Kathleen E. Mallas
Vice President - Controller
(Principal Financial Officer)

Suite 201
7510 Granby Street
Norfolk, Virginia
23505

THIS DEED of LEASE (herein called LEASE), Made this 5th day of March 1996, by and between SUBURBAN MANAGEMENT COMPANY with its principal offices in the City of Norfolk, Virginia (Landlord), DOLLAR TREE STORES, INC. with its principal offices in NORFOLK, VIRGINIA (Tenant), and (Agent),

WITNESSE T H:

1. PREMISES. Landlord hereby demises and leases to Tenant, and Tenant hereby takes and leases from Landlord, chat certain storeroom (the "Leased Premises") now or hereafter to be constructed in the SUBURBAN PARK Shopping Center (the "Shopping Center") in the City of NORFOLK, VIRGINIA, known and numbered as 7549-B-F VIRGINIAN DRIVE, NORFOLK, having a width of approximately feet, by a depth of feet, measured from front building line to rear building line from the center line of dividing walls, and containing approximately 7,508 square feet. The Leased Premises are outlined in red on a diagram of the Shopping Center attached hereto as Exhibit A and made part hereof. Landlord may increase, reduce or change number, dimensions and locations of roadways, walks, buildings and parking areas as Landlord shall from time to time deem proper.
 2. USE OF COMMON AREAS. Occupancy by Tenant of the Leased Premises shall include the use in common with others entitled thereto of the parking areas, service roads, and sidewalks (the "Common Areas") subject however to the terms and conditions of this Lease and to all rules and regulations for the use thereof as may from time to time be prescribed by Landlord.
 3. LENGTH AND COMMENCEMENT OF TERM. The term of the Lease shall commence on the date (the "Commencement Date") (a) which is thirty (30) days after Landlord notifies Tenant in writing that the Leased Premises are ready for occupancy or (b) on which Tenant shall open the Leased Premises for business, whichever shall first occur, and the term shall expire at the end of FIVE (5) years following (i) the Commencement Date if the date is the first day of any calendar month or (ii) the first dav of the calendar month. The term of this Lease shall commence at 12:01 A.M. on April (Month) 1st (Day) 1996 ____ (Year) and terminate at 11:59 P.M. on MARCH (Month) 31st (Day) 2001 (Year). .
 4. RENT. (a) Landlord reserves, and Tenant covenants to pay Landlord without prior demand being made therefore and without offset of any kind, as rent for the Leased Premises, the sum of \$60,064. per annum ("Minimum Rent"), payable in advance on the first day of each month, in monthly installments of \$5005.33 each month, and additional rent ("Percentage Rent") in an amount equal to five percent (5%) of Cross Sales made in any Lease Year in excess of \$1,201,280.00. Percentage Rent shall be paid by Tenant to Landlord within sixty (60) days after the end of each Lease Year.

(b) As rent in addition to the above, Tenant shall pay to Landlord Tenant's share of the cost of maintaining the Common Areas ("Common Area Charge") in the amount of \$ 5631.00 per annum, payable in advance, on the first day of each month.

without prior demand and without offset of any kind in equal monthly installments of \$469.25 (calculated on the basis of . 75 c per square foot of the Leased Premises per year).

(c) All rental payments shall be made to Agent, 7510 Granby Street, Suite 201, Norfolk, Virginia, 23505, until Landlord shall otherwise direct in writing.

(d) Where there is a common water meter, the Tenant will pay its pro-rata share of water and sewer charges based on the square footage of the Leased Premises.

(e) If Landlord decides to hire any security guards or otherwise attempt to provide security for the Common Areas, Tenant agrees to pay to Landlord; as additional rent, a sum per month ("Security Charge"), payable in advance on the first day of each month during the term of this Lease equal to the greater of \$ or (ii) \$, calculated by taking 1/12 of c per square foot multiplied by the number of square feet contained in the Leased Premises. SEE ADDENDUM

(f) Tenant covenants and agrees to pay a late charge of \$50.00, and to pay interest at the rate of ten percent (102) per annum, payable monthly, on all rents (including Percentage Rent) and all other sums due under this Lease from the time said rents or auras accrue if they are not paid promptly when due. Landlord expressly reserves all other rights and remedies provided herein and by law in respect therein.
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5. USE OF LEASED PREMISES. The Leased Premises shall be used solely for the conduct

of and for no other purpose. Tenant agrees: (i) to operate such business in the Leased Premises at all times during the term of this Lease, (ii) to keep the Leased Premises adequately stocked and manned to maximize sales, and (iii) to keep the Leased Premises open for business at least from 9 A.M. to 6 P.M. on weekdays and 9 A.M. to 6 P.M. on Saturdays; Sundays and legal holidays are excepted.

6. LEASE YEAR. "Lease Year" as used in thin Lease means the period from the Commencement Date to the end of the twelfth full calendar month thereafter and each and every twelve-month period thereafter during said term

7. GROSS SALES. "Gross Sales" as used in this Lease means all sales both cash and credit, of merchandise and services made in or on, from ant) through, the Leased Premises, including all such sales made by any other occupant (by way of assignment, sublease or otherwise) of the Leased Premises, less the following:

(a) Any refunds, allowances of discounts, made or granted to customers in respect to such sales; and

(b) The amount of any excise or sales tax levied by governmental authority upon such sales; provided specific record of such tax is made at the time of each sale and that such taxes are separately charged to, and collected from, the customer.

The full amount of all "layaway", C.O.D. sales and the like shall be taken into

Gross Sales when originally made. Tenant covenants and agrees not to divert sales, directly or indirectly, from the Leased Premises to any other place or store.

8. TENANT'S RECORDS. Tenant covenants Chat it will keep and maintain at the Leased Premises, or at Tenant's principal office, books and records, in accordance with good accounting practice, in which will promptly and accurately by recorded all Gross Sales. Such books and records shall be open for inspection by Landlord's representative at all reasonable times during business hours during the term of this Lease, and the year next following the expiration thereof: and Landlord's representative shall by accorded all reasonable help and cooperation from Tenant in connection with each inspection. In the event any settlement is made hereunder which upon subsequent examination of Tenant's books Ls found to be erroneous, the parties hereto agree that they will promptly adjust the error through an appropriate credit, payment or refund, as the circumstances may require. If such examination discloses that the amount of Gross Sales actually made by Tenant £or the period of time covered by such examination varies more than 1% from the amount previously reported as made by Tenant for such period of tine, Tenant shall pay to Landlord the reasonable expense of such audit (in addition to the additional Percentage Rent, *it any*),

9. REPORTS BY TENANT. Within fifteen days (15) after the end of each month during the term of this Lease, Tenant shall deliver to Landlord without demand a statement signed and certified by Tenant (or an executive officer of Tenant) to be true and correct, showing the Gross Sales during such month. Within thirty days (30) after the end of each Lease Year during the term hereof, Tenant shall deliver to Landlord a statement, signed and certified under oath by Tenant or by an executive officer of Tenant to be true and correct, showing the Gross Sales made during the Lease Year concerned. Landlord agrees that it will no!: divulge in any way the information obtained from such report or from its inspection of Tenant's books and records, except in connection with any litigation between the parties hereto concerning this Lease or as may be required by any mortgagees of the Shopping Center, or any part thereof.

10. TRADE FIXTURES. Tenant shall have the right to install its trade fixtures in the Leased Premises as the work thereon progresses, provided such installation shall not interfere with the construction of the building in which the Leased Premises are located, and such installation shall be at the sole risk and expense of Tenant. All trade fixtures installed in the Leased Premises by Tenant shall remain the property of, and shall be removable by, Tenant at the expiration of this Lease, if Tenant is not in default hereunder, and Tenant agrees to repair or reimburse Landlord for the cost of repairing all damages to the Leased Premises occasioned by the removal of said fixtures.

11. USE OF PARKING AREAS. (a) All automobile parking areas, driveways, entrances and exits thereto, and other facilities furnished by Landlord in or near the Shopping Center shall 'at all times be subject to the exclusive control and management of Landlord, and Landlord shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to all such facilities and areas.

(b) It is expressly understood that the parking areas in the Common Areas are

intended primarily for the use of customers of the Tenants in the Shopping Center,

and Tenant accordingly agrees that its employees will not use said parking areas or

any of the driveways, streets or vacant land in the Shopping Center for the parking

or storage of any automobile, truck or any other vehicle owned by or used by any

such employee, except as may from time to time be approved in writing by Landlord.

In order to assist Landlord in the enforcement of the foregoing provision, Tenant

agrees that within ten (10) days after being requested by Landlord so to do, Tenant

will furnish to Landlord a written statement containing the names of all employees,

agents and representatives, employed by Tenant in or about the Leased Premises and

the license numbers of all vehicles owned or used by Tenant or such employees, agents

or representatives.

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12. LANDLORD'S INSURANCE. Landlord covenants that it will keep the building of

which the Leased Premises are a part, insured against fire, extended coverage and other perils, in an amount not less than 80% of the actual cash value of said premises, and in addition, will carry such general liability coverage for the common areas as it shall deem appropriate. The pro-rata cost of all insurance so written shall be borne by Tenant In accordance with the formula stated in Section 21 hereof. TENANT COST FOR INSURANCE WILL BE BASED ON .15 CENTS PER SQ.FT. OR \$126.20 ANNUALLY, PAID AT A MONTHLY RATE OF \$93.85. THIS CHARGE IS SUBJECT TO INCREASE SHOULD COST TO LANDLORD INCREASE.

13. MAINTENANCE BY LANDLORD. Landlord covenants that it will, at its own cost and expense (i) within a reasonable time after being notified in writing by Tenant of the need therefor make such repairs to the roof, outside walls (except windows, store front and doors), gutters and downspouts of the building of which the Leased Premises is a part as may be necessary in order to keep such building in good condition of repair, unless said repairs are occasioned by the negligence or willful act of Tenant or any of its agents, employees or contractors, in which event such repairs shall be made by and at the expense of Tenant, it being agreed that Landlord will not be responsible for any damages resulting from any leak or defect in the roof, sidewalls, gutters or downspouts unless such damage is due to Landlord's failure to make repairs, therefor within a reasonable time after having been notified by Tenant of the need therefor; and (ii) maintain in good condition or repair, stripe and adequately light the parking areas of the shopping Center.

14. MAINTENANCE BY TENANT. (a) Tenant agrees that it will at all times during the term of this Lease and at its own cost and expense, keep (I) the interior of the Leased Premises and the appurtenances thereto, including without limitation the heating system, air conditioning system, toilets, plumbing lines, windows, glass, electric lines, fixtures, store front and equipment, in good condition of repair, making such replacements as may be necessary from time to time, it being expressly understood that Tenant will be obligated to make all repairs and replacements necessary to keep the Leased Premises and the appurtenances thereto in good order and condition except only those which Landlord has expressly agreed to make under provisions of paragraph 13 of this Lease; and (ii) the Leased Premises and entryways, sidewalks, driveways and delivery areas adjacent to said premises clean and free from obstruction, rubbish, dirt, snow and ice.

(b) Tenant shall store all trash, rubbish and garbage in full-closed containers at the rear of the Leased Premises, and Tenant shall pay all costs incident to the removal thereof. Tenant shall not burn or otherwise dispose of any trash, waste, rubbish or garbage in or about the Leased Premises.

15. SUNDRY COVENANTS OF TENANT. (a) Tenant will not assign this Lease nor sublet the Leased Premises, in whole or in part, without the prior written consent of the Landlord and that if such consent is granted by Landlord, Tenant will remain primarily liable for the performance of the covenants herein contained binding upon Tenant. The transfer of fifty percent (50%) or more of Tenant's stock, if Tenant is a corporation, or transfer of a twenty-five percent (25%) partnership interest in Tenant, if Tenant is a partnership, shall constitute an assignment under the terms of this Lease. Tenant will comply with all federal, state and municipal laws, ordinances and regulations relating to the Leased Premises and the business conducted therein; Tenant will pay promptly for all electricity, water and other utilities consumed therein, all sewage disposal charges assessed against the Leased Premises, and all front foot benefit charges attributable to the Leased Premises; Tenant will not use or permit to be used any advertising medium or device, such as phonograph, radio or public address system, without the prior written consent of the Landlord; Tenant will not use or permit to be used, the Leased Premises for any illegal or immoral purpose; Tenant will not make any alterations in or to the Leased Premises without the prior written consent of the Landlord; Tenant will not hold any fire, bankruptcy, going-out-of-business or auction sales; and Tenant will not use the sidewalks or any other portions of the Common Areas for any purpose related to the selling of merchandise or services.

(b) Tenant shall keep the Leased Premises free from insects, pests and vermin of all kinds, and for that purpose Tenant shall use at Tenant's cost, such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require.

C) Tenant agrees to and shall become a member of, participate fully in, and remain in good standing in the Merchants' Association (as soot) as the same has been formed) and will abide by the regulations of such Association. Tenant agrees to pay minimum dues to said Merchants' Association in the amount of \$ 156.42 per month (calculated on the basis of .25c per square foot of area in the Leased Premises per year); however to annual adjustments, approved by a majority vote of the members of the Association, increasing said dues to the extent required by increases in the cost of promotional, public relations and advertising services.

16. EMINENT DOMAIN. If any part of the Leased Premises shall be taken by government, a 1 authority pursuant to its power of eminent domain (or Landlord conveys any part of the Leased Premises pursuant to a threat thereof), then the Leased Premises shall be reduced in proportion to the amount so taken or conveyed, unless the amount taken shall be so great that it would be impractical for Tenant to continue operation in which event this Lease shall be canceled and terminated as of date of such taking. Tenant hereby waives any right it may have and to any condemnation awards or sum paid under threat of condemnation as a result of a complete or partial taking of the Leased Premises or any other portion of the Shopping Center. Unless this Lease is canceled and terminated as aforesaid, any such taking (or any conveyance pursuant to the threat thereof) shall have no effect whatsoever on any rent payable in accordance with the provisions of this Lease (i.e. Minimum Rent, Percentage Rent) or other charges payable as rent, such as Common Area Charges, Security Charges and taxes, nor shall any rent or related charges be reduced thereby, unless a portion of the Leased Premises is so taken or conveyed pursuant to the threat of such taking, in which event Minimum Rent, as well as Gross Sales upon which Percentage Rent is payable and other charges payable as rent, shall be reduced proportionately.

17. DAMAGE BY FIRE. If the Leased Premises shall be damaged by fire or other casualty during the term hereof, Landlord agrees that it will restore said premises with reasonable dispatch to subsequently the same condition they were in prior to such damage, insofar as the proceeds from Landlord's insurance permit. If the Leased Premises are rendered untenable in whole or in part as a result of such damage, the rent payable hereunder shall be equitably and proportionately abated (according to loss of use) during the period intervening between the date of such damage and the date the Leased Premises are restored; provided, however, that if such damage occurs during the last two (2) years of the term and exceeds fifty percent (50%) of the insurable value of said premises at the time such damage occurs, either Landlord or Tenant may terminate this Lease as of the date of such damage by giving the other written notice of its intention to do so, within thirty (30) days after such damage occurs. If this Lease is so terminated, then rent payable hereunder shall be abated as of the date of such damage, and Tenant shall remove all of its property from the Leased Premises within thirty (30) days after the notice of termination was given.

18. TENANT'S INDEMNIFICATION AND LIABILITY INSURANCE. (a) Tenant agrees that it will hold Landlord and Agent harmless from any and all injury or damage to person or property in, on or about the Leased Premises and those portions of the Common Areas adjoining the Leased Premises, including, without limitation, all costs, expenses, claims or suits arising in connection therewith. Tenant covenants that it will, at all times during the time hereof, at its own cost and expense, carry public liability insurance on the Leased Premises (including Common Areas adjoining the Leased Premises) with limits of not less than \$3,000,000.00 for injury or death to one person, \$500,000.00 for injury or death to more than one person, and property damage of \$50,000.00, which insurance shall be written as to protect the Landlord, its agents and Tenant, as their respective interests may appear. Certificates of such insurance policies shall be delivered to Landlord promptly after the issuance of the respective policies. If Tenant fails to provide insurance, Landlord may (but shall not be obligated to) do so and collect the cost thereof as part of the rent.

(b) Landlord shall not be liable for any damage Co persons or property sustained in or about the Leased Premises during, the term hereof, howsoever caused.

19. WAIVER OF SUBROGATION. Insofar as the insurance policy or policies concerned are not invalidated thereby, each party hereto waives any and all right to recovery against the other party or parties hereto for each and every insured loss under the terms of such policy or policies.

20. DEFAULT AND REMEDIES. (a) In the event the business being conducted in the Leased Premises shall at any time be subsequently terminated, or in the event that Tenant shall be in default in the payment of any installment of rent herein, reserved after Landlord has given Tenant Five (5) days prior written notice of such non-payment, or in the event Tenant shall be in default in the performance of any of the terms, covenants, conditions or provisions herein contained binding upon Tenant after Landlord has given Tenant five (5) days prior written notice of such non-performance, or in the event Tenant shall be adjudicated a bankrupt or shall become insolvent or shall make a general assignment for the benefit of its creditors, or in the event a receiver shall be appointed for Tenant or a substantial part of its property and such receiver is not removed within five (5) days after appointment, Landlord shall have the right (in addition to all other rights and remedies provided by law) to terminate this Lease, to re-enter and take possession of the Leased Premises, peaceable or by force, and to remove any property therein, without liability for damage to, and without obligation to store, such property. In event of such termination, Landlord may (but shall be under no obligation to) relet the Leased Premises, or any part thereof, from time to time, in the name of Landlord or Tenant, without further notice, for such term or terms, on such conditions and for such uses and purposes as Landlord, in its uncontrolled discretion may determine, and Landlord may collect and receive all rents derived there from and apply the same, after deduction of all appropriate expenses, to the payment of the rent payable hereunder, Tenant remaining liable for any deficiency. Landlord shall not be responsible or liable for any failure to so relet the Leased Premises or any part thereof, or for any failure to collect any rent connected therewith.

