

**SUMMARY
OF
LEASE AGREEMENT
WITH
OTR CLAIREMONT SQUARE**

POLICE DEPARTMENT

**ADDRESS: 4731 Clairemont Mesa Boulevard
SUITE #: C
SQUARE FOOTAGE: 1,008
TERM: Month-To-Month
RENEWALS: N/A
TERMINATION DATE: On a 30-days notice to vacate
RENT: -0-
UTILITIES: City responsible for electricity cost in excess of \$200 per mo.**

COMMUNITY ROOM

**ADDRESS: 4731 Clairemont Mesa Boulevard
SUITE #: E
SQUARE FOOTAGE: 1,500
TERM: Five-years
RENEWALS: Four automatic~~y~~ five-year periods
TERMINATION DATE: June 30, 2017
RENT: -0-
UTILITIES: Year 1, City responsible for electricity costs in excess of \$200 per mo.
After year 1, City responsible for electricity costs in excess of \$100 per mo.**

COMMUNITY SERVICE CENTER

**ADDRESS: 4731 Clairemont Mesa Boulevard
SUITE #: A
SQUARE FOOTAGE: 2,492
TERM: Five-years
RENEWALS: N/A
TERMINATION DATE: June 30, 2002
RENT: \$2,500 + \$368 (amortized tenant improvements)
UTILITIES: Full responsibility**

Exhibit "A"

SIGN CRITERIA

1. GENERAL NOTES AND PROCEDURES.

- 1.1 If applicable, within thirty (30) days from Lease signing, Tenant shall cause its sign company to prepare and deliver four (4) complete sets of plans and specifications of Tenant's proposed signage to Landlord for its review and approval. Prior to engaging the sign company, Tenant shall supply the sign company with a copy of this Exhibit "F" with instructions to work within the design parameters noted therein. Upon receipt of plans, Landlord will expeditiously review the same, noting its approval, conditional approval or required changes on the plans returning two (2) sets of marked-up plans to the Tenant's sign company. If changes are required, the sign company will clear changes with Tenant and, within five (5) days, resubmit to Landlord for approval.
- 1.2 Tenant and its sign company shall have Landlord's prior written approval of all signs before making submittals to the City and before commencing the fabrication of the signs.
- 1.3 Tenant's sign company, on behalf of Tenant, shall pay for and obtain all City permits and licenses required for installation and maintenance of signage.
- 1.4 No decals shall be visible, except as required by local codes and ordinances.
- 1.5 No exposed conduits or raceways will be allowed. All electric signs must have time-switch controls and accessible switches in a location as required by code.
- 1.6 No signs of box or cabinet type construction will be allowed.
- 1.7 No signs employing animated components will be allowed.
- 1.8 No signs employing moving or flashing lights will be allowed.
- 1.9 No sign manufacturer's name, stamps or decals will be allowed.
- 1.10 No signs employing luminous-vacuum formed type plastic letters will be allowed.
- 1.11 No signs employing unedged or uncapped plastic letters or letters with no returns and exposed fastening will be allowed.
- 1.12 No paper, cardboard, Styrofoam signs, stickers or decals hung around, on or behind storefronts will be allowed.
- 1.13 No banners of any kind can be hung around, on or near the storefronts without written permission of the Landlord.
- 1.14 No exposed fastenings will be allowed.
- 1.15 No simulated materials (i.e. wood, grained plastic laminates, etc) or wall covering may be used in the sign area.

- 1.16 The sign contractor shall be responsible for the fulfillment of all requirements and specifications, insurance, completing the installation in a workmanlike manner, clean-up, patching and painting all surfaces damaged by them.
- 1.17 Tenant is responsible for the sign fabrication, installation, cost and maintenance in its entirety.
- 1.18 All signs and the installation must comply with all City of San Diego sign ordinances and local building and electrical codes.
- 1.19 Tenant will be permitted to place in the upper window panel to the right of each entrance of the Demised Premises not more than one hundred forty-four (144) square inches of Roman 'Stenson' lettering by Dennison (or equal) not to exceed two (2) inches in height, indicating hours of business, telephone, etc. Except for Major Tenants, no other window signs will be allowed at any time without Landlord's prior approval.
- 1.20 Location and spacing of the signs on all buildings, with the exception of the Anchor Tenant Buildings shall be at a location which centers on that tenant space, or as approved by Landlord.
- 1.21 The "copy and logo" criteria for each sign shall be as follows:
- 1.22 Tenant shall display only its established trade name, or its basic product name, e.g., "John's Liquors", or combination thereof, with the exception of the Anchor Tenants who may place additional signs that identify generics such as "Liquor", "Drug", etc.
- 1.23 The copy (letter type) and logos for all tenants shall be submitted to Landlord for specific approval. Only approved copy and logos shall be incorporated in the signs.
- 1.24 Letter style and design are encouraged to be in good taste. Logos and graphics will be evaluated on an individual basis.
2. IN-LINE SHOP BUILDING SIGNS.
- 2.1 One (1) primary wall sign per store shall be permitted with a maximum letter height of 30". In the event that two (2) rows of letters are required, the maximum letter height shall be 12" per row, with the total height not to exceed 30". In no case shall sign width be greater than 30 feet nor the total sign area exceed twenty percent (20%) of the storefront square footage.
- 2.2 For retail stores located on a corner, one (1) secondary wall sign shall be permitted on the side of each store. The sign area shall not exceed one-half (½) the size of the primary sign.
- 2.3 One (1) under-canopy sign per tenant shall also be required and comply with Landlord's specifications.
3. FREE-STANDING PAD BUILDING SIGNS.
- 3.1 The following are permitted signs and requirements for a pad with one (1) tenant or multi-tenant (for example, a free-standing restaurant or bank on a pad):
- 3.2 Each single tenant building shall be permitted one (1) primary wall sign on a maximum of two (2) building faces with the maximum letter height of 36". In the event that two (2) rows of letters are required, the maximum letter height shall be 18" per row. For multi-tenant buildings, one (1) primary sign on the building face and one (1) primary sign on any corner elevation visible from the parking area or adjacent roadways shall be permitted.

In no case shall the sign width be greater than 30 feet nor the sign area exceed twenty percent (20%) of the storefront square footage. (I have to check the City for their criteria on letter height, etc. before finalizing)

- 3.3 One (1) secondary wall sign shall be permitted on one elevation not containing the primary sign and one (1) monument sign (for single-tenant buildings only) shall also be permitted. The wall sign shall be one-half (½) the size of the primary sign and not be located on the elevation fronting the monument sign location. The sign height on the monument sign shall be a maximum of six feet (6'), the sign width shall be a maximum of eight feet (8') and the sign area shall be a maximum of 48 square feet. Size, design, color and height of Tenant's monument sign to be approved by Landlord and must be in conformance with the City of San Diego's sign ordinance
4. COLORS. Tenant's choice of letter color shall be subject to final approval by Landlord. All shop/retail buildings (except Anchor Tenants), shall have channel letter plex-face, trim cap and returns color matched.
5. NOTICE. Tenant must obtain from Landlord, in writing, an approval of sign shop drawings prior to manufacture and installation. The drawings shall show all of the minimum information shown on these criteria and any deviations to same. Tenant shall submit a minimum of four (4) shop drawings to the address below. Two (2) drawings will be returned with an approval and/or comments in a reasonable amount of time.

