Prepared by and after
recording return to:
Paul J. Huff, Jr., Esq.
Skadden, Arps, Slate, Meagher & Flom (Illinois)
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606

#011 Nashville, TN

BOOK 11702 PAGE 261

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

The actual consideration or value, whichever is greater, for this transaction is $ 650000.00

Affiant

Subscribed and sworn to before me this 13th day of October, 1999.

Notary Public

PETER WEISS
NOTARY PUBLIC AT LARGE
DAVIDSON COUNTY, TENN

My Commission Expires: 5/28/2000

0646207

99 OCT 13 PM 2:18

BILL GARRETT REGISTER
DAVIDSON COUNTY, TN.

Mortgagee: None.

Address of New Owner:	Send Tax Bills to:	Map-Parcel No(s).:
Raymond Zimmerman Charitable Lead Trust c/o Jack K. Byrd, Trustee 3818 Cleghorn Avenue Nashville, TN 37215	"New Owner"	93-6-4-26 and 28

SPECIAL WARRANTY DEED

THIS INDENTURE, made as of this 12 day of October, 1999, by and between SERVICE MERCHANDISE COMPANY, INC., a Tennessee corporation ("Grantor"), and Raymond Zimmerman Charitable Lead Trust, dated June 10, 1987, having its principal office at c/o Jack K. Byrd, Trustee, 3818 Cleghorn Avenue, Nashville, TN 37215 ("Grantee").

WITNESSETH, that Grantor, for, and in consideration of the sum of TEN DOLLARS and NO/100 ($10.00), in hand paid by Grantee, the receipt whereof is hereby acknowledged, and pursuant to authority of the Board of Directors of Grantor by these presents does REMISE, RELEASE, ALIEN and CONVEY unto Grantee, and to its successors and assigns, FOREVER, pursuant to that certain Order Approving Sale of Non-Residential Real Property and Lease Designation Rights to the Successful Bidder Pursuant to the Terms of Various Agreements entered July 14, 1999, In re: Service Merchandise Company, Inc., et al., Debtors, Case No. 399-026-49 and that certain Order in Furtherance of Sale Order dated July 14, 1999, Authorizing Substitution of Buyer with Respect to Debtors' Store No. 11 entered September 28, 1999, In re: Service Merchandise Company, Inc., et al., Debtors, Case No. 399-026-49, all the following described real estate situated in the County of Davidson, State of Tennessee, known and described as follows, to wit:

See legal description attached hereto as Exhibit A and made a part hereof.

Together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues

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and profits thereof, and all the estate, right, title, interest, claim or demand whatsoever, of Grantor, either in law or equity, of, in and to the above described premises, with the hereditaments and appurtenances along with (a) all buildings, structures, fixtures and other improvements located thereon, (b) any interest of Grantor in the streets adjacent thereto and (c) all easements, rights of way, servitudes and other rights appurtenant thereto. TO HAVE AND TO HOLD the said premises as above described, with the appurtenances, unto Grantee, its successors and assigns forever.

And Grantor, for itself, and its successors, does covenant, promise and agree, to and with Grantee, its successors and assigns, that it, and its predecessor corporations by merger, consolidation, change of name, etc., have not done or suffered to be done, anything whereby the said premises hereby granted are, or may be, in any manner encumbered or charged, except as herein recited; and that the said premises against all persons lawfully claiming, or to claim the same, by, through or under it, it WILL WARRANT AND DEFEND, subject to the following: Permitted Exceptions as defined in that certain Asset Purchase Agreement dated _____, 1999, by and between Service Merchandise Company, Inc. et al., to the extent (and only to the extent) that the same are now in effect and affect said real estate or parts thereof.

THE COVENANTS OF SPECIAL WARRANTY are hereby expressly limited to the acts of Grantor and its predecessor corporations by merger, consolidation, change of name, etc. (but not acts of predecessor grantors) during the time which it (and such predecessor corporations) has (have) been holder of record of the title to the above described real estate.