(b) Tenant further agrees to pay all attorneys fees and court costs incurred by Landlord on account of Tenant's default hereunder.

Cc) All remedies of Landlord shall be cumulative.

21. TAXES. Tenant shall pay as additional rent all real estate taxes and assessments upon the Leased Premises which are assessed during the term of this Lease. If the Leased Premises are not assessed separately for real estate taxes by taxing authority, Tenant shall pay such portion of the annual real estate taxes assessed against the Shopping Center ("S.C. Taxes") as is obtained by multiplying the amount of S.C. Taxes by a fraction, the numerator of which shall be the square foot area of the Leased Premises and the denominator of which shall be the leasable square foot area of the Shopping Center. All taxes assessed prior to but payable in whole or in installments after the Commencement Date, and all taxes assessed during the term but payable in whole or in installments after this Lease terminates shall be adjusted and prorated, so that Tenant shall pay its pro-rata share for the Lease term and Landlord shall pay its pro-rata share for periods prior and subsequent to the Lease term. The additional rent provided for in this paragraph 21 shall be paid monthly. A tax bill by Landlord to Tenant shall be sufficient evidence of the amount of taxes assessed or levied against the parcel of real property to which such bill relates. If at any time during the term of this Lease, under the laws of the State of Virginia or any political subdivision thereof, a tax is assessed against the Landlord, in the form of a license tax or otherwise, such tax shall be deemed to be a real estate tax and shall be included within the amount which Tenant is required to pay Landlord. TAX RENT WILL BE BASED ON .45 CENT PER SQ.FT- \$3378.60 A&ALLY PAID AT A MONTHLY RATE OF \$281.55. SUBJECT TO INCREASE SHOULD COST TO LANDLORD INCREASE.

22. SIGNS, AWNINGS AND CANOPIES. Tenant will not paint, place or suffer to be painted, placed or displayed on any exterior door, wall or window of the Leased Premises any sign, awning or canopy, advertising matter or other things of any kind, and will not place or display any decoration, lettering or advertising matter on the glass of any window or door of the Leased Premises without Landlord's written approval and consent. Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter or other things as may be approved by Landlord in good condition and repair at all times.

23. ADDENDUMS, RULES AND REGULATIONS. The Addendums appended to this Lease are hereby a part of this Lease, and Tenant agrees to comply with and observe the same. Tenant's failure to keep and observe said Addendums shall constitute a breach of the provisions of this Lease in the manner as if contained herein as covenants. Landlord reserves the right from time to time to amend or supplement the Rules and Regulations section of this Lease and to adopt and promulgate the rules and regulations applicable to the Leased Premises and to the Shopping Center.

24. SUBORDINATION. Upon request of Landlord, Tenant will subordinate its rights hereunder to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing; now or hereafter in force against the land and the building of which the Leased Premises are a part or against any building hereafter placed upon the land of which the Leased Premises are a part, and to all advances made or hereafter to be made upon the security thereof. Upon request of any such mortgage, Tenant will attorn to and acknowledge the foreclosure purchaser or purchasers as Landlord hereunder. In addition, Tenant will promptly furnish, at Landlord's request, such estoppel agreements, consents to assignment of this Lease or of rent due hereunder, and attornment agreements as Landlord may reasonably require to comply with requirements of lenders.

25. RIGHT OF ENTRY. Tenant agrees to allow Landlord or its representative(s) or prospective purchaser(s), at any reasonable hour, to enter the Leased Premises for the purpose of inspecting the same, for making any repairs deemed necessary or desirable, or for showing the premises to any parties; and six months next preceding the expiration of said term, Tenant will allow the usual notice of "To-Let" to be placed on the front walls or doorways of said premises and to remain thereon without hindrance or molestation,

26. FORCE MAJEURE. In the event either party hereto shall be delayed or hindered in, or prevented from, the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period of the performance of any such act shall be extended for a period equivalent to the period of such delay; provided however, that the provisions of this paragraph shall not operate to excuse Tenant, nor shall Tenant in any event be excused, from prompt payment of Minimum Rent, Percentage Rent, and all other charges due Landlord by Tenant.

27. LIMITATION OF LANDLORD'S LIABILITY. Tenant agrees that Landlord shall be liable for performance of its obligations hereunder only to the **extent of** partnership assets and that the respective partners of Landlord shall not be personally liable.

28. NOTICES. Any notice herein provided for to be given to Landlord shall be deemed given if and when posted in United States registered or certified mail, postage paid, addressed to Landlord, % Suburban Management Company, 7510 Granby Street, Suite 201, Norfolk, Virginia 23505, and any notice herein provided for to be given to Tenant shall be deemed to be given if and when posted in United States registered or certified mail, postage prepaid, addressed to Tenant at the Leased Premises,

29. QUIET ENJOYMENT. Subject to the terms, covenants and conditions set forth in this Lease, Landlord covenants that Tenant shall have and enjoy quiet and peaceable possession of the Leased Premises during the term hereof,

30. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties hereto, and it cannot be altered or modified in any way except in writing signed by the parties hereto.

31. NO WAIVERS. Any failure of any party here to insist upon observation of any provision of this Lease shall not constitute a waiver of such provision of Lease.

32. PRONOUNS. Every pronoun used in this Lease shall be construed to be of such number and gender as the context shall, require.

RULES AND REGULATIONS.

1. All loading and unloading of merchandise, supplies and all other materials, shall be done at such time, in such areas and through such entrances as may from time to time be designated by Landlord. However, Landlord will make every effort not to interfere with Tenant's loading and unloading, and Landlord will exercise its rights hereunder solely for the purpose of establishing and maintaining efficiency and smoothness of operation of the Shopping Center as a whole.

2. No radio or television aerial shall be erected on the roof or exterior walls of the Leased Premises or on the grounds without the written consent of Landlord in each instance. Any aerial so installed without such written consent shall be subject to removal without notice any time, and Tenant shall pay Landlord, on demand, the cost of such removal.

3. Tenant shall keep the Leased Premises at a temperature sufficiently high to prevent freezing of water in pipes or fixtures.

4. The plumbing facilities shall not be used for any other purpose than that for which they were constructed, and no foreign substance of any kind shall be thrown therein.

5. The following specifications shall be controlling for all signs:

(a) Design of the **sign** shall be approved, by the owners of the Shopping Center prior to the **installation** of said sign.

6. Tenant shall install, maintain and keep in first class order such fire extinguishers, placed in such locations in the Leased Premises, as may be required by any City Ordinance, State or Federal Statute or by any insurance company or rating bureau which insures, or sets rates for insurance of, the Leased Premises.

34. WAIVER OF HOMESTEAD EXEMPTION, exemption as to this Lease.

Tenant waives the benefit of his homestead

35. SUCCESSORS AND ASSIGNS. This Lease and all the terms, covenants, conditions, and provisions herein contained shall be binding upon and shall inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors and (if and when assigned in accordance with the provisions hereof) Assigns.

36. OPTION. TENANT is GRANTED THE OPTION TO RENEW THIS LEASE FOR A TERM OF FIVE (5) YEARS AT A BASE RENT OF \$8.75.

36. Cont'd The lease dated December 31, 1987 is considered null and void on April 1, 1996 and is superseded by this lease.

IN WITNESS WHEREOF each corporated party hereto has caused this Deed of Lease no be executed in Its name and behalf by its President, or one of its Vice Presidents; each individual party hereto has hereunto sec *his* hand, and each partnership party hereto has caused this Deed of Lease to be executed in its name and behalf by at lease one of the General Partners.

Landlord: SUBURBAN MANAGEMENT COMPANY
ATTEST:

/s/ Frederick C. Coble
By /s/ Kenneth R. Perry (Seal)

Tenant: DOLLAR TREE STORES, INC.
By /s/ J. Douglas Perry (Seal)

ADDENDUM TO LEASE DATED FEBRUARY

1996 BETWEEN SUBURBAN

MANAGEMENT COMPANY, LANDLORD AND DOLLAR TREE STORES, INC., TENANT FOR THE DEMISED PREMISES LOCATED AT 7549B-F VIRGINIAN DRIVE, NORFOLK, VIRGINIA.

37. TENANT AGREES TO PAY MONTHLY SECURITY FKE IN THE AMOUNT OF \$165.00 BY SEPARATE CHECK AND MADE PAYABLE TO "OFF DUTY POLICE ACCOUNT". THIS F2E SUBJECT TO INCREASE SHOULD COST TO LANDLORD INCREASE.

30. TENANT AGREES THAT HE, HIS EMPLOYEES, AND ANY VOLUNTEERS

TO THE BUSINESS WILL USE THE REAR PARKING LOT, KNOWN AS

THE EMPLOYEES PARKING LOT, FOR PARKING OF ALL BUSINESS

AND PERSONAL VEHICLES. ANY VEHICLE FOUND PARKED IN A

RESTRICTED AREA WILL BE SUBJECT TO TOWING AT THE SOLE

EXPENSE TO THE OWNER OF THE VEHICLE.

33. IN CONSIDERATION FOR NEW YORK NEW YORK MOVING TO ANOTHER LOCATION IN ORDER THAT THE DOLLAR TREE MAY EXPAND INTO STORES B & C, DOLLAR TRSE AGREES TO ASSUME RESPONSIBILITY FOR ALL COST AND FOR INSTALLATION OF THE FOLLOWING;

A. REMOVAL OF EXISTING WALL WHICH NOW STANDS BETWEEN MALL STORES J & K SO THAT THESE TWO STORES MAY OPERATE AS ONE STORE.

B. REMOVAL OF ALL OLD CARPET AND INSTALLATION OF NEW CARPET THROUGHOUT BOTH STORE J & K AFTER EXISTING WALL HAS BEEN REMOVED. STANDARD GREEN DOLLAR TREE CARPET WILL BE SATISFACTORY WITH NEW YORK NEW YORK. IN LIEU OF THIS, NEW YORK NEW YORK WILL SUPPLY SAMPLES OF CARPET TO DOLLAR TREE FOR PURCHASE.

C. RELOCATION OF THE EXISTING SLAT BOARD FROM THE NOW NEW YORK NEW YORK STORE TO THE WALL IN THE NEW YORK FASHION SHOP WHICH IS STORE #K .

D. MOVING AND PLACEMENT OF NEW YORK NEW YORK'S STORE FIXTURES TO THE NEW STORE AT MR. OK ' S DIRECTION, THIS DOES NOT INCLUDE MOVING NEW YORK NEW YORK INVENTORY. MR. OK WILL ASSUME RESPONSIBILITY POR THIS.

E. RELCATION OF THE NEW YORK NEW YORK STORE SIGN TO STORE #J

TENANT UNDERSTANDS THAT THERE WILL BE NO SIGNS, TABLES, SPEAKERS, OK ANY OTHER ITEM PLACED OUTSIDE OF TH8 LEASED PREMISES WITHOUT THE CONSENT OF¹ SUBURBAN MANAGEMENT, THIS ALSO INCLUDES CARDBOARD BOXES AND DISPLAY ENDS. THE ONE EXCEPTION TO THIS RULE IS THE FREE STANDING SIGN NOW ALLOWED ON THE BROWN SECTION UF THE TILE.

SUBURBAN MANAGEMENT COMPANY

/s/ Kenneth A. Perry

DOLLAR TREE STORES, INC.

/s/ J. Douglas Perry

Dollar Tree Stores, inc.

January 7,2005

Via Certified Mail(RRR)

Lease Administration Dept

Hampton Roads Enterprises, Inc.

7510 Granby Street, Suite 208

Norfolk, VA 23505

Re: Dollar Tree Stores, Inc. #01

Wards Corner

Norfolk. VA^{il}

Dear Sir or Madam:

Reference Is made to that certain Lease Agreement dated March 5, 1996, located In Wards Corner, in the City of Norfolk, State of Virginia.

We are exercising our renewal option under this Lease for a period of five (5) years to expire on August 31,2010. All other terms and conditions of the Lease shall remain In full force and effect. Please sign and return a copy of this letter ("Option Renewal") to acknowledge confirmation of this Option renewal.

It has been a pleasure working with your Company and we look forward to several more prosperous years together.

Very truly yours.

/s/ John L. Cote

DOLLAR/TREE STORES, INC.
Counsel

iJohn L. Cote Vice President, Corporate JLC/mabAvw

cc: Terry Emey. Real Estate Manager

File Scan

Landlord Acknowledgement of terms

THE FOREGOING IS AGREED TO THIS

By: H.R.F. Bagley, Jr.
Name: Halaman Medical, Executive Director
Title: _____
_____ DAY OF January 2004 2005

500 Volvo Parkway, Chesapeake, Virginia 23320 Phone: (757) 321-3000 Fax:(757)321-5292

Dollar Tree Stores, Inc.

AUG 212002

DOLLAR TREE STORES, INC, AT

CASTLE SHOPS CHESAPEAKE, VA

Final Lease for Castle Shops - Chesapeake, VA

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LEASE AGREEMENT

19th day of August 2002, between DMK THIS LEASE, made as of this ASSOCIATES, a Virginia general partnership, whose address is Port Office Box 869, Virginia Beach, VA 23451 (hereinafter referred to as "Landlord") and DOLLAR TREE STORES, INC., a Virginia corporation, whose address is 500 Volvo Parkway, Chesapeake, Virginia 23320 (hereinafter referred to as Tenant").

WITNESSETH

THAT in consideration of the mutual covenants and agreements herein contained, it is agreed by

and between Landlord and Tenant as follows:

! A. BASIC LEASE PROVISIONS

the following constitute the basic provisions of this Lease;

1. Premises (as defined in Section B)

A. Shopping Center Address County Township

Square Footage Frontage Castle Shops 1105 S. Military Highway Chesapeake, VA 23320 17,200 square feet 100 linear feet

Tenant's Proportionate Share. 47.1%. Tenant's Proportionate Share shall be equal to a fraction, the numerator of which shall be the number of square feet of gross leasable area within the Premises (17,200 square feet) ("Premises GLA") and the denominator of which shall be the Shopping Center gross leasable area (36,519 square feet) ("Shopping Center GLA").

d. Space Number Trade Name.

2. DOLLAR TREE

3. Permitted Use. The retail sale of general merchandise including, but not limited to, home decor and accessories, costume jewelry, bathroom accessories, toys, stationery, auto accessories, apparel, kitchen accessories, household and cleaning products, gift wrap, greeting cards, party supplies, health and beauty supplies, novelty candy and snacks, and other incidental food items as well as other items typically sold in a majority of Dollar Tree stores. Tenant agrees that no one category will become the primary product line of the retail business so that no product line will exceed twenty-five percent (25%) of the sales floor area. Landlord covenants that Tenant will be permitted to occupy the Premises for the entire Lease Term for the uses herein specified. Landlord warrants that as of the date hereof there are no recorded or unrecorded restrictions or other tenant exclusives which would prohibit Tenant's use of the Premises as stated above. The exclusives and restrictions in place in the Shopping Center, if any, are attached as Exhibit G.

Final Lease for Castle Shops - Chesapeake, VA

4. Notices.

Landlord **DMK ASSOCIATES**
Post Office Box 869 Virginia Beach, VA 23451 Telephone: 757-428-8900 Facsimile: 757-428-8814

Tenant **DOLLAR TREE STORES, INC.**
Attn: Lease Administration Department 500 Volvo Parkway Chesapeake, VA 23320 Telephone: 757-321-5000 Facsimile: 757-321-5220

5. Effective Date of Lease. Execution of the Lease Agreement and delivery of the Leases to all parties.

6. Delivery Date for Possession of Premises ("Delivery Date"). January 31, 2003.

7. Lease Term Commencement Date. The Lease term shall commence the earlier of (a) ninety (90) days after the Delivery Date or (b) when Tenant opens for business.

8. Rent Commencement Date. Base Rent (as defined in Section E) shall commence the earlier of (a) ninety (90) days after the Delivery Date or (b) when Tenant opens for business.

9. Termination Date. The Original Lease Term shall terminate on the last day of the twenty-fourth (24th) calendar month following the Lease Term Commencement Date set forth in Section A.7 hereof.

10. Rental Terms and Renewal.

TERM	YEARS	PER SQ FT	MONTHLY	ANNUALLY
Original Lease Term	1-2	\$4.90	\$7,023.33	\$84,280.00
First Renewal Term	3-7	\$6.14	\$8,800.67	\$105,608.00
Second Renewal Term	8-14	\$6.64	\$9,517.33	\$114,208.00

11. Additional Rent. Any amounts to be paid by Tenant to Landlord pursuant to the provisions of this Lease, including Common Area Maintenance Charges (as defined in Section G.2), Real Estate Taxes (as defined in Section F.1), and Insurance (as defined in Section L.4.b), whether such payments are to be periodic and recurring or not, shall be deemed to be "Additional Rent" and otherwise subject to all provisions of this Lease and of law as to the default in the payment of Base Rent. Additional Rent shall commence on the Rent Commencement Date.

\$0.72 per square foot \$0.82 per square foot \$0.04 per square foot

\$1.13 per square foot

12. First Year Operating Charges

Common Area Maintenance
Taxes
Insurance

Total

Final Lease for Castle Shops - Chesapeake, VA

Tenant will pay its proportionate share of actual operating expenses for the first year of the Original Lease Term in accordance with this Section A.12, and Sections F.1 and G.2 of this Lease; however, Landlord represents the first year's operating charges will not exceed \$1.13 per square foot.