Clairemont Town Square
4821 Clairemont Drive
San Diego, CA 92117

CLAIREMONT TOWN SQUARE
List of Tenants per 3/31/97 Rent Roll
Exclusives and Use Restrictions

Acapulco Restaurant	During the term of this Lease, including any period of time during which this Lease is subleased or assigned, Owner or Tenant shall not directly or indirectly engage in or encourage any similar or competing business (a sit-down Mexican restaurant) within a radius of 1½ miles from the outside boundary of the Shopping Center.
Automobile Club of So. Cal.	None.
Bank of America	No exclusive. No general restrictions.
Being Fit	Landlord agrees during the term of this lease not to lease space in the Shopping Center to another Tenant whose business is like Tenant's and whose business competes directly with Tenant's, i.e., a health club, a fitness center, or an aerobic studio. Landlord may lease space to any retail outlet selling sporting goods or sports apparel, dance apparel or other related retail products.
Bistro Yang	Landlord shall not permit any portion of the Shopping Center to be used as a Competing Business excluding: (a) the Premises (b) any business located on property not owned by Landlord (c) any store containing a floor area of 20,000 square feet or more ("Major Tenant") and (d) any business occupying its premises under a lease that was executed prior to the execution of this Lease or any renewal or extension thereof or reletting of such space to such tenant. As used herein, "Competing Business" shall mean a business which realizes greater than 20% of its Gross Sales from the sale of Chinese-style food or Thai-style food; Japanese-style food is specifically excluded from the definition of Competing Business. In the event any Major Tenant subleases any portion of its space to a Chinese-style restaurant or to a Thai-style restaurant, and Tenant's Gross Sales decrease by more than fifteen percent (15%) in the six (6) month period after such competing business opens to the public, Tenant shall have the right to terminate the Lease upon written notice to Landlord (subject to Landlord's right to audit Tenant's Gross Sales pursuant to Section 4(b)(iv) hereof). The two immediately preceding paragraphs shall automatically become null and void if Tenant is operating neither a Chinese-style restaurant nor a Thai-style restaurant in the Premises.
Burlington Coat	So long as Tenant leases, uses or occupies any space in the area described in Exhibit A hereof as Entire Premises, the Landlord covenants that notwithstanding the amendment, cancellation, termination or expiration of the herein Lease, no building, structure or other space in said Entire Premises shall be leased to, or used, or occupied by Marshall's. General restrictions are attached.
Circuit City	See attached for specific exclusive and for general restrictions.
City of San Diego	None.
Clairemont Florist	None.

Clairemont Sports Cards	Landlord will not lease to business smaller than 1,500 sq. ft. that sells primarily baseball cards or comics.
Clairemont Square Vet Clinic	None.
Computerized Cobbler	So long as Tenant is not in default hereunder, Owner agrees not to lease other space in the Shopping Center for a shoe repair business of athletic resoling business.
Converse Outlet Store	Landlord shall not lease space to another outlet store of a sport shoe manufacturer. This shall not apply to any tenant currently open for business.
Cox Communications	In the event LESSOR receives any request or requests to locate any wireless communications transmitting/receiving equipment on LESSOR'S Property from any third party which is in the business of wireless communications ("Carrier") LESSOR shall comply with all of the provisions set forth in the "Technical Requirements for Third Party Co-Location" which are attached to this Lease as Attachment 4.... LESSEE acknowledges that LESSOR intends to enter into a communications site lease with GTE Mobilnet, and LESSOR shall direct GTE Mobilnet or any other future carrier to work out the co-location issues with LESSEE.
Crown Books Superstore	See attached lease pages 17 and 18.
Dear To My Heart Doll Boutique	None.
Dino's Gyros	Landlord shall not permit any portion of the Shopping Center, other than the Premises, to be used primarily for a restaurant specializing in Greek-style food as defined hereinabove. The foregoing shall not apply, however, to: (a) any business located on property not owned by Landlord, (b) Major Tenants and/or Pad Tenants of the Shopping Center as "Major Tenant" and "Pad Tenant" are defined in Paragraph 4(c) hereof, and (c) any business occupying its premises under a lease that was executed prior to the execution of this Lease or any renewal or extension thereof or reletting of such space to such tenant. This paragraph shall automatically become null and void (x) if Tenant defaults under this Lease; (y) if Tenant assigns its rights under this Lease in whole or in part or sublets all or any portion of the Premises; or (z) if the Premises ceases to be used primarily for the use described hereinabove. In the event Landlord shall breach the covenants set forth in this paragraph and such breach shall continue for a period of sixty (60) days following written notice of such breach from Tenant to Landlord, Tenant's sole and exclusive remedy shall be the right to seek specific enforcement or injunctive relief.
For Nails Only	None.
GTE Mobilnet	GTE has right to approve proposed wireless communications transmitting/receiving equipment carriers (Section 2.07).
Goodyear	Landlord agrees that none of the property described in Exhibit A, other than the demised premises, shall, at any time during the original term of this lease or any extension thereof, be occupied by any store selling tires or other automotive parts and supplies, or by any office building, entertainment or recreational facility, or training or educational facility unless the building housing such offices or facility is at no point closer than three hundred (300) feet to Tenant's building. The foregoing restriction

against a store selling automotive parts and supplies, including tires, shall not be construed to apply to the businesses presently being conducted in the shopping center, which shall be permitted to continue to sell the types of items heretofore carried by such businesses in volume comparable to that heretofore engaged in by such businesses, nor shall such restriction be construed to apply to any business conducted in the shopping center by Walker Scott or Payless Drugs. The foregoing restrictions against any office buildings, entertainment or recreational facility shall not be construed to apply to any such facility erected in the shopping center prior to the date of this lease.

Great Earth Vitamins

None.

Grossmont Bank

None.

Hair With Flair

From the date of this Lease and thereafter throughout the Lease Term, as such Lease Term may be extended pursuant to the provisions of Article 3, paragraph c, Landlord will not enter into a lease with any other tenant in spaces numbered 58 through 75 as such spaces are numbered on Exhibit A hereto whose stated primary business is hair cutting, permanents and/or color as defined hereinabove. Notwithstanding the foregoing, if at any time during the Lease Term or any extension thereof Tenant is in default of the Lease beyond the applicable cure period, then Landlord's obligation not to lease as specifically provided in this paragraph shall become null and void.

Jack in the Box

No exclusive. No general restrictions.

Juice Station

None.

Kinderfoto

None.

Kragen Auto Parts

No exclusive. No general restrictions.

Kronfeld, Dr. Sheldon

Provided Tenant is not in default hereunder, Owner agrees not to lease a satellite store to an optometrist or optician within the Shopping Center as shown on Exhibit "A" attached hereto.

Launderland

From the date of this Amendment of Lease No. 3 and thereafter throughout the Lease Term, Landlord will not enter into a lease with any other tenant in the Shopping Center (except Major Tenants, as shown on exhibit A and as such Major Tenants may be redesignated by Landlord from time-to-time and except for such tenants whose business is on property not owned by Landlord) whose stated primary purpose is the operation of a coin operated laundry or of a full service laundry (provided, however, that the foregoing shall not limit Landlord's right to allow a dry cleaning drop station or dry cleaning plant to offer laundry services.) In the event compliance with this covenant on the part of the Landlord causes Landlord to become subject to any claim, dispute, cause of action or any other legal proceeding based on a claim of violation of antitrust laws, restraint of trade laws or similar laws, Tenant shall hold Landlord harmless, and shall indemnify Landlord from such claims, disputes, causes of action, including the cost of reasonable attorney's fees in protecting itself against such claims.

Mail Boxes, Etc.