WITNESS THE SIGNATURE of Grantor this 12 day of October, 1999.

GRANTOR

SERVICE MERCHANDISE COMPANY, INC.,
a Tennessee corporation

By: _____
Name: C. STEVEN MOORE
Title: VICE PRESIDENT

WITNESSES

_____

_____

ACKNOWLEDGMENT

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STATE OF TENNESSEE)
) SS.
COUNTY OF DAVIDSON)

BEFORE ME, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared C. Steven Moore with whom I am personally acquainted, or proved to me on the basis or satisfactory evidence, and who, upon oath, acknowledged himself to be the Vice President of SERVICE MERCHANDISE COMPANY, INC., the within named grantor, a corporation, and that as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Vice President.

WITNESS my hand and seal, this 6th day of October, 1999.

[SEAL]

Sandra J. Pierce
NOTARY PUBLIC

My Commission Expires: 4-26-2000

EXHIBIT A

LEGAL DESCRIPTION

TRACT NO. 1:

Known as 305 Broad Street is situated on the South side of Broad Street, approximately 45 feet from the southwest corner of Broad Street and Third Avenue South, and has a frontage of 40 feet, more or less, on said South side of Broad Street and runs back between parallel lines, and parallel with the West boundary of the American National Bank property, approximately 50 feet to a dead line.

TRACT NO. 2:

Known as 105-107 Third Avenue, South, is situated on the West side of Third Avenue, South, approximately 50 feet from the southwest corner of Broad Street and Third Avenue, South, and has a frontage of 50 feet, more or less, on said West side of Third Avenue, South, and runs back between parallel lines and parallel with the South boundary of the American National Bank property and the South boundary of Tract No. 1 hereinabove, 80 feet, more or less, to a dead line.

Being the same property conveyed to J. L. Perry by deed from Caroline H. Prichitt, Executrix and individually, of record in Book 735, page 258, Register's Office for Davidson County, Tennessee, J. L. Perry having conveyed a one-half undivided interest to Mrs. Mamie L. Perry, of record in Book 1237, page 52, said Register's Office, the said Mrs. Mamie L. Perry having since died and subject property was devised to J. L. Perry, Sr. and J. L. Perry, Jr. By deed of record in Book 2436, page 9, Register's Office for Davidson County, Tennessee, J. L. Perry, Jr., conveyed his interest in subject property to J. L. Perry, Sr., the said J. L. Perry, Sr. having since died and his will of record in Book 113, page 42, Probate Court Clerk's Office, devised subject property to Ellouise Perry, and also by Confirmation of widow's election and quitclaim deed of record in Book 4940, page 480, Register's Office for Davidson County, Tennessee

Common Address: 305-11 Broadway, Nashville, TN
Map No. 93-6-4 Parcel Nos. 26 and 28

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PRINTING IN THIS DOCUMENT
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EXHIBIT "B" TO WARRANTY DEED

RECEIVED FOR ENTRY

SEP 28 1999

BY _____
DEPUTY CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

In re:	)	Case No. 399-026-49
	)	
SERVICE MERCHANDISE COMPANY, INC., et al.,	)	Chapter 11
	)	
	)	Judge Paine
Debtors.	)	
	)	Jointly Administered

BOOK 11702 PAGE 265

ORDER IN FURTHERANCE OF SALE ORDER DATED JULY 14, 1999, AUTHORIZING SUBSTITUTION OF BUYER WITH RESPECT TO DEBTORS' STORE NO. 11