13. Annual Increases for Common Area Maintenance Charge. Annual increases for the Common Area Maintenance Charge will not exceed five percent (5%) of such charges on a non-cumulative basis for the previous year during the entire Lease Term and any Renewal Term(s) thereof.

14. Kickout Clause. Intentionally deleted.

15. Exclusive. Tenant shall have an "exclusive" for a single price point variety retail store. Landlord will not permit any other occupant in the Shopping Center to operate a retail variety store whose Principal Business (hereinafter defined), is selling merchandise at a single price point or retail operations with the word "Dollar" in their trade name. For the purpose of this section, Principal Business shall be defined as selling such single price point merchandise in twenty-five percent (25%) or more of the sales floor area (including one-half ("A") of the adjacent aisle space).

If Landlord violates this exclusive, Tenant shall pay one-half (1/2) monthly Base Rent plus full Additional Rent beginning thirty (30) days after the violation occurs and continuing until the violation is cured. However, if the violation has not been cured within six (6) months, Tenant shall have the option to terminate the Lease. If Tenant does not elect to terminate the Lease, Tenant will continue to pay one-half (1/2) Base Rent plus full Additional Rent throughout the remainder of the then current Lease Term, or until the violation is cured.

If Tenant does elect to terminate the Lease, Landlord shall reimburse Tenant within thirty (30) days of Landlord's receipt of written notice for the unamortized value (using a straight-line amortization schedule over the Original Lease Term) of the cost of the Tenant's Improvements and other costs Incurred by Tenant. Upon such termination, Landlord and Tenant shall be relieved of any further obligations to the other hereunder.

16. Co-Tenancy. Intentionally deleted.

17. Free Rent. Landlord has agreed that Tenant's Base Rent and Additional Rent shall be

abated in the amount of Forty-Two Thousand Five Hundred Dollars (\$42,500). Said rent

abatement is being taken as reduced rent over the first twenty-four (24) months of the

Initial lease term and is already reflected in the reduced rental terms for Original Lease

Term Years 1-2 shown in Section A.10.

Final Lease for Castle Shops - Chesapeake, VA

B. PREMISES

1. Description. Landlord hereby leases to Tenant the Premises ("Premises") described as follows: The space within a one-story unit (without basement, balcony, or mezzanine) as measured from the exterior face of any exterior walls and to the centerline of common walls, and crosshatched on the Site Plan attached hereto as Exhibit A. Landlord agrees that there is, as of the date of the Lease, tractor-trailer and/or dumpster-truck ingress to and egress from the rear service door of the Premises or Tenant's dumpster, and throughout the Lease term, as such may be extended, Landlord will take no action which would deprive Tenant's tractor-trailers or dumpster-trucks of such continued ingress and egress. Landlord warrants that no change in the Site Plan shall occur without Landlord first notifying Tenant. In the event the Shopping Center is new construction, Landlord shall furnish the engineered plans to be attached hereto as Exhibit A-2. The "Shopping Center" is more fully described in the legal description attached hereto as Exhibit B.

2. Right to Remeasure. Prior to opening the store for business, Landlord and Tenant reserve the right to remeasure the Premises to determine the Premises GLA. In the event the remeasurement discloses that the actual Premises GLA as set forth in the preceding paragraph is incorrect, Landlord and Tenant shall execute an amendment to the Lease (i) reflecting the actual Premises GLA; (ii) adjusting the Base Rent based on the new square footage; (iii) adjusting Renewal Rent; and (iv) adjusting Tenant's Proportionate Share of the Shopping Center as defined in Section A.1.c, and all other charges accruing under the Lease which are based on the actual Premises GLA. In the event of an adjustment, Tenant will pay any excess Base Rent or Additional Rent owed to Landlord within thirty (30) days after receipt of a statement, or Tenant shall take a credit for any overpayment against the next monthly Base Rent and Additional Rent payments.

C. LEASE TERM

1. Lease Effective Date. The Lease shall be effective upon the mutual execution of the Lease and delivery of the Lease to all parties. The Original Lease Term shall commence upon the Lease Term Commencement Date and shall terminate on the last day of the twenty-fourth (24th) calendar month following the Lease Term Commencement Date as set forth in Section A.7 hereof. In no event shall the Expiration Date occur during the months of October, November, or December, and as such the Termination Date shall be extended to January 31 following the date of termination of the Lease.

Commencement Certificate. Upon the Rent Commencement Date, Tenant will prepare a written instrument stipulating the Lease Term Commencement Date, the Rent Commencement Date, and the Lease /Termination Date to be signed by all parties.

Option to Renew. Provided Tenant is not in default beyond any applicable cure period under any of the terms and provisions herein contained at the time of renewal, Landlord hereby grants to Tenant the option to renew this Lease for the periods stipulated in Section A.10. The First Renewal Term and each succeeding Renewal Term(s) (if any) shall be based upon all the terms and conditions contained in this lease except for payment of Base Rent that shall be increased pursuant to Section A.10 ("Renewal Rent). Notice of election by Tenant to exercise each option shall be given to Landlord in writing at least six (6) months prior to the expiration of the then current term; provided, however, that Tenant's right to exercise any option hereunder shall not expire unless and until Landlord has given Tenant written notice of Tenant's failure to timely exercise its option. After receipt of such notice from Landlord, Tenant shall have fifteen (15) days to notify Landlord if Tenant wishes to exercise such option.

D. CONSTRUCTION

Delivery. The Delivery Date of the Premises from Landlord to Tenant shall be on January 31, 2003, As Is. If Landlord is unable to deliver the Premises within sixty (60) days after the Delivery Date, Tenant, at its discretion, may either (a) cancel this Lease with no further obligation hereunder, or (b) receive a credit against Base Rent equal to Five Hundred Dollars (\$500) per day for each day commencing on the sixty-first (61st) day after the Delivery Date above specified and ending with the date the Premises is delivered to Tenant.

Tenant will not be required to accept delivery of stores between September 15th and October 31st.

Force Majeure. The period of time during which Landlord or Tenant is prevented or delayed in the performance of, or the making of any improvements or repairs or fulfilling any obligation required under this Lease due to delays caused by fire, catastrophe, strikes or labor trouble, civil commotion, acts of God, governmental prohibitions or regulations including administrative delays in obtaining building permits, inability to obtain materials or other causes beyond the responsible party's control, shall be added to that party's time for performance hereof, and Landlord or Tenant shall have no liability by reason thereof. Tenant's obligation to pay rent is excluded from Force Majeure except when caused by administrative delays in obtaining building permits, subject to Tenant timely applying for such permits.

HVAC. Landlord, upon delivery of the Premises, will warrant that the HVAC system will be in good working order. System will be maintained by Tenant, but replaced by Landlord, if age and condition dictate.

Sign Package. Tenant's sign package is attached as Exhibit D and made a part of this Lease, Tenant will place no sign on the exterior of the Premises or on the interior surface of any windows of the Premises (except for Tenant's standard window decal treatment which in no event shall occupy more than fifteen percent (15%) of said window) unless it meets the standards set forth in Exhibit D attached hereto. Exterior signs are to be provided by Tenant, individually lit, sixty (60) inch (or larger if allowed by focal code) channel letters in Dollar Tree's registered trademark logo and face color 5121-0 Green by Cyro, and are to be located on the store front. Exterior signage as shown on Exhibit D is hereby approved by Landlord, subject to local codes. Tenant will have the right to place temporary signage announcing the opening of a new store. Tenant agrees not to display any pennants, searchlights, window signs, or similar temporary advertising media. Tenant may display banners inside the Premises within two (2) feet from the front of the store as long as they are professionally prepared.

b . Pylon. Tenant shall have the right to place signage on any existing or future pylon signs at no additional cost other than manufacture and installation of its panel.

c . Maintenance and Removal. Tenant agrees to maintain its signs in good states of repair and save Landlord harmless from any loss, cost, or damage resulting from the signs' condition and shall repair any damage which may have been caused by the erection, existence, maintenance, or removal of such signs. Upon vacating the Premises, Tenant agrees to remove all signs and repair all damages caused by such removal.

5. Tenant's Work. Tenant's work, if any, is detailed in Exhibit C of this Lease. Prior to the execution of this Lease, Landlord must provide Tenant a copy of the Tenant Handbook, if one exists, to be attached hereto as Exhibit F. Failure to provide Tenant a copy of the Tenant Handbook will exempt Tenant from abiding by any conditions contained therein.

6. Code Compliance. Landlord warrants that, to the best of Landlord's knowledge, as of the Delivery Date, the structure of the Premises is in compliance with all applicable laws, codes, rules, and regulations of governmental authorities ("Applicable Laws") and free from patent and latent defects. In the event it is determined that the structure is not in compliance with Applicable Laws (i) as of the Delivery Date, and as a result, the municipality having jurisdiction over the Premises refuses to issue Tenant a building permit or certificate of occupancy, or (ii) after the Delivery Date, if Tenant is notified that the Premises was not in compliance with applicable laws on the Delivery Date, Tenant shall notify Landlord, and Landlord shall act promptly to bring the structure into compliance. The foregoing warranty shall not apply to any conditions created or related to Tenant's Work, remodeling, specific use or occupancy of the Premises, or assignment or subletting of the Premises. In addition, in the event any structural modifications to the Shopping Center or the Premises are required by governmental or insurance regulations, Landlord shall be responsible to perform any such modifications unless required by Tenant's specific use of the Premises. Tenant shall be responsible to perform any necessary nonstructural modifications to the Premises as well as any modifications, regardless of where located, if occasioned by Tenant's use of the Premises. Nothing contained herein shall negate Landlord's or Tenant's right to challenge any such requirements in administrative and/or judicial proceedings.

7. Roof. Landlord will be responsible to provide a structurally sound, leak-free roof. Landlord is responsible for all costs associated with correcting all deficiencies prior to the Delivery Date.

8. Time is of the Essence. **TIME IS OF THE ESSENCE WITH REGARD TO SECTION D**

OF THIS LEASE.

E. **BASE RENT.**

Tenant agrees to pay to Landlord, at the address noted above, or at such place as Landlord may from time to time designate in writing, Base Rent for the Premises during the Lease Term, as set forth in Section A.10, in advance on the first day of each calendar month. The amounts to be paid by Tenant for Base Rent and Additional Rent shall be prorated on a per diem basis for any partial month in the first Lease Year.

F, **TAXES**

1. Real Estate Taxes and Assessments. Tenant agrees to pay Tenant's Proportionate Share of all real estate taxes and assessments, together with any and all expenses incurred by Landlord in negotiating, appealing, or contesting such taxes and assessments, both general and special, levied and assessed against the land, buildings, and all other improvements which may be added thereto, or constructed within the Shopping Center. Tenant's Proportionate Share of taxes will include all discounts and exclude all penalties and interest. Tenant's Proportionate Share shall be as defined in Section A.1.c. Tenant's Proportionate Share shall be at the time such taxes were levied or assessed, but excluding the gross leasable area of any buildings within the Shopping Center which are separately assessed for tax purposes and billed to an entity other than Landlord or paid directly by an entity other than Landlord.

2. Procedure for Payment. During the Lease Term, or any Renewal Term(s) thereof, Tenant shall pay to Landlord, monthly in advance, an amount equal to one-twelfth (1/12th)

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of Tenant's Proportionate Share of real estate taxes and assessments for the current tax year as reasonably estimated by Landlord. If Tenant's Proportionate Share of real estate taxes and assessments with respect to any tax year is less than the total amount paid by Tenant for such period, the excess shall be credited against the next rental payment. If Tenant's Proportionate Share of real estate taxes and assessments for any tax year exceeds the total amount paid by Tenant for such period, Tenant shall, within thirty (30) days of receipt of a copy of the actual tax bill from Landlord, pay the difference between the actual amount paid by Tenant and Tenant's Proportionate Share of real estate taxes and assessments.

3 . Municipal, County, State, or Federal Taxes. Tenant shall pay, before delinquent, all municipal, county, state, or federal taxes assessed against Tenant's fixtures, furnishings, equipment, stock-in-trade, or other personal property owned by Tenant in the Premises.

4 . Other Taxes. Should any governmental taxing authority levy, assess, or impose any tax, excise, or assessment (other than income, inheritance, gift, or franchise tax) upon or against the rentals payable by Tenant to Landlord, by way of substitution for or in addition to any existing tax on land and buildings, Tenant shall be responsible for and shall pay any such tax, excise, or assessment, or shall reimburse Landlord for the amount thereof, as the case may be.

G. COMMON AREAS

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1. Common Areas. Landlord grants to Tenant and Tenant's invitees the right to use, in common with all others to whom Landlord has or may hereafter grant rights to use same, the Common Areas located within the Shopping Center. The term "Common Areas," as used in this Lease, shall mean the parking areas, roadways, pedestrian sidewalks, loading docks, delivery areas, landscaped areas, service courts, open and enclosed courts and malls, fire corridors, meeting areas, public restrooms, and all other areas or improvements which may be provided by Landlord for the common use of the tenants of the Shopping Center. Landlord hereby reserves the following rights with respect to the Common Areas:

9. Rules and Regulations. To establish reasonable rules and regulations for the use thereof which shall be uniformly enforced;

t>- Use. To use or prohibit the use by others to whom Landlord may have granted such rights for promotional activities;

c. Closings. To close all or any portion thereof as may be deemed necessary by Landlord's counsel to prevent a dedication thereof or the accrual of any rights to any person or the public therein; and

d . Maintenance. Landlord shall operate, equip, light, repair, and maintain said Common Areas for their intended purposes in an efficient and economical manner.

2 . Common Area Maintenance Charge. Tenant shall pay to Landlord as a "Common Area Maintenance Charge" Tenant's Proportionate Share as defined in Section A.1.c of all costs and expenses paid or incurred by Landlord in operating, maintaining, and repairing the Common Areas. In no event shall the Common Area Maintenance Charge include any depreciation on improvements or equipment, the cost of correcting or repairing construction or design defects in the Common Area, or legal fees attributable to any matters concerning any other tenant of the Shopping Center. Such costs and expenses may include but not be limited to: cleaning, lighting, repairing, and maintaining all Common Area improvements, paving, roadways, sprinkler equipment, driveways,

sidewalks, curbs, culverts and drainage facilities, barriers, retaining walls, fences, directional and Shopping Center signage (other than signs to be maintained by individual tenants), sewer and water supply lines and related facilities, snow and ice removal, parking lot striping, painting, and painting of exterior walls, landscaping, providing security, property damage, fire and extended insurance coverage, personal property taxes, supplies, fire protection and fire hydrant charges, water and sewer charges, and utility charges.

3. Procedure for Payment. Tenant's Common Area Maintenance Charge shall be paid in monthly installments on the first day of each month in an amount to be estimated by Landlord beginning on the Rent Commencement Date. Within ninety (90) days following the end of the period used by Landlord in estimating Landlord's cost, Landlord shall furnish to Tenant a detailed statement of the actual amount of Tenant's Proportionate Share of such Common Area Maintenance Charge for such period. Within ninety (90) days thereafter, Tenant shall pay to Landlord or take a credit against the next rental payment, as the case may be, the difference between the estimated amounts paid by Tenant and the actual amount of Tenant's Common Area Maintenance Charge for such period as shown by such statement.

4. Audit Rights. The Common Area Maintenance Charge described in Section G shall be subject to audit by Tenant or an accounting firm of Tenant's choice, at the address Landlord sets forth in this Lease, at Tenant's expense during regular business hours for one (1) year following the end of the period used by Landlord in assessing Tenant's Proportionate Share ("Audit Period"). Landlord shall keep accurate records showing in detail the Common Area Maintenance Charge. These records shall, upon demand, after reasonable notice, be made available during normal business hours at an office of Landlord for inspection by Tenant. Tenant, or its authorized agents, shall, at any time upon reasonable notice to Landlord, have the right to examine and audit any and all books, records, papers and documents relating to the Common Area Maintenance Charge for the Audit Period and the previous three (3) years. Tenant shall keep such information confidential, except in connection with any proceeding regarding same between Landlord and Tenant. Tenant shall pay all costs in connection with any audit by Tenant, unless Landlord's charges exceed the amount that Landlord is entitled to charge Tenant by more than three percent (3%), in which event the reasonable cost of such audit shall be borne by Landlord. Each party shall also immediately pay any and all sums shown by the audit to the other party as additional or overpayment of charges under this paragraph.

Notwithstanding anything to the contrary in this Lease, in the event there is a year-end adjustment or adjustment resulting from an error in calculation of any Additional Rent payable by Tenant under this Lease, other than real estate taxes, Landlord shall notify Tenant of any such adjustment within twelve (12) months after the end of the Lease Year to which such adjustment is applicable. If Landlord fails to notify Tenant of any such adjustment within such twelve (12) month period, Landlord's claim to such adjustment shall be deemed waived.

H. UTILITIES AND RUBBISH DISPOSAL

1- Utilities.

a. Maintenance. Commencing on the Delivery Date, the Landlord shall provide and maintain all necessary pipes, mains, conduits, wires, and cables to the Premises for water, gas, electricity, and telephone service.

- b. Tenant's Responsibilities. Tenant shall have all utilities serving the Premises

(electric, natural gas, water, sewer, and telephone) placed in Tenant's name and

Tenant shall be responsible for the payment of all utility bills directly to the provider.

c. Landlord's Responsibilities. Notwithstanding the foregoing, Tenant will not be responsible for the cost of any utility tap fees, cost of meter installation, or any other cost which may be levied by a utility other than those charges specifically related to the Tenant's consumption of such utility. Such cost shall be the sole responsibility of the Landlord.