Landlord shall not permit any portion of the Shopping Center, other than the Premises, to be used for private mailbox rental or for providing shipping and packing services (provided, however, that the foregoing shall

not preclude shipping/packaging provided by a tenant in the Shopping Center as a service in connection with such tenant's primary business). Further, Landlord shall not permit any portion of the Shopping Center, other than the Premises, to be used primarily for printing and copying services. The foregoing shall not apply, however, to: (a) any business located on property not owned by Landlord, (b) Major Tenants and/or Pad Tenants of the Shopping Center as "Major Tenant" and "Pad Tenant" are defined in Paragraph 4(c) hereof, and (c) any business occupying its premises under a lease that was executed prior to the execution of this Lease or any renewal or extension thereof or reletting of such space to such tenant. Tenant's exclusive as to any use described in this paragraph shall automatically become null and void (x) if Tenant defaults under this Lease; (y) as required by any governmental authority; (z) if the Premises ceases to be used as a MailBoxes, Etc. facility or for any use described herein. In the event Landlord shall breach the covenants set forth in this paragraph and such breach shall continue for a period of sixty (60) days following written notice of such breach from Tenant to Landlord, Tenant's sole and exclusive remedy shall be the right to seek specific enforcement or injunctive relief.

T. J. Maxx

Landlord agrees that as long as any retail sales activity shall be conducted in the Demised Premises the Shopping Center shall not be used for any non-retail purposes (repairs, alterations and offices incidental to retailing, and banks and small loan offices, not being deemed non-retail), or for any entertainment purposes such as a bowling alley, skating rink, cinema, bar, nightclub, discotheque, amusement gallery, poolroom, health club, massage parlor, or off-track betting club. This paragraph shall not apply to existing tenants that are engaged in a particular use at the date of execution of this lease with respect to that particular use. If the area in hash marks on the Lease Plan is ever acquired by Landlord then those tenants shall be considered "existing tenants" in regard to this paragraph. This paragraph shall not apply to that exempted area outlined in dashed lines on the Lease Plan (see attached plan). Amendment #1 - Tenant consents to Being Fit relocation up to 8,000 sf.

McDonald's

Landlord agrees not to lease any portion of the Shopping Center within that portion of Lot #3 of North Clairemont Plaza, which is now owned by the Landlord, except that portion currently leased by the "Hamburger House," to any restaurant whose primary business is the sale of prepared hamburgers. No general restrictions.

Michaels

Neither Landlord nor any entity controlled by Landlord will use, lease (or permit the use, leasing or subleasing of) or sell any space in or portion of the Shopping Center or any adjacent property during the Lease Term, to any "craft store," "frame store," a store selling artificial flowers, artificial floral arrangements, wedding (except apparel) or party goods, or any store similar to a typical "Michaels" store. This Section 16.4.1 shall not apply (i) to any lessee whose lease was fully executed on the Effective Date hereof and is identified on Exhibit H; provided, however, that this sentence shall not apply if Landlord permits or agrees to an expansion of the premises for any such permitted use or to the change of a permitted use by any such lessee or its successors or assigns if Landlord may avoid the granting of such permission or (ii) to any lessee for which the sale of a product or service covered by the exclusive granted to Tenant hereunder is merely incidental to such lessee's primary use, unless the total space which such lessee devotes to the products or services which violate the exclusive contained in this Section 16.4.1 exceeds ten thousand (10,000) Leasable Square Feet. Notwithstanding anything to the contrary contained

in this Section 16.4.1, Landlord shall be permitted to lease space in the Shopping Center to a typical "Hallmark" type store whose primary merchandise mix is greeting cards and gifts so long as said space does not exceed 10,000 Leasable Square Feet. (Also, see attached for general restrictions.)

Mission Federal Credit Union

None.

Omens, Edward D.D.S.

None.

Outback Steakhouse

Subject to the existing rights of any tenants in the Shopping Center, during the Lease Term, and provided Tenant is not in default under the Lease, Landlord hereby grants Tenant the exclusive right in Shopping Center to operate a restaurant which features steak as its primary entree. No general restrictions.

Pacific Eyes and T's

Landlord agrees not to lease space in the shopping center to any Tenant whose primary business is the sale of sunglasses, surf apparel, or T-shirts. Primary business shall mean more than 60% of such Tenant's Business. This clause shall not apply to existing Tenants in the center, or to "Artwave/Splash" type Tenants.

Pacific Theatres

Landlord grants Tenant an exclusive within the Shopping Center for the construction, operation and leasing of commercial motion picture exhibition theatre complex. Also see attached for general restrictions.

Petco Animal Supplies
(formerly Pet Metro)

From the effective date of this Lease, and thereafter throughout the Lease Term, Landlord covenants and agrees that except for the premises and the existing tenant leases currently in effect in the Shopping Center and except for any tenant leasing 45,000 square feet or more and except as specifically provided hereinbelow, Landlord shall not permit or execute a lease or agreement which expressly or impliedly permits other tenants in the Shopping Center (or which expressly or impliedly permits a purchaser from Landlord of land or improvements within the Shopping Center) to operate a business whose primary purpose involves one or more of the following "Restricted Uses": (a) pet grooming and/or (b) veterinary services or wellness clinic services and/or (c) the sale of pets and/or (d) the sale of pet supplies. Without limiting the generality of the exceptions to the foregoing, Tenant specifically acknowledges that Landlord currently has leases in effect with Discount Petmart and Clairemont Vet Clinic which total 3,250 square feet, and agrees that the foregoing restriction shall not apply to Discount Petmart or Clairemont Vet Clinic or any assignee of their existing lease, or any renewal of their existing lease. As used herein, a tenant or owner that utilizes over 100 square feet of space, in the aggregate, for one or more of the Restricted Uses, or that receives more than 10% of its gross receipts from one or more of the Restricted Uses, shall be deemed to be operating a business whose "primary purpose" involves one or more of the Restricted Uses.

Notwithstanding the foregoing, to the extent that Tenant uses the premises for any of the Restricted Uses itemized in (a) through (d) above and then ceases using the premises for such Restricted Use for a period of three months or longer during periods in which Tenant is required to be open and operating under the terms of this Lease, then the foregoing exclusive shall no longer apply to that particular Restricted Use. Further, notwithstanding the foregoing, at any time (sic) during the Lease Term that Tenant is in default beyond applicable notice and cure periods, then Landlord's obligation not to lease as specifically provided in this paragraph

shall be null and void.

Changes to Nature of Shopping Center. Landlord covenants that it shall not during the term of the Lease make any change to the Shopping Center which would result in greater than twenty-five percent (25%) of the Floor Area of the Shopping Center or parking or common areas to change to non-retail use (the Floor Area of non-retail uses presently existing in the Shopping Center as of the date of the Lease shall be excluded from any such determination) such as, without limitation, offices, miniature golf, bowling alleys, amusement parks or entertainment centers, manufacturing or hotel usage, or which would result in the conversion of a substantial portion of the Shopping Center to a discount or outlet type operation, or which would result in any substantial addition to the Shopping Center which consists of one or more of the foregoing types of uses, and any conversion of a substantial portion of the Shopping Center (or substantial addition to the Shopping Center) which is devoted solely to restaurant and/or fast food uses.

Per First Amendment, Tenant consents to food court of approximately 11,000 sf in Shops Q and a restaurant in location identified as Shops S and to revised site plan which includes theater.

Pic 'N Save

See attached leases pages 47 through 51.

Pizza Hut Delivery

None.

Play Co. Toys

So long as (i) Tenant's use of the Premises is for such purpose and (ii) Tenant is at such time open and operating in the Premises, Landlord shall not authorize the use of any space in the Shopping Center, other than the Premises, for the operation of any Competing Business.

The foregoing restriction shall not be construed to prohibit any tenants existing in the Shopping Center as of the Effective Date from handling and selling any of the items which their respective leases permit them to sell. Landlord represents and warrants that none of the existing tenants have use clauses which specifically authorize the operation of a toy store although the following stores have general use clauses not restricted by future exclusives: Burlington Coat, McDonald's, Michael's, Pic N Save, Sav-On, T. J. Maxx, Von's and Radio Shack.