Upon the motion (the "Motion") of Service Merchandise Company, Inc. ("Service Merchandise") and 31 of its affiliates (the "Affiliate Debtors"), debtors and debtors-in-possession in the above-captioned cases (Service Merchandise and the Affiliate Debtors collectively, the "Debtors") for an Order in furtherance of the Master Sale Order (as defined herein) authorizing the substitution of buyers with respect to Debtors' Store No. 11 (the "Property"); and upon the record in these cases including the hearings held on July 12, 1999 in connection with the entry of the Master Sale Order and the hearing held on September 28, 1999 in connection with the Motion and the papers submitted in connection therewith; and it appearing that the relief requested is in the best interest of the Debtors, their estates, creditors and interest holders and is a proper exercise of the Debtor's business judgment; and it further appearing that proper and adequate

Attest:
A True Copy
Certified this 10-8-99
U.S. Bankruptcy Court
By _____
Deputy Clerk

UNITED STATES BANKRUPTCY COURT

RE:1484

1604

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notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor, the Court hereby finds, concludes and orders as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. A well-advertised, fair and spirited auction (the "Auction") with respect to the Property was held on July 8, 1999. Starwood Ceruzzi Benderson, LLC ("Starwood"), was the successful bidder for the Property at the Auction.

B. Service Merchandise and Starwood executed an Asset Purchase Agreement (the "Asset Purchase Agreement") with respect to the sale of the Property for a purchase price of $650,000.

C. Starwood and Debtors engaged in good faith, arm's-length negotiations prior to entering into the Asset Purchase Agreement. The Asset Purchase Agreement was approved by the Court pursuant to an Order Approving Sale of Non-Residential Real Property and Lease Designation Rights to the Successful Bidder Pursuant to the Terms of the Various Agreements entered on July 14, 1999 (the "Master Sale Order").

D. Service Merchandise and Service Realty Company, Inc. ("SRC") are parties to a certain Operating Agreement (the "Operating Agreement") executed December 18, 1996. Pursuant to Section 5 of the Operating Agreement, SRC has a right (the "Right of First Refusal") to purchase the Property within 30 days after

receipt by Service Merchandise of a bona fide offer. SRC's exercise of its Right of First Refusal must be on the same price, terms, conditions and other provisions contained in such bona fide offer.

E. In consultation with Starwood, on July 29, 1999, the Debtors properly sent notice to SRC of Starwood's successful bid for the Property. On August 26, 1999, SRC properly delivered notice to the Debtors of its election to exercise the Right of First Refusal and to purchase the Property on the same price, terms, conditions and other provisions set forth in Starwood's successful bid.

F. By virtue of SRC's election to consummate the sale of the Property on identical terms as those contained in the Asset Purchase Agreement, SRC is a "good faith" purchaser entitled to the protection of section 363(m) of the Bankruptcy Code.

G. No agreement prohibited by section 363(n) of the Bankruptcy Code exists with respect to SRC.

H. The Debtors have adequately disclosed that Raymond Zimmerman, the President of SRC, is also the non-executive Chairman of the Board of Directors of Service Merchandise.

I. The sale of the Property to the SRC on the same terms as those contained in the Asset Purchase Agreement is a reasonable and valid exercise of the Debtors' business judgment.

J. The relief requested in the Motion with respect to the Property is in the best interests of the Debtors' estates and creditors.

K. It is necessary and appropriate for the Court to retain jurisdiction to interpret and enforce the terms of this Order and to adjudicate, if necessary, any and all disputes concerning any provision hereof. Accordingly,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted.

2. The Debtors are authorized to substitute SRC for Starwood as the buyer for the Property to sell the Property to SRC on the same terms as those contained in the Asset Purchase Agreement, free and clear of all liens, claims, encumbrances and interests (other than as set forth in the Asset Purchase Agreement) pursuant to section 363(f) of the Bankruptcy Code, with all such valid and enforceable liens, claims, encumbrances and interest to attach to the proceeds of the sale of the Property in the same relative priority as existed with respect to the Property. The proceeds from the sale of the Property shall be distributed only pursuant to the Master Order or other subsequent order of the Court.

3. The Debtors and their officers, employees and agents are authorized to perform all of their obligations, take whatever actions necessary, and issue, execute and deliver whatever

documents, deeds and bills of sale as may be necessary or appropriate to implement and effectuate the sale of the Property to SRC in accordance with the terms of this Order.