2. Rubbish Disposal. Tenant shall be responsible for its trash and refuse collection and disposal. Landlord will provide Tenant an area at the rear of the Premises for the location of such trash and refuse collection. In addition, Tenant agrees to:

a. Proper Containers. Keep any refuse in proper containers until the same is removed from the Shopping Center and to permit no refuse to accumulate around the exterior of the Premises; and

b. Regulations. Handle and disposal of all rubbish, garbage, and waste in accordance with regulations established by Landlord and not permit the accumulation (unless in sealed metal containers) or burning of any trash, rubbish, refuse, garbage, or waste materials in, on, or about any part of the Shopping Center.

< 3. Trash Compactor. Tenant reserves the right, at Tenant's sole cost and expense, to install a trash compactor at the location shown on Exhibit A.

In no event shall Landlord be liable for the quality, quantity, failure, or interruption of the foregoing utility or rubbish disposal services to the Premises unless caused by Landlord's negligent or willful acts.

I. USE OF PREMISES BY TENANT

1. Use of Premises. Tenant's Use of Premises will be for the Permitted Use as set forth in Section A.3.

2. Trade Name. Unless otherwise provided for herein, Tenant agrees to conduct its business in the Premises under the name of DOLLAR TREE.

3. Operation of Business. Unless otherwise provided for herein, Tenant agrees to open its store for business, fully fixtured, stocked, and staffed, and to operate in one hundred percent (100%) of the Premises during the hours set by Landlord for all tenants of the Shopping Center, on all business days the Shopping Center is open for business, except where Tenant is prevented from doing so by strikes, casualty, or other causes beyond Tenant's control. Tenant shall be permitted to stock its unit at night.

4. Retail Operations. ;

a. Go Dark. Notwithstanding any provision in this Lease to the contrary, it is expressly acknowledged by Landlord that this Lease contains no implied or express covenant for Tenant to conduct business in the Premises, continuously or otherwise, subject to the Lease terms. In the event Tenant discontinues retail operations in the Premises (excluding, however, an Exempted Discontinuance of retail operations, as defined in Section 4.b), and such discontinuance of retail operations continues for thirty (30) consecutive days, Landlord may, at any time thereafter during the Lease term, elect to terminate this Lease and regain possession of the Premises by written notice to Tenant (the "Termination

Notice"), in which event this Lease shall terminate as to all obligations accruing thirty (30) days after the date of receipt of the Termination Notice, Tenant shall give Landlord advance notice of any intended discontinuance of business from the Premises as soon as would be reasonable for Tenant to do so, considering Tenant's need to keep such decision confidential. However, unless Landlord terminates the Lease and takes possession as provided above, Tenant shall be obligated to pay Base Rent and Additional Rent until the end of the Lease Term with respect to this Section 1.4.

b . Exempted Discontinuances. The following discontinuances of retail operations shall be exempted from the applicability of Landlord's right to terminate hereunder ("Exempted Discontinuance"): (i) any good faith discontinuance occasioned by a force majeure event as herein described; (ii) cessation of retail operations not to exceed ninety (90) days in connection with a transfer of possession caused by a permitted assignment or sublet; (iii) any discontinuance not to exceed thirty (30) days in connection with a remodeling; or (iv) a period not to exceed three (3) days per year to conduct inventory.

J. TENANT'S COVENANTS WITH RESPECT TO OCCUPANCY

1 . Landlord Access. Tenant agrees to permit Landlord free access to the Premises at all reasonable times after notice to Tenant (except in the event of an emergency when no prior notice shall be required) for the purpose of examining the same or making alterations or repairs to the Premises that Landlord may deem necessary for the safety or preservation thereof.

2 . Tenant's Compliance with Rules. Tenant agrees to comply with all reasonable rules and regulations which Landlord may from time to time establish and uniformly enforce for all tenants of the Shopping Center for the use and care of the Premises, the Common Areas, and other facilities and buildings in the Shopping Center.

3 . Landlord's Right to Show Premises. Tenant agrees to permit Landlord or its agents, on or after the last one hundred and eighty (180) days of the Lease Term, to show the Premises to potential tenants.

K. REPAIRS AND ALTERATIONS

1. Repairs by Landlord. Landlord shall keep the foundations, roof, floor slab, and structural portions of the outer walls of the Premises in good repair, except for repairs required thereto by reason of the acts of Tenant, Tenant's employees, agents, licensees, or contractors. Tenant shall give Landlord written notice of the necessity for repairs coming to the attention of Tenant following which Landlord shall commence such repairs within fifteen (15) days of receipt of notice as provided in Section Q and shall have a reasonable time to complete such repairs. Notice from Tenant of the need for Landlord to perform a repair to the Premises shall not be a condition to Landlord commencing such repair if Landlord has actual knowledge of the need for repairs. The provisions of this subsection shall not apply in the case of damage or destruction by fire or other casualty or by Eminent Domain, in which events the obligations of Landlord shall be controlled by either Section M or O hereof. Further, Landlord shall not be liable to Tenant for damages to Tenant's inventory or equipment resulting from Landlord's delay in making the repairs required hereunder, provided Landlord is proceeding with reasonable diligence to make the required repairs.

a . Right of Offset. Notwithstanding the foregoing, in the event of a breach by Landlord of this Section K.1, beyond any applicable cure periods, the Landlord and Tenant agree that Tenant shall be given the right to offset against the Base

Rent and Additional Rent ("Right of Offset"), the reasonable costs incurred by Tenant to remedy such breach by Landlord so long as:

- 1) Landlord is given written notice and applicable cure periods as provided herein;
- 2) Landlord's breach substantially interferes, in Tenant's reasonable business judgment, with Tenant's ability to conduct its business in the Premises; and
- 3) Landlord shall not have a good faith and commercially reasonable contest to the breach and the Tenant's Right of Offset.

b. Emergency Repairs. Notwithstanding the foregoing, in the event of an emergency which would affect the health, safety, and welfare of Tenant's employees or customers, Tenant may make such emergency repairs to the Premises as Tenant deems reasonably necessary to protect the Tenant's employees and/or customers and property. Tenant will notify Landlord as soon as possible as to what repairs were made and the cost to affect such repairs. Landlord agrees to reimburse Tenant within thirty (30) days; after Landlord's receipt of a breakdown for such costs incurred by Tenant for such repairs. If Landlord fails to reimburse Tenant within such thirty (30) days, Tenant shall have the Right of Offset against Tenant's Base Rent and Additional Rent until Tenant has recovered the cost of such emergency repairs.

c. Rights of Recovery. Should Tenant exercise its Right of Offset as provided hereunder, it will not affect any other rights or remedies available to Tenant for recovery which may be available to Tenant at law or in equity in the jurisdiction where the Premises are located.

d. HVAC System. Landlord, upon delivery of the Premises, will warrant that the HVAC system will be in good working order. System will be maintained by Tenant, but replaced by Landlord, if age and condition dictate.

e. Tenant's Portion of Construction. It is expressly understood that Landlord shall not be responsible for any portions of the Premises constructed by Tenant.

2. Repairs by Tenant. Except as provided in Subsection K.1, Tenant shall keep:

8. Premises. The Premises and every part thereof and any fixtures, facilities, or equipment contained therein, in good condition and repair, including, but not limited to, exterior and interior portions of all doors, door checks and their operation, windows, plate glass, and showcases surrounding the Premises, the heating, air conditioning, electrical, plumbing (excluding any repair to the sprinkler system) and sewer systems, the exterior doors, window frames, and all portions of the store front area, and shall make any replacements thereof of all broken and/or cracked plate and window glass which may become necessary during the Lease Term, and any Renewal Term(s) thereof, excepting any repairs to items of Landlord's original construction made necessary by reason of damage due to fire or other casualty covered by standard fire and extended coverage insurance,

b. HVAC system. In connection with Tenant's obligation to maintain the HVAC system servicing the Premises, Tenant shall, during the Lease Term, and any Renewal Term(s) thereof, at its sole cost and expense, maintain a service contract for the routine performance of standard HVAC system maintenance,

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including but not limited to, quarterly replacement of filters, oiling of mechanical components and inspection for wear and tear. Within fifteen (15) days of Landlord's written request, Tenant shall provide Landlord with a copy of the foregoing HVAC service contract.

3. Alterations or Improvements by Tenant. Tenant shall be permitted to make any interior, nonstructural alterations to the Premises up to an amount not to exceed Five Dollars (\$5) per square foot, without Landlord's prior written consent. Any alterations exceeding Five Dollars (\$5) per square foot which may be permitted by Landlord shall be based upon plans and specifications submitted by Tenant and approved by Landlord and upon the condition that Tenant shall promptly pay all costs, expenses, and charges thereof, shall make such alterations and improvements in accordance with the applicable laws and building codes and ordinances and in a good workmanlike manner, and shall fully and completely indemnify Landlord, which indemnification shall be in a form acceptable to Landlord against any mechanic's lien or other liens or claims in connection with the making of such alterations, additions, or improvements. Tenant shall promptly repair any damages to the Premises, or to the buildings of which the Premises are a part, caused by any alterations, additions, or improvements to the Premises by Tenant. Landlord's approval of Tenant's plans shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding anything else contained in this Lease, Landlord agrees that such alterations or improvements may require that the business conducted in the Premises discontinue for a period not to exceed thirty (30) days during such construction.

4. Removal of Improvements. All items of Landlord's construction, all heating and air conditioning equipment, and all alterations, additions, wall coverings, and other improvements by Tenant shall become the property of Landlord at the termination of the Lease and shall not be removed from the Premises. All trade fixtures, furniture, furnishings (including, but not limited to, Tenant's removable carpet tiles), and signs installed in the Premises by Tenant and paid for by Tenant shall remain the property of Tenant and shall be removed upon the expiration of the Lease Term; provided (a) that any of such items as are affixed to the Premises and require severance may be removed only if Tenant repairs any damage caused by such removal, and (b) that Tenant shall have fully performed all of the covenants and agreements to be performed by Tenant under the provisions of this Lease. If Tenant fails to remove such items from the Premises within ten (10) days of the expiration or earlier termination of this Lease, all such trade fixtures, furniture, furnishings, and signs shall become the property of Landlord. Landlord shall have the right to remove same and sell such trade fixtures, furniture, furnishings, and signs to pay for the cost of removal.

L. INDEMNITY AND INSURANCE

1. Indemnification by Tenant. Except to the extent caused by Landlord's negligence, Tenant will indemnify and hold Landlord harmless from and against all loss, cost, expense, and liability (including Landlord's costs of defending against the foregoing, such cost to include reasonable attorney's fees and costs) resulting or occurring by reason of

Tenant's construction, use, or occupancy of the Premises.

2. Indemnification by Landlord. Except to the extent caused by Tenant's negligence,

Landlord will indemnify and hold Tenant harmless from and against all loss, cost, expense, and liability (including Tenant's costs of defending against the foregoing, such costs to include reasonable attorney's fees and costs) resulting or occurring by reason of Landlord's breach of any representation and warranties made by Landlord contained in this Lease or Landlord's operation and maintenance of the Shopping Center and

Common Areas.

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3 . Tenant's General Liability Insurance. Tenant agrees to carry general commercial liability insurance covering the Premises and Tenant's use thereof, with a minimum limit of One Million Dollars (\$1,000,000) for any casualty resulting in bodily injury, death, or property damage for each occurrence and a minimum limit of Two Million Dollars (\$2,000,000) general aggregate and an umbrella policy with a minimum additional coverage of One Million Dollars (\$1,000,000). Tenant shall provide certificates of such coverage to Landlord prior to the date of any use or occupancy of the Premises by Tenant; said certificate shall name Landlord as an additional insured, as its interests may appear, under such insurance policy, and the insurer agrees to notify Landlord and such other parties designated by Landlord as additional insureds not less than ten (10) days in advance of any substantial modification or cancellation thereof.

4. Landlord's Insurance.

a. Insurance for Improvements. Landlord agrees to carry policies insuring the improvements on the Shopping Center and Common Areas against fire and such other perils as are normally covered by special coverage endorsements in the county where the Premises are located, in an amount equal to at least eighty percent (80%) of the insurable value of such improvements. Tenant shall have no rights in said policy or policies maintained by Landlord and shall not be entitled to be a named additional insured thereunder.

b. Tenant's Proportionate Share. During the Lease Term, or any Renewal Term(s) thereof, Tenant shall pay to Landlord, monthly in advance, an amount equal to one-twelfth (1/12*) of Tenant's Proportionate Share of Landlord's insurance premium for the current year as reasonably estimated by Landlord. If Tenant's Proportionate Share of the insurance premium is less than the total amount paid by Tenant for such period, the excess shall be credited against the next rental payment. If Tenant's Proportionate Share of the insurance premium exceeds the total amount paid by Tenant for such period, Tenant shall, upon receipt of a copy of the actual insurance premium invoice from Landlord, pay the difference between the actual amount paid by Tenant and Tenant's Proportionate Share of the insurance premium. Tenant reserves the right to audit Landlord's insurance payments.

c. Liability Insurance. Landlord agrees to carry general commercial liability insurance covering the Shopping Center and Common Areas with a minimum limit of One Million Dollars (\$1,000,000) for any casualty resulting in bodily injury, death, or property damage for each occurrence and a minimum limit of Two Million Dollars (\$2,000,000) general aggregate.

5 - Self-insure. Tenant may self-insure its leasehold improvements, inventory, fixtures, equipment, and plate glass in the Premises during the Lease Term and any Renewal Term(s) or extensions thereof so long as Tenant shall have a net worth of at least Ten Million Dollars (\$10,000,000). At Landlord's written request, Tenant shall furnish Landlord with an Annual Report evidencing such net worth if Landlord cannot access the Annual Report and other financial data on Tenant's web site at www.dollartree.com.

~ B ! Mutual Waiver. Tenant hereby waives any claim against Landlord for property damage occurring in the Premises and Tenant's all-risk insurer hereby waives its rights of subrogation against Landlord for property damage occurring in the Premises, and in consideration thereof, Landlord waives any claim against Tenant for property damage occurring in the Shopping Center and Common Areas and Landlord's all-risk insurer shall waive its rights of subrogation against Tenant for property damage occurring in and to the Shopping Center and Common Areas.

M. DAMAGE AND DESTRUCTION

1 . Partial Damage. In the event the Premises are damaged to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the damage shall, except as hereinafter provided, promptly be repaired by Landlord, at Landlord's expense and such repairs shall commence not later than thirty (30) days after such casualty and completed within ninety (90) days after commencement of repairs. In the event the Premises are damaged less than fifty percent (50%) of the cost of replacement of the Premises in the last two (2) years of any Lease term, including any Renewal term(s), Landlord or Tenant shall have the right to terminate the Lease. However, if Landlord can repair the damage and return the Premises to Tenant so that there is a minimum of thirteen and one-half (13¹/₂) months remaining on the then current Lease term, then Tenant shall not have the right to terminate the Lease. If the Landlord elects to terminate the Lease as provided above, then Tenant can negate Landlord's election to terminate the Lease by exercising early its upcoming Renewal term, provided there is at least one additional Renewal term remaining under the Lease.

2 . Total Damagoe. In the event (a) the Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement of the Premises or (b) the buildings in the Shopping Center are damaged to the extent of fifty percent (50%) or more of the cost of replacement, notwithstanding the extent of damage to the Premises, then either Landlord or Tenant may elect to terminate this Lease upon giving notice of such election in writing to the other within thirty (30) days after the event causing the damage. If this Lease is not terminated as provided for above, the Landlord will commence the repairs or rebuilding not later than forty-five (45) days after the casualty and complete such repairs within one hundred and eighty (180) days after commencement of such repairs.

3 . Repair. If Landlord is required under Section M.1, or elects to repair under Section M.2, Tenant shall repair or replace its stock-in-trade, trade fixtures, furniture, furnishings, equipment, and personal property in a manner and to at least a condition equal to that prior to its damage or destruction.

4 . Abatement of Rent. If the casualty, repairing, or rebuilding shall render the Premises untenantable, in whole or in part, a proportionate abatement of the Base Rent and Additional Rent shall be allowed until the date Landlord completes the repairs or rebuilding and Tenant has a reasonable time, not to exceed ninety (90) days from Delivery by Landlord to complete Tenant's required build out and opens for business.

N. ASSIGNING AND SUBLETTING

1 . Tenant's Rights. Tenant shall have the right, without Landlord's consent, to assign this Lease or to sublet the whole or any part of the Premises at any time provided that notice is given within thirty (30) days after such assignment or sublet, and provided:

- a. Tenant will remain liable hereunder;
- b. Tenant's assignee or sub-tenant will assume all obligations under the Lease;
- c. The Premises will continue to be used only for retail sales consistent with the Permitted Use clause; and
- d. Tenant transfers at least five percent (5%) of its stores in connection with such assignment.

2 . Tenant's Stock. A portion of Tenant's stock is publicly traded and any change in ownership of capital stock shall not constitute an Assignment for the purposes of this Lease.

3 . Consent of Landlord. Except as provided above, Tenant shall not assign this Lease or sublet the Premises, in whole or in part, without the prior written consent of Landlord; however, such consent shall not be unreasonably withheld, delayed, or conditioned. The use of such sublet or assignment shall be for any lawful use, as approved by Landlord, provided such consent shall not be unreasonably withheld, delayed, or conditioned, which does not violate any recorded restriction or any existing exclusives of other tenants at the time of such assignment or sublet. In the event of such assignment or sublet, Tenant will remain primarily liable for the performance of the covenants herein contained binding upon Tenant. Landlord's consent to the assignment or subletting shall not waive the requirements that Landlord's consent be obtained for further assignment or sublets.

O. EMINENT DOMAIN

1. Condemnation Award. In the event the Shopping Center or any part thereof shall be taken or condemned either permanently or temporarily for any public or quasi-public use or purpose by any authority in appropriate proceedings or by any right of eminent domain, the entire compensation award thereof, shall belong to Landlord, without any deduction therefrom, for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all its right, title, and interest to any such award. Tenant shall have the right to recover such compensation as may be awarded on account of the value of leasehold improvements made by Tenant and for moving and relocating expenses.