Competing business shall, for purposes hereof, mean: a toy store such as Play Co. Toys is operating as of the Effective Date, or such as is operated as of the Effective Date by stores like, but not limited to Toys R Us and Kabe Toys. "Toy store" for purposes hereof means a store selling a wide variety of toys and toy-type items but excludes (1) any business which specializes in selected items or categories of items sold in a toy store such as, but not limited to: bicycle stores, game stores, hobby stores, doll stores, records/tapes/CD stores, computer stores, electronics stores (such as Radio Shack), or consumer electronics stores (such as Circuit City), sports cards stores, crafts stores and teacher's supply stores; and (2) any store which operates 1,500 square feet or less of its floor area for the sale of toys, provided that the sale of toys shall not be the primary business of said store.

Prime Photo

None.

Radio Shack

Landlord may not lease space in the Shopping Center to other tenants which compete directly and/or indirectly with Tenant.

Regan Recycling Center

None.

Rocco's Hair Design

None.

Sally Beauty

Landlord shall not enter into any leases for space in the Shopping Center with tenants engaged in the same or substantially the same business as Tenant, provided, however, that nothing contained herein shall be deemed to prohibit or prevent Landlord from renewing or extending the leases of presently existing tenants of the Shopping Center on substantially the same terms and conditions, and nothing contained herein shall be deemed to impose any liability on the Landlord if any presently existing tenant of the Shopping Center begins operations which compete with Tenant's business, provided the lease of such pre-existing tenant allows such operation. Substantially the same business shall be defined as any business where the sale of beauty supplies comprises at least seventy percent (70%) of gross sales. Operations such as hair salons, drug stores, "Merle Norman Cosmetics" shall not be considered in violation of this clause, and would be allowed. The purpose of this clause is to prohibit the leasing of space by the Landlord to another tenant whose business is essentially identical to that of Tenant.

San Diego Police Department

None.

Sav-On

Landlord promises, covenants and agrees as follows: (a) that Tenant's building shall be the only drug store in the shopping center and no other Tenant or person therein shall operate any store, business, trade or profession (whether separately or as part of another entity) which requires or has a license or permit to conduct a pharmacy from the California State Board of Pharmacy, or other agency which hereafter may be empowered to license or permit the conduct of a pharmacy, or which employs or is required to employ a registered pharmacist, as such; and which business, trade or profession is called, labeled, named or is commonly known as or referred to as a "drug store"; it is understood, however, the foregoing restriction shall not apply to the existing location of the Drug Store on Landlord's southerly adjoining real property; (b) that so long as Tenant operates a super drug store on the demised premises, no portion of the Shopping Center premises within two hundred eighty (280) feet of the demised premises shall be used for a movie theater or bowling alley; (c) that no portion of the Shopping Center Premises, except the Demised Premises shall be used for any trade or business which is commonly known as a discount store (such as White Front, Gemco, K-Mart, etc.) selling general lines of merchandise that are carried by Tenant. There is no other general restrictions provision.

Second Amendment – Sav-On approved re-development site plan which shows theatre.

Sew Pro's

None.

Stitchcraft Store

None.

Subway Sandwich Shop

None.

Teacher's Pet

Landlord shall not be limited by any term hereof from leasing space to any tenant whose business may compete with that of Tenant, however, Landlord shall not lease space to any tenant whose gross sales consist of seventy percent (70%) or more from the sale of educational material and supplies.

3 Day Blinds

None.

Troy's Restaurant

None.

Valet Express

From the date of this Lease and thereafter throughout the Lease Term, as such Lease Term may be extended pursuant to the provisions of Article 3, paragraph c, Landlord will not enter into a lease with any other tenant in the Shopping Center which is 2,500 square feet or less whose stated primary purpose is a dry cleaning facility (either as a drop off and pick up dry cleaning facility or as a dry cleaning plant), provided, however, that Landlord shall not be considered in violation of the foregoing as a result of a change in use by any currently existing tenant (or owner) which has the right to change all or part of its business to such use without Landlord's prior consent. Notwithstanding the foregoing, if at any time during the Lease Term or any extension thereof Tenant is in default of the Lease beyond the applicable cure period, then Landlord's obligation not to lease as specifically provided in this paragraph shall become null and void.

Viking Bakery

None.

Vons

Lessee's Exclusive Right to Sell "Groceries." As a material inducement to Lessee to enter into this Lease and as an express condition of Lessee's liabilities hereunder, Lessor hereby grants to Lessee the exclusive right to sell "groceries" (for off-premises consumption) in or upon the Shopping Center, as used herein, the term "groceries" includes (but without limitation) meats and meat products, fish, poultry, fruits, vegetables and delicatessen products, whether any such items are canned, fresh, frozen or smoked, foodstuffs, commercial bakery products (including prepared pies and cakes), dairy products (including ice cream) and alcoholic beverages, including beer and wine. Lessor expressly covenants that no other portion of the Shopping Center (other than the Demised Premises) will be used during the term hereof for the purpose of selling, serving or handling (for off-premises consumption) any such "grocery" product(s). Lessor also hereby grants to Lessee the non-exclusive right to offer, carry and/or sell any and all goods and services which are commonly offered, carried and/or sold (either now or hereafter) by retail "supermarkets". Lessor may lease not more than a total of three thousand (3,000) square feet of the floor space in the Shopping Center to a liquor/delicatessen operator. In addition, Lessor may lease floor space to two (2) hot bakeries, not to exceed a combined total of four thousand (4,000) square feet of floor area. The operation of a major chain drug store, such as Osco Drug Store, selling only those items customarily sold by such drug stores in Southern California, shall not constitute a violation of the Article 11, even though certain of these items are listed in this Section 11.1, so long as such items do not include fresh or frozen meat, fish, poultry, product or dairy products, other than ice cream.

Specified Permitted and Restricted Uses. Lessor specifically covenants that no portion of any other land owned or controlled by Lessor (or any entity of which Lessor is a principal, shareholder or partner, or with which Lessor is affiliated, but not including any financial institution which is a partner of Lessor, or with which Lessor is affiliated) within two thousand (2,000) feet of the Shopping Center's perimeter shall be leased or used (by Lessor or otherwise) for or as a retail food market or a retail liquor store. No theatre shall be located within six hundred (600) linear feet of the Demised Premises without Lessee's prior written consent.

As used in this Article 11, the term "restaurant" shall include dinner houses, coffee shops and all food service facilities with seating capacity for forty (40) persons or more. As used in this Section 11.2, the term "food user" shall refer to any food service facility (including "fast food," "take-out" and specialty food facilities) not included within the definition of "restaurant" set forth above.

No restaurant shall be located within any portion of the Shopping

Center within four hundred (400) linear feet of the Demised Premises without Lessee's prior written consent. Lessor may lease space for a family-style restaurant of three thousand (3,000) square feet serving beer and wine immediately adjacent to the south side of Lessee's premises and to a similar restaurant containing four thousand (4,000) square feet immediately adjacent and south of Building 6, Osco (as depicted on the Plot Plan) and not be in violation of this Section 11.1. Food users may be located in the Shopping Center, provided that none shall be located within two hundred (200) feet of the Demised Premises without Lessee's prior written consent.

General Use Restrictions. No portion of the Shopping Center shall be used during the term of this Lease for any massage parlor, pornographic shop, pornographic book store or for an auction or for the sale or display of motor vehicles without the prior written consent of Lessee and Lessor. No portion of the Shopping Center shall be used during the terms of this Lease for any nightclub, bar, tavern, dance hall, bowling alley, second-hand store, amusement center, electronic entertainment center, video game arcade, skating rink, educational or industrial use, nor shall more than four (4) electronic or video games or gaming devices be located within any building or shop space in the Shopping Center without the prior written consent of Lessee and Lessor. Not more than twenty-five percent (25%) of the ground floor area of the buildings located in the Shopping Center shall be used as offices (e.g., medical, real estate, insurance).