4. Upon payment of any outstanding amounts owed under the Operating Agreement, effective upon the closing of the sale of the Property to SRC, the Debtors shall have no further liability or obligations of any kind under the Operating Agreement.

5. In accordance with section 1146(c) of the Bankruptcy Code, the sale, transfer and conveyance of the Property to SRC is hereby exempt from the imposition and payment of any law imposing a stamp tax, transfer tax or similar tax.

6. Each and every federal, state and local government agency or department is hereby directed to accept any and all documents and instruments necessary or appropriate to consummate the sale of the Property, all without the imposition and payment of any stamp tax, transfer tax or similar tax, pursuant to section 1146(c) of the Bankruptcy Code. The register or recorder of deeds (or other similar recording agency) is hereby directed to accept and include a certified copy of this Order along with the deed used to record and index the transfer of the Property in the applicable public records.

7. This Court shall retain jurisdiction, even after the closing of these chapter 11 cases, to interpret, implement and enforce the terms of this Order and and to resolve any disputes

or controversies arising in, under, in relation to or in connection with this Order or the sale of the Property.

ENTER on this 28 day of September, 1999.

Judge George C. Paine II

APPROVED FOR ENTRY

Paul G. Jennings
Beth A. Dunning
BASS, BERRY & SIMS, PLC
2700 First American Center
Nashville, TN 37238-2700
Tel: (615) 742-6200
Fax: (615) 742 6293

and

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Alesia Ranney-Marinelli
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MEAGHER & FLOM
919 Third Avenue
New York, NY 10022-3897
Tel: (212) 735-3000
Fax: (212) 735-2000

MAIL TO:

- ✓ All creditors and/or parties in interest
- ✓ Debtor(s)
- ✓ Attorney for debtor(s)
- ___ Trustee
- ___ Attorney for trustee
- ___ Attorney for plaintiff/movant
- ___ Attorney for defendant/respondent
- ___ All parties listed on bottom of order
- ___ All parties listed in cert. of service
- ___ As stated in order
- ___ Debtor's employer
- ✓ U.S. Trustee

ALL MAILING TO BE DONE BY:
(Note: send copy of routing slip)

INTERNAL ROUTING:

- ___ Chief Deputy Clerk
- ___ Courtroom Deputy
- ___ Calendar Clerk
- ___ Conversion Clerk
- ___ Financial Clerk
- ___ Judgment Book
- ___ Discharge Clerk

___ Copy to be picked up at front counter by: _____

___ Walk through
- ✓ attorney for debtor
- ___ attorney for movant
- ___ trustee/attorney for trustee
- ___ Other: _____

2050569.1

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OFFICIAL RECEIPT

BILL GARRETT
REGISTER OF DAVIDSON COUNTY
NASHVILLE, TENNESSEE

RECEIVED OF _____

FOR _____

BOOK 11702 PAGE 271

CO - CONVEYANCE	CC - CERTIFIED COPY	MISC - MISCELLANEOUS
MO - MORTGAGE	REL - RELEASE	CO TX - STATE TAX CONVEY
WD - WARRANTY DEED	UCC - UNIFORM COMMERCIAL CODE	MO TX - STATE TAX MORT
TD - TRUST DEED	CFEE - COMPUTER FEE	PRFEE - PROBATE FEE

0646207

IDENTIF. & REFERENCE

99 OCT 13 PM 2:18

BILL GARRETT REGISTER
DAVIDSON COUNTY, TN.

	$50000.00
[illegible] TX	340.00
[illegible]	1.00
[illegible]	40.00
CFEE	2.00
TOTAL	344E.00
CHECK	344E.00

[illegible] CO 14:24 0001 5447

RECEIPT IS NOT VALID UNTIL CHECK IS PAID BY BANK

No. 1527288