2 . Rights of Termination. In the event of a taking under the power of eminent domain of (a) more than twenty-five percent (25%) of the Premises or (b) a sufficient portion of the Shopping Center so that after such taking less than fifty percent (50%) of the Shopping Center GLA (as constituted prior to such taking) are occupied by tenants, either Landlord or Tenant shall have the right to terminate this Lease by notice in writing given within thirty (30) days after the condemning authority takes possession, in which event all Base Rent and Additional Rent shall be pro-rated as of the date of such termination.

3. Restoration. In the event of a taking of any portion of the Premises resulting in a termination of this Lease, Landlord shall use as much of the proceeds of Landlord's award for the Premises as is required therefore to restore the Premises to a complete architectural unit and this Lease shall continue in effect with respect to the balance of the Premises, with a reduction of Base Rent and Additional Rent in proportion to that portion of the Premises taken.

P. DEFAULT AND REMEDIES

1. Default by Tenant.

a. Financial Default. The Tenant shall be in financial default if it fails to pay when

due each installment of Base Rent or Additional Rent.

b. Notice. In the event Tenant is in financial default, it shall have a grace period of

ten (10) days to cure such default after Tenant shall have received notice of such

default by certified mail, return receipt requested or by a nationally recognized

overnight courier that provides verification of receipt to the address stated in

Section A.4 of this Lease.

c. General Default. Tenant shall be in general default if it shall fail to keep or shall violate any other conditions, stipulations, or agreements contained herein on the part of the Tenant to be kept and performed.

d. Notice. In the event Tenant is in general default, it shall have a grace period of thirty (30) days to cure such default after Tenant shall have received notice of such default by certified mail, return receipt requested or by a nationally recognized overnight courier that provides verification of receipt to the address stated in Section A.4 of this Lease, Tenant must be given written notice of every event of default and shall be permitted thirty (30) days within which to cure that default. Notwithstanding the foregoing the default hereunder shall be deemed cured if Tenant in good faith commences performance requisite to cure same within thirty (30) days after receipt of notice and thereafter continuously and with reasonable diligence proceeds to complete the performance required to cure such default.

In no event, however, shall Landlord be required to forebear from exercising its remedies for a period in excess of ninety (90) days.

e. Landlord's Options. In the event Tenant is in either financial or general default, Landlord, at its option may:

1) Terminate this Lease; or

2) Enter upon the Premises without terminating this Lease and may re-let the Premises in its own name for the account of Tenant for the remainder of the Term and recover from Tenant any deficiency for the balance of the Term between the amount for which the Premises were re-let, and the Base Rent and Additional Rent provided hereunder as it becomes due. Tenant agrees to pay all reasonable costs incurred by Landlord in reletting the premises.

f. Failure to Exercise Rights. No delay or omission by Landlord to exercise any

right or power accruing upon any noncompliance or default by Tenant with

respect to any of the terms hereof, shall impair any such right or power or be

construed to be a waiver thereof. Every such right or power may be exercised at

any time during the continuation of this Lease. It is further agreed that a waiver

by Landlord of any of the covenants and agreements hereof to t* performed by

Tenant shall not be construed to be a waiver of any subsequent breach thereof

or of any covenant or agreement herein contained.

g. Re-entry. In addition to all other rights granted to Landlord under this Lease, or under prevailing law, or if Tenant shall be in default, Landlord or its agents or employees may immediately or any time hereafter re-enter the Premises and remove Tenant, Tenant's agents, any subtenants, any licensees, any concessionaires and any invitees, and any of its or their property from the Premises, provided Landlord has an appropriate court order. Re-entry and removal may be effectuated by summary dispossession proceedings, by any suitable action or proceeding at law, by force, or otherwise. Landlord shall be entitled to the benefits of all provisions of law respecting the speedy recovery of lands and tenements held over by Tenant or proceedings in forcible entry and detainer. Tenant's liability under the terms of this Lease shall survive Landlord's re-entry, the institution of summary proceedings, and the issuance of any warrants with respect thereto.

2. Default by Landlord. In the event Landlord shall fail to perform any obligations specified in this Lease, then Tenant may, after the continuance of any such default for thirty (30) days after written notice thereof to Landlord, cure such default, all on behalf of and at the expense of Landlord, and do all necessary work in connection therewith, and Landlord shall pay Tenant, within thirty (30) days of demand, the amount so paid by Tenant. A default hereunder shall be deemed cured if Landlord in good faith commences performance requisite to cure same within thirty (30) days after receipt of notice and thereafter continuously and diligently proceeds to complete the performance required to cure such default. In the event of default under this provision by Landlord, Tenant shall have all remedies accorded to it under the laws of the state in which the Premises are located. In no event, however, shall Tenant be required to forebear from exercising its remedies for a period in excess of ninety (90) days.

Q. NOTICES

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1. Proper Notice. Any notice or consent required to be given by or on behalf of either party to the other shall be in writing and shall be deemed given when received or rejected after such notice shall have been mailed by certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier that provides verification of receipt to the address stated in Section A.4 of this Lease. Landlord shall not mail or deliver any notice or consent required to be given by or on behalf of Landlord to the Premises.

2. Change of Address. Either party's address may be changed from time to time by such party giving written notice to the other party of the new address.

R. MORTGAGE SUBORDINATION.

Landlord is the fee simple owner of the Shopping Center. This Lease is and shall at all times, unless Landlord shall otherwise elect, be subject and subordinate to all easements and encumbrances now or hereafter affecting the fee title of the Shopping Center and to all mortgages, deeds of trust, financing or refinancing in any amounts which may now or hereafter be placed against or affect any or all of the land or any or all of the building and improvements now or at any time hereafter constituting part of or adjoining the Shopping Center. Notwithstanding the foregoing, any successor to Landlord's interest in the Premises, including any ground lesser or holder of any mortgage or deed of trust, or to any purchaser at foreclosure (or by deed in lieu of foreclosure) shall, so long as Tenant is not in default of the terms and conditions of this Lease (beyond any applicable cure periods), recognize and accept this Lease and all terms, conditions, and obligations of the Landlord contained herein. Tenant also agrees that any mortgagee or trustee may elect to have this Lease deemed prior to the lien of its mortgage or deed of trust, and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant agrees that if Landlord's mortgagee or trustee requests confirmation of such subordination, within twenty (20) days after receipt of writing request therefore, Tenant shall execute and deliver whatever instruments (including but not limited to a Memorandum of Lease and/or a Non-Disturbance and Adornment Agreement in recordable form) may be required for such purposes to carry out the intent of this section.

S. ESTOPPEL CERTIFICATES

At any time and from time to time, Tenant agrees, within twenty (20) days after receipt of written request from Landlord, to execute and deliver to Landlord, for the benefit of such persons as Landlord names in such request, a statement in writing and in form and substance provided by Landlord certifying to such of the following information as Landlord shall request: (a) that this Lease constitutes the entire agreement between Landlord and Tenant and 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); (b) the dates to which the Base Rent, Additional Rent, and other charges hereunder have been paid; (c) that the Premises have been completed on or before the date of such letter and that all conditions precedent to the Lease taking effect have been carried out; (d) that Tenant has accepted possession, that the Lease Term has commenced, that Tenant is occupying the Premises, that Tenant knows of no default under the Lease by Landlord and that there are no defaults or offsets which Tenant has against enforcement of this Lease by Landlord; (e) the actual Rent Commencement Date of the Lease and the expiration date of the Lease; and (f) that Tenant's store is open for business; provided such facts are true and ascertainable.

T. COVENANT OF QUIET ENJOYMENT

Landlord hereby covenants that if Tenant shall perform all the covenants and agreements herein stipulated to be performed on Tenant's part, Tenant shall at all times during the continuance hereof have quiet enjoyment of the Premises without hindrance from any person.

U. LIABILITY OF LANDLORD

1. Judgments. Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that if Landlord shall fail to perform any covenant, term, condition, or warranty contained in this Lease upon Landlord's part to be performed and, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title, and interest of Landlord in the Shopping Center, as the same may then be encumbered, and neither Landlord, nor, if Landlord be a partnership, any of the partners comprising such partnership shall be liable for any deficiency. It is understood that in no event shall Tenant have any right to levy execution against any property of Landlord other than its interest in the Shopping Center as herein before expressly provided.

2. Transfer of Title. In the event of the sale or other transfer of Landlord's right, title, and interest in the Premises or the Shopping Center, Landlord shall be released from all liability and obligations hereunder only if its transferee shall assume in writing the obligations of Landlord herein set forth.

V. ENVIRONMENTAL MATTERS - NO HAZARDOUS SUBSTANCES

1. Acts. For the purposes of this Lease, the term "Hazardous Materials" shall include, without limitation, those substances, materials, or waste described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), (42 U.S.C. 9601, *et seq.*); The Resource Conservation and Recovery Act, as amended (RCRA), (42 U.S.C. 6901, *et seq.*); Emergency Planning & Community Right-to-Know Act, as amended (EPCRA), (42 U.S.C. 11991, *et seq.*); Clean Water Act, as amended (CWA), (33 U.S.C. 1251, *et seq.*); Clean Air Act, as amended (CAA), (42 U.S.C. 7401, *et seq.*); Toxic Substances Control Act, as amended (TSCA), (15 U.S.C. 2601, *et seq.*); Safe Drinking Water Act, implementing regulations for such Acts, and as amended (SDWA), (42 U.S.C. 300(f) *et seq.*), and any other applicable federal, state, local laws or ordinances, and the regulations adopted thereunder, or any other substance, material or waste which has been determined by the United States Environmental Protection Agency, the Federal Occupational Health and Safety Administration, or any other federal or state agency, to be capable of posing significant risk of injury to human health or safety.

W.

2 . Asbestos. Landlord warrants that upon the Delivery Date to Tenant the Premises will be free of asbestos and other Hazardous Materials, and if found, Landlord will remove immediately at Landlord's expense.

3 . Tenant's Operations. Tenant shall not engage in operations at the Premises which involve the generation, manufacture, refining, transportation, treatment, storage, handling, or disposal of "Hazardous Materials," without the prior written consent of Landlord, which consent shall be at Landlord's sole discretion.

4 . Indemnification of Landlord. Tenant will defend, protect, indemnify, and hold Landlord harmless from and against any and all claims, causes of action, liabilities, damages, costs, and expenses, including, without limitation, attorneys' fees arising from or in any way connected with Hazardous Materials (as defined in Section V.1) introduced to the Premises by Tenant.

5 . Tenant's Limitation of Liability. Notwithstanding the provisions of this Section V, Tenant's liability hereunder will be limited to compliance with all federal and state environmental regulations dealing with release of Hazardous Materials by Tenant and Landlord's rights under this Section V shall not extend to requiring Tenant to perform any duties in excess thereof.

MISCELLANEOUS PROVISIONS

1 . Brokers Commissions. Landlord and Tenant hereby warrant to the other that there are no claims for brokers' commissions or finders' fees in connection with the execution of this Lease, and Landlord and Tenant agree to indemnify and save the other harmless from any liability that may arise from such claims, including reasonable attorneys' fees.

2. Surrender and Holding Over.

a . Surrender. Subject to the provisions of Section K.4, Tenant shall deliver up and surrender to Landlord possession of the Premises upon the expiration of the Lease term, or its prior termination for any reason, in as good condition and repair as the same shall be at the commencement of said term (damage by fire and other perils covered by standard fire and extended coverage insurance and ordinary wear and tear excepted).

b . Holdover. If Tenant fails to surrender the Premises on the date that the Lease term expires or terminates, Tenant's continued occupancy shall be deemed to be a tenancy from month-to-month and such tenancy shall be subject to all of the provisions of this Lease in effect at the time of holdover; provided, however, if said holdover is not consented to by Landlord, then Tenant shall pay monthly Base Rent equal to one hundred and fifty percent (150%) of the monthly Base Rent in effect during the Term immediately preceding the holdover.

Storage Trailer. Tenant shall be permitted to place a storage trailer at the rear of the Premises at a location approved by Landlord and subject to local codes and ordinances.

Mechanic's Liens. Should any mechanic's liens or other liens or affidavits claiming liens be filed against the Leased Premises or any portion thereof or interest therein for any reason whatsoever incident to the acts or omissions of Tenant, its agents or contractors, Tenant shall cause the same to be canceled and discharged of record by payment, bonding, or otherwise, within thirty (30) days after notice by Landlord.

Mortgagee Clause. Landlord represents that it has obtained the existing mortgagee's consent to this Lease Agreement, or that such consent is not necessary.

6. Landlord Title Report. Landlord agrees to furnish Tenant with a current Title Report which will be made a part of this Lease and attached as Exhibit E.
7. Recording. This Lease shall not be recorded. However, upon the request of either Landlord or Tenant, the other party agrees to execute a Memorandum of Lease setting forth such terms and provisions as may be acceptable to both Landlord and Tenant that may be recorded at the cost of the party desiring recording.
8. Severability. In the event that any provision or section of this Lease is rendered invalid by the decision of any court or by the enactment of any law, ordinance or regulation, such provision of this Lease shall be deemed to have never been included therein, and the balance of this Lease shall continue in effect in accordance with its terms.
9. Attorneys' Fees. In the event of any legal proceeding arising out of a dispute among the parties with regard to enforcement of the provision of this Lease, the prevailing party will be entitled to an award of its reasonable attorneys' fees and costs from the non-prevailing party.
10. Jury Trial. In the event of a dispute, Landlord and Tenant agree to waive the right to jury trial.
11. Waiver. No waiver of any condition or legal right or remedy shall be implied by the failure of Landlord or Tenant to declare a forfeiture, or for any other reason, and no waiver of any condition or covenant shall be valid unless it is in writing and signed by Landlord or Tenant.
12. Force Majeure. In addition to the provisions of Section D.2, Force Majeure, with respect to the Lease in general, shall mean strikes, delays caused by the other party or any governmental or quasi-governmental entity, shortages of materials, natural resources or labor, or any and all causes beyond the reasonable control of the performing party. Neither party shall be in default under this Lease for failure to perform due to Force Majeure. The time period for such performance shall be extended for each day performance is delayed by Force Majeure.
13. No Partnership. Landlord and Tenant do not, in any way or for any purpose, become a partner with the other in the conduct of either's business.
14. Section Headings. The section headings are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Lease nor in any way affect this Lease.
15. Lease Inures to the Benefit of Assignees. This Lease and all of the covenants, provisions, and conditions herein contained shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns respectively, of the parties hereto, provided, however, that no assignment by, from, through, or under Tenant in violation of the provisions hereof shall vest in the assigns any right, title, or interest whatsoever.
16. No Presumption Against Drafter. Both parties have freely negotiated this Lease. In any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.

17. Authority to Sign Lease. Each of the persons who has signed this Lease represents and warrants that he has been duly authorized to sign this Lease by all necessary action on the part of the entity on whose behalf he has signed this Lease.

18. Cancellation of Existing Lease. The existing lease dated August 28, 2001, by and

between Landlord and Tenant expires January 31, 2003 (the "Existing Lease"). The

Existing Lease shall be continued on a month-to-month basis with a monthly base rental

in the amount of \$9.00 per square foot until The Commencement Date of this Lease,

Upon the Commencement Date of this Lease, the Existing Lease shall be canceled and

terminated and the parties shall be relieved from obligations accruing under said Existing

; Lease from and after the Rent Commencement Date.

19. Entire Agreement. This Lease and the exhibits attached hereto set forth all the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions, or understandings, either oral or written, between them other than are herein set forth. No subsequent alteration, amendment, change, or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be signed as of the date and year first above written.

Witness

Landlord

/s/Terry A. Thompson

DMK Associates

A Virginia General Partnership

/s/ J. Douglas Perry

General Partner

Tenant

Witness

Dollar Tree Stores, Inc.

/s/Judy Melle

/s/ Robert G. Gurnee, Vice President

DOLLAR TREE STORES, INC.

March 17, 2004

i

VIA FACSIMILE NO 757-428-8814
AND CERTIFIED MAIL. RETURN RECEIPT REQUESTED

DMK Associates - Castle Shops 1023 Laskin Road, Suite4 102 Virginia Beach, VA 23451

Re: Dollar Tree Stores, Inc. #171 Castle Shops Chesapeake, VA

Dear Sir or Madam:

i

Reference is made to that certain Lease Agreement dated August 19, 2002, for approximately 17,200 square feet, located in Castle Shops, in the City of Chesapeake, State of Virginia.

We are exercising our renewal option under this Lease for a period of five (5) years to expire on March 31, 2010. All other terms and conditions of the Lease shall remain in full force and effect. Please sign and return a copy of this letter ("Option Renewal") to acknowledge confirmation of this Option renewal

It has been a pleasure working with your Company and we look forward to several more prosperous years together.
Very truly yours,

/s/ John L. Cote

Vice President, Corporate Counsel

cc: Terry Erney, Real Estate Manager File Scan

Acceptance of renewal option for Dollar Tree Stores, Inc.

By: Terri A. Thompson
Title: Property Manager
Date: 4-1-04

500 Volvo Parkway, Chesapeake, Virginia 23320 Phone: (757) 321-5000 Fax: (757) 321-5292

THIS LEASE, made as of this 17th day of July, 1995 by & between DMK Associates, L.P., a Virginia Limited Partnership, whose address is P O Box 2500, Norfolk, VA 23501-2500 (hereinafter referred to as "LANDLORD") and Dollar Tree Stores, Inc. a Virginia corporation, whose address is 2555 Ellsmere Avenue, Norfolk, Virginia 23513, (hereinafter referred to as "TENANT").