Possible Loss of Exclusives. Lessee's exclusive right to sell "groceries" provided for in Section 11.1., above, shall terminate if no part of the Demised Premises is used for the sale of "groceries" and the prohibition against certain leases and uses provided in Section 11.2 above shall terminate if no part of the Demised Premises is used for or as a retail food-market or retail liquor store for any continuous period of twelve (12) months. Any such twelve (12) month period, however, shall be extended by any length of time during such period that Lessee's business is disrupted by any force majeure. Such twelve (12) month period shall also be extended by any length of time the Building is being built, rebuilt, repaired or remodelled in accordance with the terms of this Lease.

Second Amendment -- Lessee hereby consents to the following:

- (a) Restaurant. The placement in the space identified as "Shops Q" on the Revised Plot Plan of restaurant uses containing in the aggregate approximately eleven thousand (11,000) square feet of building space; and
- (b) Movie Theater. The placement of a multi-screen movie theater of the size and location as described on the Revised Plot Plan.

Wells Fargo Bank

At such time during the term of the lease or any extension thereof, the leased premises are used and occupied for a savings and loan business or modifications thereof permitted under the laws and regulations covering savings and loan associations, Landlord will not lease or use or permit the use of any of the other premises in the Clairemont Square Shopping Center or other property owned under the control of or leased by Landlord on the block for conducting of a savings and loan business. No general restrictions.

Wherehouse Records

Landlord agrees not to rent, lease or allow the use of any space in the real property by any person, business or entity whose primary business is the retail rental or sale of computer software, prerecorded and blank audio and video records, discs, tapes and/or related devices. For purposes hereof, "primary business" shall mean the lesser of actual or anticipated Gross Sales from the retail sale of such products or sales area equal to or exceeding fifteen percent (15%) of such other person's, business, or

entity's total annual Gross Sales or sales area. This clause shall not apply to any existing tenants in the Shopping Center, including, but not limited to, "Curtis Mathis", "Video Rental", "Savon/Osco" and "Vons."

Wine Village Liquor & Deli

Landlord will not lease to a store smaller than 5,000 sq. ft. whose sales are over fifty percent (50%) alcoholic beverages.

EXHIBIT C-1

RESTRICTIONS

Except for those uses existing on the date of this Lease and except the uses of assignees, licensees and sublessees of existing tenants of the Shopping Center as of the date of this Lease, no part of the Shopping Center shall be used for any of the following purposes:

1. exercise, racquet or health club or spa, except that one such facility may be located within the Shopping Center so long as no portion thereof is within three hundred feet (300') of the closest front customer entrance of Tenant's store in the Demised Premises (the "Entrance");
2. gymnasium, except that nothing contained in this Exhibit C-1 shall prohibit Landlord from locating one aerobics facility within the Shopping Center provided that such aerobics facility must contain less than three thousand (3,000) square feet of floor area if located within three hundred feet (300') of the Entrance;
3. bowling alley, skating rink or other sports or recreational facility, except that one or more of such facilities may be located in the Shopping Center so long as no portion of any such facility is within three hundred feet (300') of the Entrance;
4. school, library, reading room or house of worship, except that a maximum of three (3) educational facilities (which includes, without limitation, a day care facility) may be located in the Shopping Center so long as no single educational facility contains more than five thousand (5,000) square feet of floor area and no portion of any such facility is within three hundred feet (300') of the Entrance;
5. movie theater, except that one movie theater may be located in the Shopping Center so long as no portion thereof is within one hundred forty feet (140') of the Entrance;
6. banquet facility, auditorium or meeting hall, except that two such facilities each containing less than five thousand (5,000) square feet of floor area may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance.
7. massage parlor, adult bookstore, a so-called "head-shop," off-track betting establishment;
8. car wash, except that one car wash may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance;

9. automobile repair work or automotive service facility, except that one such facility may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance;
10. automobile body shop, or automobile, boat, trailer or truck leasing or sales, except that one vehicle rental facility involving no more than five (5) rental vehicles parked at any one time within the Shopping Center may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance;
11. amusement park, carnival, dance hall, or other facility primarily (a) devoted to entertainment of customers as opposed to the retail sale of goods and/or services, and (b) catering to customers whose average stay in such facility is at least one hour ("entertainment facility"), except that entertainment facilities may be located in the Shopping Center so long as no single entertainment facility contains more than two thousand (2,000) square feet of floor area and no portion of any such facility is within three hundred feet (300') of the Entrance;
12. video game room, arcade or other amusement center, except that two such facilities may be located within the Shopping Center so long as no portion thereof is within three hundred (300') feet of the Entrance;
13. pool hall (unless incidental to a restaurant operation), except that one pool hall (in addition to pool halls incidental to a restaurant operation) containing less than five thousand (5,000) square feet of floor area may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance;
14. tavern or bar (unless incidental to a permitted use), disco, nightclub, hotel or motor inn,
15. any manufacturing, warehouse or office use (except for financial and insurance service offices and office uses incidental to a permitted use);
16. funeral parlor, laundromat, animal breeding or storage, pawn shop, flea market or swap meet, auction or bankruptcy sale, junk yard, except that one laundromat may be located in the Shopping Center so long as no portion thereof is within three hundred feet (300') of the Entrance;
17. except as may be required in order for Landlord to comply with any covenant or agreement contained in any agreement executed by Landlord prior to the date of this Lease, drilling for and/or removal of subsurface substances, dumping, disposal, incineration or reduction of garbage or refuse;
18. any residential use, including, but not limited to, living quarters, sleeping apartments, or lodging rooms;

19. any non-retail facilities, except that such facilities may exist if each facility contains less than 20,000 square feet and no portion of such facility is within three hundred feet (300') of the Entrance (repairs, alterations and offices incidental to retailing, and banks and small loan offices, not being deemed retail); or

20. any use which is unlawful or which constitutes a public or private nuisance or produces objectional noise, light or vibration.

Notwithstanding anything to the contrary contained herein, the aggregate floor area in the Shopping Center which is devoted to the uses specified in Exhibit C-1 (1), (2), and/or (3) shall not exceed fifty thousand (50,000) square feet. Tenant acknowledges that the facility identified on the site plan (Exhibit A) as the "Theater" on Clairemont Mesa Boulevard is not part of the Shopping Center. The covenants set forth in this Exhibit C-1 shall run with the land comprising the Shopping Center.

~~warranty and indemnity shall survive the termination of this Lease.~~

(vi) Tenant's Exclusive Use. So long as the Premises are used for the initial use set forth in paragraph 18, no other tenant or occupant of the Shopping Center shall be entitled to use more than 400 square feet of its premises for the sale of consumer electronics and household appliances, subject only to rights granted any such tenants under leases in existence as of the date of this Lease and uses in existence as of such date. In addition, upon any approved assignment or subletting, as set forth in paragraph 17, Landlord shall afford a like warranty and representation as to the use of such assignee or subtenant, provided only that such exclusive use restriction shall not apply to any tenant or occupant of the Shopping Center whose then-current use of its premises (as of the effective date of such assignment or sublease) conflicts with the use of such assignee or subtenant. (Paragraph 17 says Landlord has right to take into consideration proposed use and existing exclusives in approving assignment/sublease.)

~~(vii) Zoning and Subdivision. The Premises and the Shopping Center are presently or, as of delivery of the Premises, shall be properly subdivided, in conformity with all applicable laws and zoned so as to permit (i) the development and operation of the Premises and the Shopping Center in accordance with the provisions of this Lease; and (ii) the initial use of the Premises described in paragraph 18 of this Lease.~~

(viii) Prohibited Activities. Subject to uses existing in the Shopping Center as of the date of execution

hereof (and provided that such uses shall not be expanded or relocated except as provided below), Landlord shall not operate or lease (or permit to be operated or leased) any building or tenant space in the Shopping Center for use as (A) a bar, pub, nightclub, music hall or disco located within the area shown cross-hatched on Exhibit "A-4" (the "Restricted Area") in which less than fifty percent (50%) of its space or revenue is devoted to or derived from food service, (B) a bowling alley, (C) a billiard or bingo parlor, (D) a flea market, (E) a massage parlor, (F) a funeral home, (G) a facility for the sale of paraphernalia for use with illicit drugs, (H) a facility for the sale or display of pornographic material (as determined by community standards for the area in which the Shopping Center is located, the parties recognizing that the incidental sale of magazines such as Penthouse and Playboy and the incidental sale or rental of X-rated, NC-17 or unrated videos or movies by a video store catering to the general public shall not violate this provision, provided that the sale or rental of such items is not advertised or displayed by such merchant and that, in the case of such videos, they are kept in a separate section, out of the view of minors), it being understood that Landlord shall be obligated to use its best efforts to prevent any violation of this prohibition (H), but shall not be liable for any breach thereof by a third party in spite of its best efforts, (I) an off-track betting parlor, (J) a carnival, amusement park or circus (except as permitted in 19(a)(ix)(C) below), (K) a gas station (other

than an existing gas station not presently part of the Shopping Center but which Landlord may subsequently acquire and annex thereto), car wash or auto repair or body shop (the parties specifically acknowledging that Tenant's car stereo installation facility, Dormans and Goodyear (or their successors, provided the use therein does not change) are not included in this prohibition (K)), (L) a facility for the sale of new or used motor vehicles, trailers or mobile homes within the Restricted Area, (M) any use which is illegal or dangerous or constitutes a public nuisance (as legally defined) (N) a skating rink within the Restricted Area, (O) an arcade, pinball or computer gameroom within the Restricted Area (provided that retail facilities in the Restricted Area may operate or display for sale no more than four (4) such electronic games incidentally to their primary operations), (P) service-oriented offices (such as, by way of example, medical or employment offices, travel agencies, real estate agencies or dry cleaning establishments) or other nonretail uses within the Restricted Area except for offices and storage facilities incidental to a primary retail operation, (Q) a banquet hall, auditorium or other similar place of public assembly within the Restricted Area (other than the existing plaza area), (R) a training or educational facility within the Restricted Area (including, without limitation, a beauty school, barber college, reading room, school or other facility catering primarily to students or trainees rather than customers), (S) a theater of any kind within the Restricted Area (except as

specifically set forth below), or (T) a gymnasium, sport or health club or spa within the Restricted Area. Landlord shall not operate, lease or permit to be operated or leased any restaurant within the Restricted Area, except as specifically set forth below; provided, however, that, as to the portion of the Restricted Area immediately abutting the "Plaza" (as shown on Exhibit "A-4"), which portion is sometimes identified as Suites 4661 through 4719, Landlord may permit up to fifty-five percent (55%) of such suites to be used as a "food court," in which sandwiches, pizzas, pastries, ice cream, yogurt and similar types of food are sold primarily for off-premises consumption or consumption in the Plaza, so long as none of the aforesaid suites is used as a full-service restaurant. In addition, no auction, fire or going-out-of business sale shall be conducted in the Shopping Center except in connection with an actual fire or cessation of operations. In the event that the adjacent property indicated as "not a part" on Exhibit "A-3" hereto is acquired by Landlord or otherwise becomes a part of the Shopping Center, it shall likewise be subject to the foregoing prohibitions and shall become part of the Restricted Area. Notwithstanding the foregoing, Tenant acknowledges that (i) such adjacent property is currently being used as a motion picture theater, which use may continue following annexation into the Shopping Center, and (ii) Landlord may subsequently build a restaurant on such adjacent property provided that parking adequate to meet local zoning requirements for restaurant use shall be contained within the

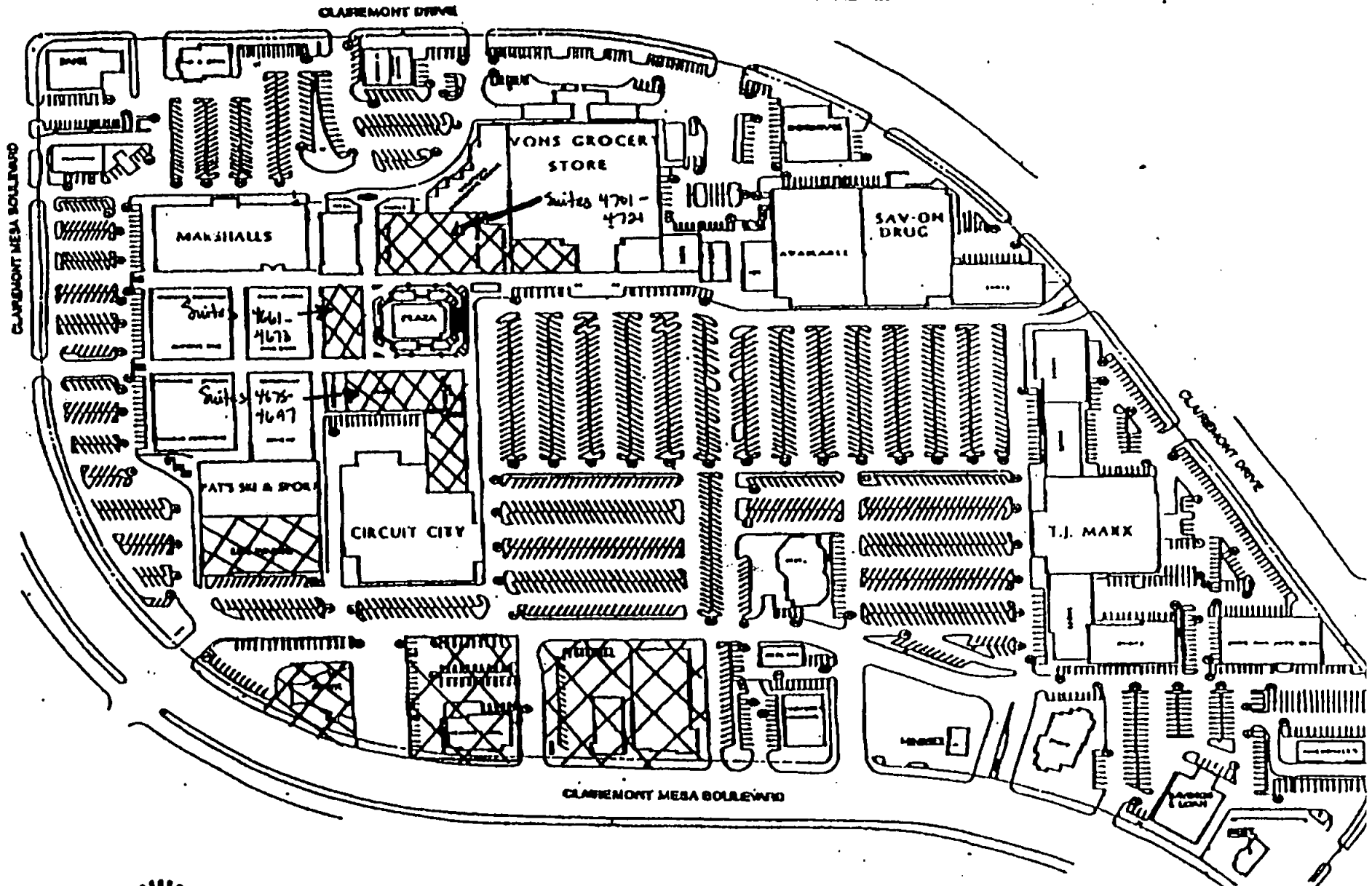
boundaries of such property and that the main customer entrance thereto shall not face the parking field in Tenant's Preferred Area.