WITNESS ETH:

That in consideration of the mutual covenants and agreements herein contained, it is agreed by and between Landlord and Tenant as follows:

A. BASIC LEASE PROVISIONS: The following constitute the basic provisions of this Lease:

- 1..
- 2.

Premises
a. Address

County Square Footage
b.
c.

Space Number Trade Name

Volvo Parkway S/C
Volvo Parkway & Battlefield Blvd
Chesapeake, VA 23320

5,000.00
50.00 Ft X 100.00 Ft
16 ^
DOLLAR TREE Me
3. Permitted Use

The retail sale of general merchandise including, but not limited to, home decor and accessories, costume jewelry, bathroom accessories, toys, stationery, auto accessories, apparel, kitchen accessories, novelty candy and snacks. Tenant agrees that no one category will become the principal product of the retail business, and Landlord covenants that Tenant will be permitted to occupy the Premises for the entire Term for the uses herein specified.

4. Delivery Date for Possession of Premises

5. Lease Commencement Date

6. Term

7. Option 1 Option 2 Option 3

8. Address for notices: Landlord:

Tenant

9. Minimum Rent
Original Term 1-Four Years

10. Option 1	1-Four Years
Option 2	1-Four Years
Option 3	1-Four Years

10/01/1995

Sixty days from date of delivery of possession as stated in A.4 above or the date Tenant opens for business, whichever is earlier.

Four Years

1 - -	Four Years	option
1 - -	Four Years	option

1 - - Four Years option

DMK Associates, L.P.
P O Box 2500
Norfolk, VA 23501-2500
Per Sq Ft
8.00
9.00
10.00
11.00

Dollar Tree Stores, Inc. Real Estate Department 2555 Ellsmere Avenue Norfolk, VA 23513
Per Annum 40,000.00
45,000.00
50,000.00
55,000.00
11. Percentage Rent:
Page 1

Original Term	1,333,333.00	3.00%
Option 1	1,500,000.00	3.00%
Option 2	1,666,667.00	3.00%
Option 3	1,833,333.00	3.00%

12. Estimated Operating Charges for the first year per square foot

CAM	.30
Taxes	.70
Insurance	.07

Landlord represents the first year's charges will not vary more than 5% from the amount above stated charges.

13. Annual increases for Charges for Common Area Maintenance will not exceed more than Fifteen percent (15.00%) of those charges for the previous year.

14. Radius Restriction: None

15. Security Deposit: None

B. DEMISED PREMISES: Landlord hereby Leases to Tenant the demised premises ("Premises") described as follows:

1. The space within a one-story unit (without basement, balcony, or mezzanine) having an approximate total square footage of 5,000.00 square feet as measured from the exterior face of any exterior walls and to the centerline of common walls, identified as Unit #16 and outlined in red on the site plan, attached hereto as Exhibit "A". The "Shopping Center" is more fully described in the legal description, attached hereto as Exhibit "B".

2. Landlord reserves the right to remeasure the Premises to determine the gross leasable area of the Premises. In the event the remeasurement discloses that the actual gross leasable area of the Premises as set forth in the preceding paragraph is incorrect, Landlord and Tenant shall execute an amendment to the Lease (i) reflecting the actual gross leasable area of the Premises, (ii) adjusting the Minimum Rent based on the new square footage, and (iii) adjusting Additional Rent (as defined in Section Y.12 of this Lease) and all other charges accruing under the Lease which are based on the actual gross leasable area of the Premises. In the event of an adjustment, Tenant will pay any excess rent owed to Landlord within fifteen (15) days after receipt of a statement, or Tenant shall take a credit for any overpayment against the next minimum rent and additional rent payments.

C. TERM . . .

1. The term of this Lease shall commence upon the earlier of:

(a) The date which is sixty (60) days after the date Landlord delivers the Premises to Tenant, or

(b) The date on which Tenant opens the Premises for business to the public,

such date being hereinafter called the Commencement Date and expiring on the Lease Expiration Date in Section A.6 above, unless sooner terminated as provided herein. Lease Year shall consist of twelve (12) full calendar months, and the first Lease Year shall commence on the Commencement Date if the Commencement Date shall occur on the first day of a calendar month. If the Commencement Date does not occur on the first day of a calendar month, the first Lease Year shall consist of the partial first month plus the following twelve (12) full calendar months. Each succeeding Lease Year shall be twelve (12) consecutive months following the expiration of the first Lease Year.

2. At the time the Commencement Date is established, upon the request of Landlord, the parties will promptly execute a written instrument stipulating the Commencement Date and Expiration Date of the term of this Lease.

D. CONSTRUCTION

1. Landlord shall deliver the Premises to Tenant on 10/01/1995. If Landlord is unable to deliver the Premises within ten (10) days after the turnover date specified, the Lease shall be null and void with no further obligation on the part of the Landlord or the Tenant. If the Landlord's failure to perform such terms,

covenants and conditions is due to any strike, lockout, labor dispute, civil commotion, warlike operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, Acts of God, fire or other casualty which is beyond the reasonable control of Landlord, then the time period for the turnover of the premises shall be extended for each day of delay. TIME IS **OF** THE ESSENCE OF THIS LEASE.

2. Landlord warrants that the heating, ventilating and air conditioning system (HVAC) for the Premises will be in good working order on the date the Premises are turned over to the Tenant,

3. Landlord and Tenant's work are detailed in Exhibit C of this Lease.

E. RENT f

1. Minimum Rent. Tenant agrees to pay to Landlord, at its office or other place as Landlord may from time to time designate, as Minimum Rent for the Premises during the term of this Lease, without any deduction or setoff, \$8.00 per square foot, \$3,333.33 in advance on the first day of each calendar month. The amounts to be paid by Tenant for rent and additional rent shall be prorated on a per diem basis for any partial month in the first Lease Year.

2. Percentage Rent. As a further inducement for Landlord's entering into this Lease, Tenant shall pay to Landlord, in addition to the Minimum Rent, a percentage rate ("Percentage Rent") equal to the product obtained when the amount of Tenant's Gross Sales {as herein defined} for any Lease Year in excess of the Percentage Rent Breakpoint is multiplied by the Percentage Rent Rate. The Percentage Rent for each Lease Year shall be due and payable once Gross Sales exceed the Percentage Rent Breakpoint for such Lease Year, Tenant shall make estimated monthly payments, on or before the fifteenth (15th) day of each calendar month, in an amount equal to the product of the Percentage Rent Rate times the Gross Sales for the prior month (for the month in which the Gross Sales exceed the Percentage Rent Breakpoint, such payments shall be made only on the excess above the Percentage Rent Breakpoint). Tenant's obligation for the payment of Percentage Rent shall survive the expiration or earlier termination of this Lease.

3. Gross Sales. The term "Gross Sales" shall mean the aggregate gross amount of all sales of merchandise made and all charges for services performed in the Premises (including orders taken in the Premises for delivery from places other than the Premises), whether wholesale or retail, and whether cash or credit, and including the value of all consideration other than money received for any of the foregoing, and all amounts received by Tenant from conducting business on or from the Premises, including without limitation, all display fees, slotting allowances, promotional considerations, rebates or other payments received by Tenant to stock, promote or advertise any product, less (1) cash refunds or credit for merchandise returned if the price of such merchandise was originally included in Gross Sales, (2) the amount of sales and excise taxes to the extent included in sales, and (3) the amount of sales representing uncollectible bad checks. Merchandise transferred from the Premises to other stores of Tenant, or merchandise returned for credit to factories or jobbers shall not be included in determining Gross Sales. No deduction shall be allowed for uncollected or uncollectible credit or charge accounts.

(a) Reporting of Gross Sales. Tenant shall submit to Landlord on or before the fifteenth (15th) day of each calendar month a complete and accurate record of Tenant's gross sales for the preceding calendar month. On or before the thirtieth (30th) day of the month following the end of each Lease Year, Tenant shall furnish to Landlord a statement certified by Tenant's corporate financial officer of the Gross Sales for the preceding Lease Year.

(b) Books of Account. Tenant agrees to prepare and maintain at Tenant's principal office, accurate records of the Gross Sales, which records shall be kept in accordance with generally accepted accounting procedures, together with local sales tax returns of Tenant relating to Tenant's Gross Sales. The foregoing shall be open at all reasonable times to Landlord or its representatives to enable Landlord to determine the accuracy of the statements of Tenant's Gross Sales during and for three (3) years after the end of the Lease Year to which the same relate. In the event an examination or audit of records of Tenant discloses that Gross Sales as reported in the aforesaid statements were less, by two percent (2%) or more than the actual Gross Sales for any Lease Year, Tenant agrees to pay Landlord the reasonable cost of any such examination or audit. If such examination or audit discloses a discrepancy of three percent (3%) or more, and such under-reporting of Gross Sales by Tenant shall be deliberate in bad faith, Landlord shall also have the right to terminate this Lease.

Landlord shall have the right to inspect the records of Tenant in connection with sales made by Tenant from other stores operated by it, but only in the event such examination becomes necessary to ascertain the **Gross** Sales made by Tenant from the Premises.

F. TAXES

1. **Real Estate Taxes and Assessments.** Tenant agrees to pay Tenant's proportionate share of all real estate taxes and assessments, together with any and all expenses incurred by Landlord in negotiating, appealing or contesting such taxes and assessments, both general and special, levied and assessed against the land, buildings, and all other improvements which may be added thereto, or constructed with the Shopping Center. Tenant's proportionate share shall be the total amount of such taxes and assessments multiplied by a fraction, the numerator of which shall be the number of square feet of floor area within the Premises, and the denominator of which shall be the gross leasable area of the existing buildings within the Shopping Center at the time such taxes were levied or assessed, but excluding *the* floor area of any buildings within the Shopping Center which are separately assessed for tax purposes and billed to an entity other than Landlord or paid directly by an entity other than Landlord, even though billed to Landlord.

During the term of this Lease, or any renewals thereof, Tenant shall pay to Landlord, monthly in advance, an amount equal to one-twelfth (1/12th) of Tenant's proportionate share of real estate taxes and assessments for the current tax year, as reasonably estimated by Landlord. If Tenant's proportionate share of real estate taxes and assessments with respect to any tax year is less than the total amount theretofore paid by Tenant for such period, the excess shall be credited against the payments next becoming due. If Tenant's proportionate share of real estate taxes and assessments for any tax year exceeds the total amount theretofore paid by Tenant for such period, Tenant shall, upon receipt of invoices from Landlord, pay the difference between the actual amount paid by Tenant and Tenant's proportionate share of real estate taxes and assessments.

2. **Municipal, County, State or Federal Taxes.** Tenant shall pay, before delinquent, all municipal, county and state or federal taxes assessed against any Leasehold interest of Tenant or any fixtures, furnishings, equipment, stock-in-trade or other personal property of any kind owned, installed or used in or on the Premises.

3. Should any governmental taxing authority levy, assess, or impose any tax, excise or assessment (other than income, inheritance, gift or franchise tax) upon or against the rentals payable by Tenant to Landlord, by way of substitution for any existing tax on land and buildings, Tenant shall be responsible for and shall pay any such tax, excise or assessment, or shall reimburse Landlord for the amount hereof, as the case may be.

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G. COMMON AREAS

1. **Common Areas.** Landlord grants to Tenant and Tenant's customers and invitees the right to use, in common with all others to whom Landlord has or may hereafter grant rights to use same, the Common Areas located within the Shopping Center. The term "Common Areas", as used in this Lease, shall mean the parking areas, roadways, pedestrian sidewalks, loading docks, delivery areas, landscaped areas, service courts, open and enclosed courts and malls, fire corridors, meeting areas and public restrooms, and all other areas or improvements which may be provided by Landlord for the common use of the tenants of the Shopping Center. Landlord hereby reserves the following rights with respect to the Common Areas:

(a) To establish reasonable rules and regulations for the use thereof;

(b) To use or permit the use by others to whom Landlord may have granted such rights for promotional activities!;

(c) To close all or any portion thereof as may be deemed necessary by Landlord's counsel to prevent a dedication thereof or the accrual of any rights to any person or the public therein;

(d) To change the layout of such Common Areas, including the right to reasonably add to or subtract from their shape and size, whether by the addition of building improvements or otherwise, and may make installations^ and/or construct or erect buildings, structures, booths therein or thereon and move or remove the same and shall have the right to retain revenue, "

from income producing events whether or not conducted for promotional purposes or by or through the Merchant's Association, if any; and

(e) Landlord shall operate, manage, equip, light, repair and maintain said Common Areas for their intended purposes in an efficient and economical manner and may from time to time change the size, location, elevation, nature and/or use of any Common Areas.

2. Common Area Charge. Tenant shall pay to Landlord as a "Common Area Charge" a proportionate share of all costs and expenses of every kind and nature paid or incurred by Landlord in operating, maintaining, and repairing the Common Areas. Such costs and expenses shall include but not be limited to cleaning, lighting, repairing, maintaining, and replacing all common area improvements (provided, however, that any replacement of a common area improvement which is deemed a capital improvement by generally accepted accounting principles shall be amortized over its useful life); including without limitation, paving, roadways, sprinkler equipment (including standby charges), driveways, sidewalks, curbs, culverts and drainage facilities, barriers, retaining walls, fences, directional and Shopping Center signage (other than signs to be maintained by individual tenants), sewer and water supply lines and related facilities; snow removal, parking lot striping, painting, and painting of exterior walls, landscaping, providing security, providing public liability, property damage, fire and extended coverage and such other insurance as Landlord deems appropriate; including, but not limited to, the cost of Landlord's insurance provided for in Section L; total compensation and benefits (including premiums for Workmen's Compensation and other insurance) paid to or on behalf of employees; personal property taxes, supplies, fire protection and fire hydrant charges, water and sewer charges, utility charges, licenses and permit fees, reasonable depreciation of equipment used in operating and maintaining the Common Areas and rent paid for leasing such equipment, and administrative costs equal to fifteen (15%) per cent of the total cost of all the foregoing items (excluding insurance premiums paid by Landlord pursuant to Section L hereof). Tenant's Common Area Charge shall be determined by multiplying the total cost incurred by Landlord by the ratio of the square feet within the Premises to the gross leasable area within all of the existing buildings in the Shopping Center as of the date of the billing.

Tenant's Common Area Charge shall be paid in monthly installments on the first day of each month in an amount to be estimated by Landlord. Within ninety (90) days following the end of the period used by Landlord in estimating Landlord's cost, Landlord shall furnish to Tenant a detailed statement of the actual amount of Tenant's proportionate share of such Common Area Charge for such period. Within fifteen (15) days thereafter, Tenant shall pay to Landlord or Landlord shall remit to Tenant, as the case may be, the difference between the estimated amounts paid by Tenant and the actual amount of Tenant's Common Area Charge for such period as shown by such statement, subject to Section A. 12 and A. 13.

The Common Area Charges described in this Section G shall be subject to audit

by a certified public accounting firm of Tenant's choice, at the address Landlord

set forth in this Lease, at Tenant's expense during regular business hours for

one (1) year following the end of the period used by Landlord in estimating

Landlord's cost. Landlord shall use its best efforts to operate the center

economically and efficiently.

H. UTILITIES AND RUBBISH DISPOSAL

1. Gas and Electric Charges. Commencing with the date on which Landlord delivers the Premises to Tenant, Tenant shall pay for gas, if the same is available to the Premises, electric current and all other utilities required for the proper operation of Tenant's business, together with all taxes levied or other charges on such utilities, and governmental charges based on utility consumption. In the event Tenant's utilities shall be separately metered from all other tenants of the Shopping Center, Tenant shall, at its sole cost and expense, pay for the cost of installation of such meters and any and all related costs and expenses, unless such costs and expenses are the express responsibility of Landlord pursuant to Exhibit "C" of this Lease.

2. Water and Sewer Charges. Commencing on the date on which Landlord delivers the Premises to Tenant, Tenant shall pay all water rents, all charges resulting from any sprinkler system and sewer charges charged against the Premises.

If any such utilities are not separately metered or assessed or are only partly separately metered or assessed and are used in common with other tenants of the Shopping Center, Tenant shall pay to Landlord an apportionment of such charges for utilities used in common, computed by multiplying such charges by

; • the ratio of square feet within the Premises to the square feet of all tenants

! using such common facilities, in addition to Tenant's payments of the separately

j metered charges.

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| 3. Rubbish Disposal. In the event Landlord shall acquire and install facilities in
! the Shopping Center for the consolidation of accumulated rubbish, Tenant shall
j be permitted to use said facilities at the rates reasonably determined by
! Landlord, provided that the rates charged by Landlord are competitive with
> other rubbish removal companies in the area.

f In no event shall Landlord be liable for the quality, quantity, failure, or
I interruption of the foregoing utility and rubbish disposal services to the
' Premises unless caused by Landlord's negligence or willful acts.
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j I. USE OF PREMISES BY TENANT

1. Tenant's Use of Premises will be *for the* permitted use set forth in Section A.3

2. Trade Name. Tenant agrees to conduct its business in the Premises under the name of DOLLAR TREE.

3. Operation of Business. Tenant agrees to open its store for business, fully fixtured, stocked and staffed and to continuously operate in 100% of the Premises during the hours set by Landlord for all Tenants of the Shopping Center, on all business days the Shopping Center is open for business, except where Tenant is prevented from doing so by strikes, casualty or other causes beyond Tenant's control. In no event, however, will Tenant be open for business after 10:00 PM or before 9:00 AM on any day without Landlord's prior written consent. Tenant shall be permitted to close the Premises for a period not to exceed three (3) days per year to conduct inventory or due to the death of a store manager.

J. TENANT'S COVENANTS WITH RESPECT TO OCCUPANCY

Tenant Agrees:.