(ix) Site Covenants. With regard to the development of the Shopping Center and the uses and operations of the Common Areas, Landlord makes the following representations and warranties (the "Site Covenants"):

(A) Building Location. No outparcels, barriers, buildings, kiosks or other structures, either temporary or permanent, shall be located within Tenant's Preferred Area.

~~(B) Construction and Alterations. Following the end of the First Lease Year (i.e., January 31, 1993), no construction shall be permitted in Tenant's Preferred Area, the outparcel containing the "Acapulco" restaurant and the aforesaid adjacent property shown on Exhibit "A-3" during the months of October, November and December, except for interior alterations not affecting the operations of Tenant and except for emergency repairs. In the event of any construction within the Shopping Center, Landlord shall designate a construction access route, staging and parking areas located so as to minimize interference with customers or the operations of other occupants of the Shopping Center and shall require erection of safety barriers as necessary and an opaque wall around the site of such construction. With regard to any construction on Landlord's Premises, Landlord shall be solely responsible for any~~
~~governmentally imposed impact fees, hook-up, connection,~~

"RESTRICTED AREA"



~~within the Common Areas in order to maximize the visibility of the Premises and any pylon or monument signs located within the Shopping Center, and to prevent any interference with the access to the Premises.~~

ARTICLE 5: USE OF PREMISES

5.1. PERMITTED USE. The Premises shall be used by the Tenant for the Permitted Use.

5.2. EXCLUSIVE.

(a) So long as (i) Tenant's use of the Premises is for such purpose, and (ii) Tenant is at such time open and operating in the Premises, Tenant is hereby granted the exclusive right and privilege within the Shopping Center to sell to the general public books and magazines (including video and audio books) or any other substitutes for or items which are a technological evolution of the foregoing items (the "Exclusive Use"). Landlord covenants and agrees with respect to said Exclusive Use to (i) provide in leases with subsequent tenants of the Shopping Center that such leases are subject to the Exclusive Use; and (ii) except as provided herein, not permit any building or other improvements located within the Shopping Center to be used or occupied in violation of the Exclusive Use. In connection therewith, Landlord agrees to take any and all actions necessary at Landlord's own cost and expense, including the institution of legal proceedings, to enforce Tenant's rights under such Exclusive Use. However, in no event shall this provision be construed to prohibit the tenants listed on Schedule G situated within the Shopping Center as of the date of this Lease from handling and selling any of the items which their respective leases permit them to sell. In addition, any tenant in the Shopping Center may sell items included within Tenant's Exclusive Use provided they do not sell such items in an area exceeding 1,500 square feet of such tenant's floor area (including storage area). However, technical manuals, books, and magazines specifically related to such tenant's business shall not be subject to such space limitation.

(b) Landlord and Tenant mutually acknowledge and agree that the Exclusive Use granted to Tenant was a material inducement to Tenant to enter into this Lease, and that absent such inducement Tenant would not have agreed to certain of the terms of this Lease. Landlord and Tenant further acknowledge and agree that in the event that the Exclusive Use is violated that Tenant's damages shall be extremely difficult to ascertain and Tenant shall not be entitled to an adequate remedy at law or in equity. Therefore, Landlord and Tenant agree that in the event that another tenant of the Shopping Center is conducting its business in the Shopping Center in violation of the Exclusive Use, and Landlord is unable to abate such violation within ninety (90) days following notice from Tenant of such violation, Tenant shall have the right to declare, in addition to any other remedies Tenant may have under this Lease, at law, or in equity, that the Minimum Fixed Rent payable under this Lease shall be immediately reduced by Thirty Three Percent (33%) until such time as such violation is abated unless Landlord has

taken all commercially reasonable actions necessary to prevent such violation as provided for in Section 5.2(c). Landlord and Tenant mutually agree that such reduced Minimum Fixed Rent is a fair and appropriate approximation of the Minimum Fixed Rent Tenant and Landlord would have agreed to had Tenant not been granted the Exclusive Use.

(c) Notwithstanding the foregoing, if a tenant in the Shopping Center violates the Exclusive Use and Landlord has taken and continues to take all commercially reasonable actions necessary (including the institution of legal proceedings) to prevent such violation, Landlord shall not be deemed to be in default of this Lease, nor shall the Minimum Fixed Rent be reduced as provided for in the preceding sentence. However, if such violation continues for a period of twelve (12) months following the commencement of such violation, and Gross Sales have decreased by more than ten percent (10%) from the same period in the prior year, such violation shall be deemed an Event of Default (as defined under Article 15) and the Minimum Fixed Rent under this Lease shall be reduced by twenty-five percent (25%) until the violation ceases.

~~5.3. CONTINUOUS OPERATION. Nothing in this Lease shall require Tenant to continuously operate a book store or any other particular type of business in the Premises except that within one hundred fifty (150) days after the Commencement Date, Tenant shall open for business as a Super Crown bookstore, fully staffed and stocked, for at least one full business day. If after opening, Tenant ceases doing business for a continuous period in excess of thirty (30) days, Landlord shall thereafter have the right, until such time as Tenant reopens for business, to terminate this Lease by serving written notice of termination on Tenant, which termination shall become effective on the thirtieth (30th) day following Tenant's receipt of such termination notice. However, if Tenant reopens for business prior to the effective termination of this Lease, then said notice shall be deemed null and void and the Lease shall continue in full force and effect as if such notice had never been given. In the event of a termination hereunder, the parties hereto shall automatically be released from any and all liability of whatever kind for the terminated portion relating to the unexpired Term. Nothing herein shall be deemed to affect Tenant's obligation to pay Rent or comply with the other Lease obligations until the effective date of said termination by the Landlord. Periods of closing of the Premises (a) caused by rebuilding, remodeling and/or repair so long as the same is diligently pursued by Tenant and does not result in Tenant's business being closed to the public for more than one hundred twenty (120) days in any consecutive twelve (12) month period; (b) due to casualty, or condemnation; (c) war, acts of God or other force majeure events; (d) consented to by Landlord; or (e) occurring during that period of time commencing thirty (30) days after Tenant has a signed letter of intent to assign or sublet the Premises and continuing until an assignee or sublessee opens for business in the Premises (which period shall be no more than one hundred eighty (180) days in any consecutive twelve (12) month period); shall be exempted from the provisions of this paragraph and shall give the Landlord no right to terminate as set forth herein.~~

to said products or services of said lessee. Notwithstanding the foregoing sentence, Burlington Coat Factory and its successor or assignees shall be subject to the exclusive contained in this Section 16.4.1 but only to the extent that the total Leasable Square Feet including all aisle space devoted to said products or services which violate the exclusive contained in this Section 16.4.1 exceed ten thousand (10,000) Leasable Square Feet. Notwithstanding anything to the contrary contained in this Section 16.4.1, Landlord shall be permitted to lease space in the Shopping Center to a typical "Hallmark" type store whose primary merchandise mix is greeting cards and/or gifts so long as said space does not exceed 10,000 Leasable Square Feet.