1. To occupy the Premises in a safe and careful manner in compliance with all laws, ordinances, rules, regulations and orders of any governmental bodies having jurisdiction over the Premises, and without committing or permitting waste;

2. To neither do nor suffer anything to be done or kept in or about the Premises

which contravenes Landlord's insurance policies or increases the premiums

therefor;

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3. To keep its show or display windows, canopy and electric signs lighted until at least 9:30 PM local time of each day or until a time which is thirty (30) minutes after the close of each business day, whichever is later;

4. To permit no reproduction of sound which is audible outside the Premises nor permit odors to be dispelled from the Premises;

5. To place no sign on the exterior of the Premises or on the interior surface of any windows of the Premises (except for Tenant's standard window decal treatment which in no event shall occupy more than fifteen percent (15%) of said window) unless it meets the standards *as* set forth in Exhibit D attached hereto and made a part hereof and without also obtaining Landlord's prior written consent, and to maintain in good repair and promptly remove and repair any damage caused by such permitted sign;. Tenant agrees not to display any pennants, search lights, window signs, balloons, or similar temporary advertising media. Tenant may display banners inside the premises within two (2) feet from the front of the store as long as they are professionally prepared. Tenant agrees to maintain its signs in good states of repair and save Landlord-harmless from any loss, cost, or damage as a result of their condition and shall-

repair any damage which may have been caused by the erection, existence, maintenance or removal of such signs, Upon vacating the storeroom. Tenant agrees to remove all signs and repair all damages caused by such removal.

6. To place no merchandise, sign or other thing of any kind in the vestibule or entry outside of the Premises or on the sidewalks or other Common Areas adjacent thereto or elsewhere on the exterior of the Premises;
7. To park Tenant's vehicles and to require all employees to park only in such places as may be designated from time to time by Landlord for the use of Tenant and its employees, and specifically not to permit parking by any of them in any service court area (Landlord reserves the right to have towed, at the owner's cost and expense, any automobile parked in violation of this clause);
8. To keep any refuse in proper containers in the interior of the Premises until the same is removed from the Shopping Center and to permit no refuse to accumulate around the exterior of the Premises;
9. To neither load nor unload or permit the loading or unloading of merchandise, equipment or other property from any doors of the Premises that open onto the front sidewalk areas, nor from any other doors except from the rear of the Premises and to use its best efforts to prevent the parking or standing of vehicles and equipment upon Shopping Center land except when actually engaged in loading or unloading;
10. To conduct no auction, fire or going-out-of-business sale without the prior written consent of Landlord;
11. To permit Landlord free access to the Premises at all reasonable times after notice to Tenant (*except* in the event of an emergency when no prior notice shall be required) for the purpose of examining the same or making alterations or repairs to the Premises that Landlord may deem necessary for the safety or preservation thereof;
12. To adequately heat and cool the Premises;
13. To permit no Hen, notice of intention to file lien or other charges (whether arising out of work of any contractor, mechanic, laborer or material man or any mortgage, condition sale, security agreement or chattel mortgage otherwise) which might be or become a lien or encumbrance or charge upon the Premises or any part thereof or the income therefrom, and to suffer no other matter or thing whereby the estate, right and interest of Landlord in the Premises or any part thereof might be impaired;
14. To solicit no business in the Common Areas, nor distribute handbills or other advertising matter to customers, nor place the same in or on automobiles in the Common Areas;
15. To comply with all reasonable rules and regulations which Landlord may from time to time establish and uniformly enforce for all tenants of the Shopping Center for the use and care of the Premises, the Common Areas, and other facilities and buildings on the Shopping Center;
16. To cooperate fully with Landlord and other tenants of the Shopping Center in promoting the use of trade names and slogans as may be adopted for the Shopping Center and in all promotional and advertising campaigns;
17. To shut off all exhaust fans, if any servicing the Premises, at all times when Premises are closed; if Tenant's Premises front on an enclosed mall Tenant shall maintain positive air pressure so as to prevent the drawing of heated or cooled air from the enclosed mall and shall keep the Premises heated or air conditioned, as the case may be, to at least the same minimum temperature (in the case of heat) or at the same maximum temperature (in the case of air conditioning) as Landlord shall attempt to maintain in such mall;
18. To handle and dispose of all rubbish, garbage, and waste in accordance with regulations established by Landlord and not permit the accumulation (unless in sealed metal containers) or burning of any trash, rubbish, refuse, garbage or waste materials in, on, or about any part of the Shopping Center;
19. To prohibit the Premises to be used in any way which will injure the reputation of the Shopping Center or which may be a nuisance, annoyance, inconvenience or damage to the tenants or the Shopping Center or to the neighborhood including, without limiting the generality of the foregoing, noise by the playing of any musical instrument or radio or television, or the use of a microphone, loud speaker, electrical equipment, or utilizing flashing lights or search lights

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or* any other equipment which in the judgment of Landlord might cause disturbance, impairment or interference with the use or enjoyment by any other tenant in the Shopping Center;

20. To prohibit the operation in the Premises or any part of the Shopping Center of any coin or token-operated vending machines or similar devices (including without limitation, pay telephones, pay lockers, pay toilets, scales, amusement devices and machines for the sale of merchandise and/or commodities);

21. To permit Landlord or its agents, on or after ninety (90) days next preceding the expiration of the term of this Lease, to have the right to show the Premises to potential tenants, and to place notices offering the Premises "To Lease" or "For Sale" on the front of the Premises or any part thereof; and

22. That it shall not make any penetrations through the roof of the Premises without the prior written consent of Landlord;

23. To defend, protect, indemnify and hold Landlord harmless from and against any and all claims, causes of action, liabilities, damages, costs and expenses, including, without limitation, attorney fees, arising from or in any way connected with Hazardous Waste (as hereinafter defined) within the Shopping Center which are the result of Tenant's use, occupancy or operation of the Premises. As used herein the term "Hazardous Waste" shall be defined as any hazardous substance, containment, pollutant or hazardous release (as such terms are defined in any federal, state or local law, rule, regulation or ordinance, including without, limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) and other said wastes.

In the event Tenant shall cause or permit the presence of Hazardous Waste in, on or under the Premises or any other portion of the Shopping Center, Tenant shall promptly, at Tenant's sole cost and expense, take any and all action necessary (as required by appropriate government authority or otherwise) to return the areas affected thereby to the condition existing prior to the presence of any such Hazardous Waste thereon, subject to Landlord's prior written consent. The foregoing covenants shall survive the termination of this Lease.

K. REPAIRS AND ALTERATIONS

1. Repairs by Landlord. Landlord shall keep the foundations, roof, and structural portions of the outer walls of the Premises in good repair, except for repairs required thereto by reason of the acts of Tenant, Tenant's employees, agents, licensees, or contractors. Tenant shall give Landlord written notice of the necessity for repairs coming to the attention of Tenant following which Landlord shall have a reasonable time to undertake and complete such repairs. Notice from Tenant of the need for Landlord to perform a repair to the Premises shall not be a condition to Landlord commencing such repair if Landlord has actual knowledge of the need for repairs from any other independent source. The provisions of this Subsection K.I shall not apply in the case of damage or destruction by fire or other casualty or by Eminent Domain, in which events the obligations of Landlord shall be controlled by either Section M or Section O hereof.

It is expressly understood that Landlord shall not be responsible for any portions of the Premises constructed by Tenant.

2. Repairs by Tenant. Except as provided in Subsection K.I, Tenant shall keep the Premises and every part thereof and any fixtures, facilities or equipment contained therein, in good condition and repair, including, but not limited to, exterior and interior portions of all doors, door checks and operations, windows, plate glass, and showcases surrounding the Premises, the heating, air conditioning, electrical, plumbing and sewer systems, the exterior doors, window frames, and all portions of the store front area, and shall make any replacements thereof of all broken and/or cracked plate and window glass which may become necessary during the term of this Lease, and any renewal thereof, excepting any repairs to items of Landlord's original construction made necessary by reason of damage due to fire or other casualty covered by standard fire and extended coverage insurance. In connection with Tenant's obligation to maintain the HVAC system servicing the Premises, Tenant shall, during the term of this Lease, and any renewals thereof, at its sole cost and expense, maintain a service contract for the routine performance of standard HVAC system maintenance, including but not limited to, periodic replacement of filters, oiling of mechanical components and inspection for wear and tear. Within fifteen (15) days of Landlord's written request, Tenant shall provide Landlord with a copy of the foregoing HVAC service contract. If Tenant refuses or neglects to commence or complete repairs promptly and adequately, Landlord may make or'

complete said repairs and Tenant shall pay the cost thereof to Landlord upon demand, together with the sum of fifteen percent (15%) of said costs for overhead.

3. Alterations or Improvements by Tenant. Tenant shall not, without Landlord's prior written consent, make, nor permit to be made, any alterations, additions or improvements to the Premises. Any alterations which may be permitted by Landlord shall be based upon plans and specifications submitted by Tenant and approved by Landlord and upon the condition that Tenant shall promptly pay all costs, expenses, and charges thereof, shall make such alterations and improvements in accordance with applicable laws and building codes and ordinances and in a good workmanlike manner, and shall fully and completely indemnify Landlord, which indemnification shall be in a form acceptable to Landlord against any mechanic's lien or other liens or claims in connection with the making of such alterations, additions, or improvements. Tenant shall promptly repair any damages to the Premises, or to the buildings of which the Premises are a part, caused by any alterations, additions or improvements to the Premises by Tenant. Landlord's approval of Tenant's plans shall not be unreasonably withheld.

4. Removal of Improvements. All Items of Landlord's construction, all heating and air conditioning equipment, and all alterations, additions and other improvements by Tenant shall become the property of Landlord at the termination of the Lease and shall not be removed from the Premises. All trade fixtures, furniture, furnishings, and signs installed in the Premises by Tenant and paid for by Tenant shall remain the property of Tenant and may be removed upon the expiration of the term of this Lease; provided (a) that any of such items as are affixed to the Premises and require severance may be removed only if Tenant repairs any damage caused by such removal and (b) that Tenant shall have fully performed all of the covenants and agreements to be performed by Tenant under the provisions of this Lease. If Tenant fails to remove such items from the Premises prior to the expiration or earlier termination of this Lease, all such trade fixtures, furniture, furnishings, and signs shall become the property of Landlord unless Landlord elects to require their removal, in which case Tenant shall promptly remove same and restore the Premises to its prior condition. In the event Tenant fails to remove all such trade fixtures, furniture, furnishings, and signs within ten (10) days after Landlord elects to require their removal, Landlord shall have the right to remove same and sell such trade fixtures, furniture, furnishings, and signs to pay for the cost of removal.

Tenant further agrees that all personal property of every kind or description which may at any time be in the Premises shall be at the Tenant's sole risk. Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by the acts or omissions of persons occupying any space adjacent to or adjoining Tenant's Premises. Landlord shall not be responsible or liable to Tenant for any loss or damage resulting to Tenant or its property from roof leaks, water, gas, steam, fire, or the bursting, stoppage, or leakage of sewer pipes, or from the heating or plumbing fixtures, or from electric wires, or from gas odors unless caused by its own negligent or willful acts.

Nothing contained in this Lease shall be construed to release Landlord from liability for damages proximately caused by its own negligent or willful acts.

INDEMNITY AND INSURANCE

1. Indemnification by Tenant. Tenant will indemnify and hold Landlord harmless from and against all loss, cost, expense, and liability whatsoever (including Landlord's cost of defending against the foregoing, such cost to include attorney's fees) resulting or occurring by reason of Tenant's construction, use or occupancy of the Premises.

2. Public Liability Insurance. Tenant agrees to carry public liability insurance covering the Premises and Tenant's use thereof, together with contractual liability endorsements covering Tenant's obligations set forth in Subsection L(1), with a minimum limit of One Million and 00/100 Dollars (\$1,000,000.00) on account of bodily injuries to or death or property damage for each occurrence and a minimum limit of Two Million Dollars and 00/100 (\$2,000,000.00) general aggregate. Such insurance shall also provide that the general aggregate limits apply separately to each insured location, if applicable. Tenant shall deposit said policy or policies (or certificates thereof) with Landlord prior to the date of any use or occupancy of the Premises by Tenant; said policy or policies shall name Landlord, Tenant and such other parties as Landlord may from time to time notify Tenant in writing to be named as additional insureds under such insurance policy and shall bear endorsements to the effect that the insurer agrees to notify Landlord and such other parties designated by Landlord as

additional insureds not less than thirty (30) days in advance of any modification or cancellation thereof. Landlord agrees to maintain at least the same public liability coverage with respect to the Shopping Center.

3. Landlord's Insurance. Landlord agrees to carry policies insuring the improvements on the Shopping Center against fire and such other perils as are normally covered by extended coverage endorsements in the county where the Premises are located, in an amount equal to at least eighty percent (80%) of the insurable value of such improvements, together with insurance against such other risks (including loss of rent) and in such amounts as Landlord deems appropriate. Tenant agrees that the total cost of the foregoing insurance shall be included in the Common Area charge as provided for in Subsection G(2) of this Lease and that Tenant shall pay its proportionate share of the foregoing insurance per said Subsection; provided, however, that Tenant shall have no rights in said policy or policies maintained by Landlord and shall not, by reason of such reimbursement, be entitled to be a named additional insured thereunder. In the event any of Landlord's policies insures Premises or risks other than the Shopping Center or the rents therefrom, the statement of the insurer shall be conclusive as to the portion of the total premium attributable to the Shopping Center.

4. Tenant agrees to carry insurance against fire and such other risks as are, from time to time, included in standard extended coverage endorsements, insuring Tenant's stock-in-trade, trade fixtures, furniture, furnishings, special equipment, floor and wall coverings, and all other items of personal property to Tenant located on or within the Premises, such coverage to be in an amount equal to at least eighty percent (80%) of the replacement cost thereof.

5. Tenant may self-insure its Leasehold improvements, inventory, fixtures, equipment and plate glass in the Premises during the term of this Lease and any renewals or extensions thereof so long as Tenant shall have a net worth of at least Three Million and 00/100 Dollars (\$3,000,000.00). Prior to the Commencement Date of the Lease, Tenant shall furnish Landlord with a certificate evidencing such coverage or net worth, as the case may be,

6. Mutual Waiver of Subrogation. All property insurance policies carried by either party covering the Premises, including but not limited to contents, fire, and casualty insurance, shall to the extent permitted by law expressly waive any right on the part of the insurer against the other party. The parties hereto agree that their policies will include such waiver clause or endorsement so long as the same shall be obtainable without extra cost, or if extra shall be charged therefor, so long as the other party pays such extra cost. If cost shall be chargeable therefor, each party shall advise the other of the amount of extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so. The failure of any insurance policy to include such waiver clause or endorsement shall not affect the validity of this Lease.

M. DAMAGE AND DESTRUCTION

In the event the Premises are damaged by a peril covered by standard policies of fire and extended coverage insurance to an extent which is less than fifty percent (50%) of the cost of replacement of the Premises, the damage shall, except as hereinafter provided, promptly be repaired by Landlord, at Landlord's expense but, that in no event shall Landlord be required to repair or replace Tenant's stock-in-trade, trade fixtures, furniture, furnishings, equipment or personal property. In the event (a) the Premises are damaged to the extent of fifty percent (50%) or more of the cost of replacement of the Premises, (b) the buildings on the Shopping Center are damaged to the extent of fifty percent (50%) or more of the cost of replacement, notwithstanding the extent of damage to the Premises, or (c) any damage to the Premises occurs during the last one (1) year of the term of this Lease, Landlord may elect either to repair or rebuild the Premises and the buildings that are a part of the Shopping Center, as the case may be, or to terminate this Lease upon giving notice of such election in writing to Tenant within ninety (90) days after the event causing the damage. If the casualty, repairing, or rebuilding shall render the Premises untenantable, in whole or in part, a proportionate abatement of the Minimum Rent shall be allowed until the date Landlord completes the repairs or rebuilding. If Landlord is required or elects to repair the Premises, Tenant shall repair or replace its stock-in-trade, trade fixtures, furniture, furnishings, equipment, and personal property in a manner and to at least a condition equal to that prior to its damage or destruction and the proceeds of all insurance carried by Tenant shall be held in trust by Tenant for the purpose of such repair and replacement.

N. ASSIGNING AND SUBLETTING

Tenant shall have the right to assign the lease or to sublet the whole or any part of the Demised Premises at any time provided:

1. Tenant will remain liable hereunder;
2. Tenant's assignee or sub-tenant will assume all obligations under the Lease;
3. The Demised Premises will continue to be used only for the retail sale of items enumerated in the Use clause; and
4. Tenant's successor shall have retail experience comparable to that of Tenant.

Tenant is a publicly owned corporation, and any change in ownership of its shares shall not constitute an Assignment for the purposes of this Lease.

O. EMINENT DOMAIN

1. In the event the Shopping Center or any part thereof shall be taken or condemned either permanently or temporarily for any public or quasi-public use or purpose by any authority in appropriate proceedings or by any right of eminent domain, the entire compensation award thereof, including, but not limited to, all damages as compensation, for diminution in value of the Leasehold, reversion and fee, shall belong to Landlord, without any deduction therefrom for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all its right, title, and interest to any such award. However, Tenant shall have the right to recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded to Tenant on account of the values of Landlord improvements made by Tenant and for moving and relocating expenses.
2. In the event of taking under the power of eminent domain of (a) more than twenty-five percent (25%) of the Premises or (b) a sufficient portion of the Shopping Center so that after such taking less than fifty percent (50%) of the leasable floor area within all buildings located on the Shopping Center (as constituted prior to such taking) are occupied by tenants, either Landlord or Tenant shall have the right to terminate this Lease by notice *in writing* given within ninety (90) days after the condemning authority takes possession, in which event all rents and other charges shall be prorated as of the date of such termination.
3. In the event of a taking of any portion of the Premises not resulting in a termination of this Lease, Landlord shall use so much of the proceeds of Landlord's award for the Premises as is required therefore to restore the Premises to a complete architectural unit and this Lease shall continue in effect with respect to the balance of the Premises, with a reduction of Minimum Rent in proportion to that portion of the Premises taken.

P. DEFAULT BY TENANT

1. If Tenant defaults in the payment of Minimum Rent, Percentage Rent, or other charges, or in the performance of any other of Tenant's obligations hereunder, and Tenant fails to remedy such default within ten (10) days after written notice from Landlord (unless default relates to matters other than the payment of money and cannot be remedied within ten (10) days; and Tenant commences to remedy such default within said ten (10) day period after written notice from Landlord and thereafter diligently pursues correction thereof, in which event the time to remedy such default shall be extended to the time reasonably required therefore), or if a receiver of any property of Tenant on the Premises is appointed, or Tenant's interest in the Premises is levied upon by legal process, or Tenant be adjudged bankrupt and Tenant fails within thirty (30) days to cause the vacation of such appointment, levy or adjudication, or if Tenant files a voluntary petition in bankruptcy, disposes of all or substantially all of its assets in bulk, or makes an assignment for the benefit of its creditors, then and in any such instance, without further notice to Tenant, Landlord may enter upon the Premises and terminate this Lease. In the event of such termination, the obligations of Landlord hereunder shall cease, without prejudice, however, to the right of Landlord to recover from Tenant any sums due Landlord for Minimum Rent and other charges payable by Tenant hereunder, including reasonable attorney's fees to the date of such entry, and also liquidated damages equal to any deficiency between the then rental value of the Premises for the unexpired portion of the term and the Minimum Rent provided for that portion of the term, discounted at six percent (6%) per annum to present net worth. In addition, Landlord may enter upon the Premises without terminating this Lease and may relet the Premises in its own name for the account of Tenant for the remainder of the term at the highest rent then obtainable and immediately recover from Tenant any deficiency for the balance of the term between the

amount for which the Premises were relet, less expense of reletting, and the rent provided hereunder. If Landlord submeters electric current, gas, or water to the Premises, then if at any time Tenant fails to pay rent or other charges for same within ten (10) days after they are due, Landlord may, at its option, in addition to the foregoing remedies and without further notice to Tenant, cease furnishing such electric current, gas or water. No failure of Landlord to enforce its right or remedies upon default of Tenant shall prejudice or affect the rights of Landlord upon any subsequent or similar default.

2. If Tenant at any time shall fail to pay any taxes, assessments, or liens, to make any payment or perform any act required by this Lease to be made or performed by it, Landlord, without waiving or releasing Tenant from any obligation or default under this Lease, may (but shall be under no obligation to) at any time thereafter make such payments or perform such act for the account and at the expense of Tenant. All sums so paid by Landlord and all costs and expenses so incurred including reasonable attorney's fees, shall accrue interest at the rate of two (2%) above the prime lending rate of NationsBank N.A. from the date of payment or incurring thereof by Landlord and shall constitute additional rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord upon demand. All other sums payable by Tenant to Landlord under this Lease, if not **paid** when due, shall accrue interest at the rate of two percent (2%) above the prime lending rate of NationsBank N.A. from their due date until paid, said interest to be considered additional rent under this Lease and shall **be** paid to Landlord by Tenant upon demand. If Tenant shall issue a check to Landlord which is dishonored by Tenant's depository bank and returned unpaid for any reason, including without limitation, due to insufficient funds in Tenant's checking account, Tenant shall pay to Landlord in addition to any other rights or remedies available to Landlord at law, the sum of Seventy five and 00/100 Dollars (\$75.00) for Landlord's administrative expense in connection therewith.

3. In the event either Landlord or Tenant shall be required to commence legal proceeding to enforce any of the terms of this Lease, the prevailing party in such proceeding shall be entitled to reimbursement from the non-prevailing party of all reasonable attorney fees and court costs incurred in connection therewith.

All rights and remedies of Landlord herein enumerated shall be cumulative, and none shall exclude any other remedies allowed under law or in equity.

Q. SECURITY DEPOSIT. None **R. NOTICES**

1. Any notice or consent required to be given by or on behalf of either party to the other shall be deemed given when mailed by registered or certified mail, postage prepaid, return receipt requested, or by any other method providing for reasonable verification of receipt thereof, addressed as follows:

Landlord: - , DMK Associates, L.P.
DMK Associates PC Box 2500 Norfolk, VA 23501-2500

Tenant; Dollar Tree Stores, Inc.
Real Estate Department 2555 Ellsmere Avenue Norfolk, VA 23513

Notwithstanding any provision to the contrary contained herein, Landlord shall not mail or deliver any notice or consent required to be given by or on behalf of Landlord to the Premises.

S. MORTGAGE SUBORDINATION

1. Landlord **is** the fee simple owner of the Shopping Center. This Lease is and shall at all times, unless Landlord shall otherwise elect, be subject and subordinate to all covenants, restrictions, easements and encumbrances now or hereafter affecting the fee title of the Shopping Center and to all mortgages, deeds of trust, financing or refinancing in any amounts which may now or hereafter be placed against or affect any or all of the land or any or all of the building and improvements now or at any time hereafter constituting part of or adjoining the Shopping Center. The aforesaid provision shall be self-operative and no further instrument or document shall be required to effectuate said subordination unless otherwise requested. Tenant also agrees that'-an-yTM mortgagee or trustee may elect to have this Lease prior to the lien of its

mortgage or deed of trust, and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant agrees that if Landlord's mortgagee or trustee requests confirmation of such subordination, within ten (10) days after receipt of written request therefor. Tenant shall execute and deliver whatever instruments (including but not limited to a Memorandum of Lease and/or a Non-Disturbance and Attornment Agreement in recordable form) which may be required for such purposes and to carry out the intent of this section.

T. ESTOPPEL CERTIFICATES

At any time and from time to time, Tenant agrees, upon request in writing from Landlord, to execute and deliver to Landlord, for the benefit of such persons as Landlord names in such request, a statement in writing and in form and substance satisfactory to Landlord certifying to such of the following information as Landlord shall request: (a) that this Lease constitutes the entire agreement between Landlord and Tenant and 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); (b) the dates to which the Minimum Rent and other charges hereunder have been paid; (c) that the Premises have been completed on or before the date of such letter and that all conditions precedent to the Lease taking effect have been carried out; (d) that Tenant has accepted possession, that the Lease term has commenced, that Tenant is occupying the Premises, that Tenant knows of no default under the Lease by Landlord and that there are no defaults or offsets which Tenant has against enforcement of this Lease by Landlord; (e) the actual commencement date of the Lease and the expiration date of the Lease; and (f) that Tenant's store is open for business, provided such facts are true and ascertainable.

U. MERCHANT'S ASSOCIATION. None. V. QUIET ENJOYMENT

Landlord hereby covenants and agrees that if Tenant shall perform all the covenants and agreements herein stipulated to be performed on Tenant's part, Tenant shall at all times during the continuance hereof have the peaceable and quiet enjoyment and possession of the Premises without hindrance from Landlord or any person.

W. LIABILITY OF LANDLORD

Notwithstanding anything to the contrary provided in this Lease, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that if Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed and, as a consequence of such default, Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title, and interest of Landlord in the Shopping Center, as the same may then be encumbered, and neither Landlord, nor, if Landlord be a partnership, any of the partners comprising such partnership shall be liable for any deficiency. It is understood that in no event shall Tenant have any right to levy execution against any property of Landlord other than its interest in the Shopping Center as hereinbefore expressly provided. In the event of the sale or other transfer of Landlord's right, title and interest in the Premises or the Shopping Center, Landlord shall be released from all liability and obligations hereunder so long as its transferee shall assume in writing the obligations of Landlord herein set forth. Nothing contained herein shall reduce the recovery under Landlord's liability insurance policies covering the Shopping Center.

X. ENVIRONMENTAL MATTERS: NO HAZARDOUS SUBSTANCES

1. Landlord warrants that upon delivery to Tenant the Premises are free of asbestos and other hazardous materials and gases, and if found, Landlord will remove at Landlord's expense.
2. Tenant shall not engage in operations at the Premises which involve the generation, manufacture, refining, transportation, treatment, storage, handling or disposal of "hazardous substances" or "hazardous waste", as such terms are defined under the Environmental Cleanup Responsibility Act, N.J.S.A. 13:1K-6, et.seq., without the prior written consent of Landlord, which consent shall be at Landlord's sole discretion.

Y. MISCELLANEOUS PROVISIONS

2. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rental herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any **check** or any letter accompanying any check or payment as rent **be** deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided for in this Lease or available under law or in equity.

2. No waiver of any condition or legal right or remedy shall be implied by the failure of Landlord to declare a forfeiture, or for any other reason, and no waiver of any condition or covenant shall be valid unless it be in writing and signed by Landlord. No waiver by Landlord with respect to one or more tenants or occupants of the Shopping Center shall constitute a waiver in favor of any other tenant, nor shall the waiver of a breach of any condition be claimed or pleaded to excuse a future breach of the same condition or covenant.

3. Broker's Commission. Landlord and Tenant hereby warrant to the other that there are no claims for broker's commissions or finder's fees in connection with the execution of this Lease, and Landlord and Tenant agree to indemnify and save the other harmless from any liability that may arise from such claims, including reasonable attorney's fees.

4. No Partnership. Landlord does not, in any way or for any purpose, become a partner of Tenant in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with Tenant.

5. Section Headings. The section headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

6. Lease Inures to the Benefit of Assignees. This Lease and all of the covenants, provisions, and conditions herein contained shall inure to the benefit of and be binding upon the heirs > personal representatives, successors and assigns respectively, of the parties hereto, provided, however, that no assignment by, from, through, or under Tenant in violation of the provisions hereof shall vest in the assigns any right, title, or interest whatsoever.

7. Entire Agreement. This Lease and the exhibits attached hereto set forth all the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant concerning the Premises, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

8. Surrender and Holding Over. Tenant shall deliver up and surrender to Landlord possession of the Premises upon the expiration of the Lease term, or its prior termination for any reason, in as good condition and repair as the same shall be at the commencement of said term (damage by fire and other perils covered by standard fire and extended coverage insurance and ordinary wear and decay only excepted). No agreement to accept a surrender of the Premises prior to the natural expiration of the term of this Lease shall be valid and binding against Landlord unless such agreement shall be in writing and signed by Landlord. Should Tenant remain in possession of the Premises after any termination of this Lease, no tenancy or interest in the Premises shall result therefrom, but such holding over shall be an unlawful detainer and all such parties shall be subject to immediate eviction and removal, and after a two (2) month "good faith grace period" necessary to complete negotiations for renewal, Tenant shall upon demand pay to Landlord, as liquidated damages, an amount equal to two hundred percent (200%) of the Minimum Rent payable during the calendar month immediately preceding the expiration or earlier termination of this Lease for any period during which Tenant shall hold the Premises after the stipulated term of this Lease shall have expired or may have terminated.

9. Additional Rent. Any amounts to be paid by Tenant to Landlord pursuant to the provisions of this Lease, whether such payments are to be periodic and recurring or not, shall be deemed to be "additional rent" and otherwise subject to all provisions of this Lease and of law as to the default in the payment of rent.

10. Delivery of Documents. In the event Tenant fails to execute, acknowledge, and deliver any documents or agreements required to be provided to Landlord under... Section J, Section R, Section S or Section T of this Lease within fifteen (15) days after Tenant's receipt of Landlord's written request therefor, the

documents or agreements requested shall be deemed approved, acknowledged and accepted by Tenant, provided that such documents or agreements in no way alter, diminish or affect the terms of this Lease.

11. Severability. In the event that any provision or section of this Lease is rendered invalid by the decision of any court or by the enactment of any law, ordinance or regulation, such provision of this Lease shall be deemed to have never been included therein, and the balance of this Lease shall continue in effect in accordance with its terms.

12. Option to Renew. Provided Tenant is not in default under any of the terms and provisions herein contained, Landlord hereby grants to Tenant the option to renew this Lease for the periods stipulated in Section A.7. The First Renewal Term and each succeeding Renewal Term shall be based upon all the terms and conditions contained in this Lease except for payment of Minimum Rent which shall be increased per Section A. 10. The foregoing options to renew shall be exercised by written notice to Landlord given not less than six (6) months prior to the expiration of the original Term of the Lease, or the First Renewal Term., or each succeeding Renewal Term as the case may be.

13. Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original and all of which shall constitute a document.

14. Force Majeure. The period of time during which Landlord or Tenant is prevented or delayed in the performance of the making of any improvements or repairs or fulfilling any obligation required under this Lease due to delays caused by fire, catastrophe, strikes or labor trouble, civil commotion, acts of God, governmental prohibitions or regulations, inability or difficulty to obtain materials or other causes beyond either party's control, shall be added to that party's time for performance hereof, and Landlord or Tenant shall have no liability by reason thereof. This clause shall not apply to Tenant's obligations to pay rent.

15. Recording. This Lease shall not be recorded. However, upon the request of either Landlord or Tenant, the other party agrees to execute a memorandum of Lease setting forth such terms and provisions as may be acceptable to both Landlord and Tenant which may be recorded at the cost of the party desiring recording.

16. Early Termination. In the event Tenant's sales during the second full lease year do not exceed Six hundred thousand dollars and no/100 (\$600,000.00), Tenant shall the right to vacate the premises and terminate the lease provided the Tenant has given Landlord sixty (60) days written notice of its intention to do so at the end of the second lease year along with a copy of Tenant's certified sales. If Tenant fails to exercise its termination right in the specified time period, then the right will expire and the Lease will remain in full force.

IN WITNESS THEREOF, Landlord and Tenant have caused this Lease to be signed as of the date and year first above written.

LANDLORD: DMK Associates, L.P.
a(n) Virginia Limited Partnership

Typed Name Macon F. Brock, Jr.
Title General Partner _____

By: _____ /s/ Macon F. Brock, Jr.

ATTEST:
/Frederick C. Coble / Assistant Secretary

(Corporate Seal)

TENANT: DOLLAR TREE STORES, INC.

Virginia corporation

/s/ H. R. Compton

Typed Name

H. R. Compton

Title Executive Vice President

LANDLORD'S NOTARY ACKNOWLEDGEMENT:

STATE OF VIRGINIA

COUNTY OF NORFOLK

/s/

, a Notary Public for said County and State do hereby
Macon F. Brock, Jr. General Partner of DMK Associates, a

I, Brenda A. Cox
certify that _____
Virginia Limited Partnership, and being duly authorized to sign in behalf of said Limited Partnership personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and Notarial Seal this 17th day of July, 1995.
Notary Public

My Commission Expires; /s/ Brenda A. Cox

August 31, 1995

(Notary Seal)

TENANT'S NOTARY ACKNOWLEDGEMENT:

This 17th day of July, 1995 personally came before me H. R. Compton, who being duly sworn, says that he is the Executive Vice President of Dollar Tree Stores, Inc., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the corporation and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given.

My commission expires:

August 31, 1999
Notary Public

/S/ Terry A. Thompson

(Notary Seal)

Dollar tree stores, inc

Lease Administration Pax: (757) 321-5220 Direct Dial: (757) 321-5079

September 27,2006

1023 Laskin Road Suite 102, PO Box 869 Virginia Beach, Virginia 23451

Re: Occasions Store #50001
Volvo Parkway Chesapeake, Virginia

Dear Sir or Madam;

Pursuant to Section C.2 of that certain Lease dated July 17, 1995 and Amendment dated October 13, 2005, relating to the above referenced store; please confirm that the following information is correct by signing and returning a copy of this Commencement Certificate for our file.

- 1 .. The store opened as Occasions on September 26, 2006,
3. *The* turnover date for Occasions was August 14, 2006.
3. The rent will increase on December 1,2007.
4. The expiration date of the current term is November 30, 2011.

Your prompt attention to that matter will be greatly appreciated. W« look forward to a long and prosperous relationship with your company. Thank you,

Very truly yours,
DOLLAR TREE STORES, INC.

/s/ Patricia D, Iman,
Manager, Lease Administration

The foregoing is approved this 28th day of September 2006.

Name of Company: DMK Associates
By: /s/ Terry Thompson

500 Volvo Parkway Chesapeake, VA 2.1320

Domin O Administrator/DLTR

09/26/2006 10:27 AM

To *Susan* Evans/REA/DLTR@DLTR cc bcc Subject Store Announcements Subscription

The Real Estate Department is pleased to announce the following new/ or re-opened stores:

H 50001 - - Occasions, Chesapeake, VA

DT - - 5000 SF 09/26/2006, OPEN

To cancel your subscription, follow the doclink below and click 'Unsubscribe.' - -->

Chief Executive Officer Certification

I, Bob Sasser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 12, 2008

/s/ Bob Sasser

Bob Sasser

Chief Executive Officer

Principal Financial Officer Certification

I, Kathleen E. Mallas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 12, 2008

/s/ Kathleen E. Mallas

Kathleen E. Mallas

Vice President – Controller (Principal Financial Officer)

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Dollar Tree, Inc. (the "Company") on Form 10-Q for the quarter ending May 3, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bob Sasser, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 12, 2008
Date

/s/ Bob Sasser
Bob Sasser
Chief Executive Officer

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Dollar Tree, Inc. (the "Company") on Form 10-Q for the quarter ending May 3, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathleen E. Mallas, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 12, 2008

Date

/s/ Kathleen E. Mallas

Kathleen E. Mallas
Vice President – Controller
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.