16.4.2 Remedy of Tenant. In the event Landlord violates any of the provisions of Section 16.4.1 of this Exhibit C, Tenant may, at its option, pursue any available remedy, at law or in equity. In addition, Tenant shall have the following remedies at any time during the existence of said violation, said remedies being separate, distinct and cumulative remedies, and the exercise of any one or more of which shall not be deemed to preclude Tenant's rights to exercise any other legal or equitable remedy available, including but not limited to, an action for injunctive relief:

- (a) reducing the Minimum Rent by seventy five percent (75%) so long as such violation exists, commencing thirty (30) days after Tenant has notified Landlord in writing of such violation; and/or
- (b) terminating this Lease upon sixty (60) days written notice by Tenant without any further liability by either party for obligations arising after the date of termination except as specified in this Lease for delivery of the Premises, return of deposits and equalization of estimated payments.

16.5 Prohibited Uses. Neither Tenant nor its sublessees, assignees, licensees, or concessionaires will use or lease (or permit the use, lease or sublease of) the Premises or any portion thereof during the Lease Term allowing for use as any of the Prohibited Uses set forth on Exhibit I to this Lease. Neither Landlord nor any entity controlled by Landlord will use or lease (or permit the use, lease or sublease of) or sell any space in or portion of the Shopping Center during the Lease Term allowing for use as any of the Prohibited Uses set forth on Exhibit I to this Lease.

Used in exclusive provision

16.6 Definition of a Typical "Michaels" Store. For purposes of this Section 16.6, a typical "Michaels" store shall be defined as the storage, sale and servicing of merchandise in the following categories:

- (i) picture frames and framing materials and supplies, including, without limitation, preassembled and unassembled frames, mat boards, backing materials, and related supplies, which materials and supplies may be offered separately or in conjunction with framing services;
- (ii) floral and plant items, including, without limitation, silk and other artificial flowers, dried flowers, trees, floral design components, and floral arrangements;
- (iii) creative crafts, including, without limitation, macrame, decoupage, candle making, doll making, paint-by-number kits, paints and finishes, glass staining kits, jewelry making accessories, wood and wood-working products, and tools;
- (iv) hobby items, including, without limitation, wooden and plastic model kits, miniature rocket, train and automobile sets and related supplies, remote radio and wire controlled airplane, boat and automobile kits and related items and accessories, doll houses, doll house kits, miniature furniture and miniature accessories;
- (v) needlework items, including, without limitation, stitching supplies and kits, yarns, needles, canvas and related supplies for needlepoint, knitting crochet, crewel, rug making, and quilting;
- (vi) art materials and supplies, including, without limitation, pastels, water colors, oil paints, acrylics, easels, brushes, paper, and canvas;
- (vii) party and wedding supplies, including, without limitation, candy making and cake decorating supplies, greeting cards, paper goods, party favors, and other party items;
- (viii) seasonal decorations, including, without limitation, seasonal floral arrangement and center pieces, Christmas lights, stockings, miniature manger scenes, carved figures, artificial trees, gift wrap, tree decorations, candles, decorative tins and baked good containers, yard decoration patterns, halloween ready-made costumes and costume accessories;
- (ix) items incidental thereto, for the conduct of art and hobby classes, including, without limitation, instruction books and video tape aids;
- (x) posters, graphics, prints, and water color and oil paintings;
- (xi) ribbon, bows, fabrics, and notions;


Landlord's Initials


Tenant's Initials

- (xii) home decor and gift and gift related items, vases, containers, statues, potpourri, candles, and stuffed animals; and
- (xiii) wearable art supplies, including, without limitation, undecorated clothing items, tote bags, hats, bandannas, scarves and other accessories, fabric paint, transfer designs, decorative jewels, studs, grommets, rhinestones, stud setters, patterns, and fabric designs.

17 MISCELLANEOUS

17.1 Relationship of Parties. The amount of money provided to be paid Landlord will in no event be deemed to make Landlord a partner or an associate of Tenant in the conduct of Tenant's business, nor will either party be liable for any debts incurred by the other party in the conduct of the other party's business. The relationship between the parties is for the entire Lease Term that of Landlord and Tenant.

17.2 Heirs, Successors and Assigns. This Lease and the covenants and agreements herein contained will be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

17.3 GOVERNING LAW. THIS LEASE WILL BE GOVERNED BY, CONSTRUED IN ACCORDANCE WITH AND ENFORCED UNDER THE LAWS OF THE STATE IN WHICH THE SHOPPING CENTER IS LOCATED.

17.4 Rules of Construction. This Lease will be construed with equal weight for the rights of both parties, the terms hereof having been determined by fair negotiation with due consideration for the rights and requirements of both parties.

17.5 INTENTIONALLY DELETED.

17.6 Implications as to Operation. Except as set forth in Section 17.27 of this Exhibit C, nothing in this Lease shall be interpreted to obligate Tenant to open or operate a business in the Premises. No implication will be made concerning the use or operation of the Premises from the manner in which rent is paid or from the amounts of rent paid.

17.7 Severability. If any term or provision of this Lease is found to be invalid, illegal or unenforceable, the remaining terms and provisions hereof will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by law.

17.8 Entire Agreement; Amendment. This Lease contains the entire agreement between Landlord and Tenant with respect to the subject matter of the Lease and may be amended or modified only by subsequent written agreement duly signed by both parties hereto. Except for those warranties, representations, contingencies, conditions and/or agreements set forth in this Lease, no warranties, representations, contingencies, conditions, and/or agreements have been made by Landlord or Tenant, one to the other or between them, with respect to the subject matter of this Lease.

17.9 Gender, Number. Pronouns in this Lease importing any specific gender, will be interpreted to refer to corporations, partnerships, men and women, as the identity of the parties referred to, may require. Pronouns, verbs and/or other words in this Lease importing the singular number will be interpreted as plural words, as the identity of the parties or objects referred to, may require.

17.10 Headings. The captions, section numbers and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, amplify, limit, construe, or describe the scope or interest of any section of this Lease.

17.11 Section Numbers. All references to section numbers contained in the Basic Lease Provisions, this Exhibit C or Exhibit D of this Lease are to the sections of this Exhibit C, unless expressly provided to the contrary.

17.12 Memorandum of Lease. Landlord and Tenant will execute contemporaneously with the execution of this Lease, a Memorandum of Lease in the form attached hereto as Exhibit J for recording purposes. The party desiring to record the Memorandum of Lease, if at all, shall do so at its own cost and expense.

17.13 Notices. All notices or requests given, sent or required to be given with respect to any matter pertaining to this Lease must be in writing and must be sent by nationally recognized overnight courier service, such as, but not limited to, Federal Express, by certified mail with return receipt requested, or by express mail, in each case with charges billed to sender proper postage prepaid as applicable and will be deemed delivered on the earlier to occur of actual delivery or as of three (3) days after the date of transmittal or mailing, addressed to the parties at the addresses set forth in Paragraph 10 of the Basic Lease Provisions or to such other addresses as Landlord or Tenant may designate in writing.


Landlord's Initials

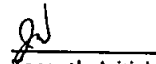
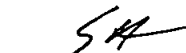

Tenant's Initials

EXHIBIT I
TO
SHOPPING CENTER LEASE
BETWEEN
OTR
AND
LEEWARDS CREATIVE CRAFTS, INC.

PROHIBITED USES

Except for those uses existing on the Effective Date of this Lease as set forth in Exhibit H of this Lease, and further except the permitted uses of the assignees, licensees and sublessees of said existing tenants; provided, however, that this sentence shall not apply if Landlord permits or agrees to the change of a permitted use by any such lessee or its successors or assigns if Landlord may avoid the granting of such permission, no part of the Shopping Center shall be used for any of the following uses:

1. funeral establishment;
2. automobile sale, repair or display establishment or used car lot, including body repair facilities, car rental agency, or leasing (except that one automobile leasing facility may be located within the Shopping Center so long as no portion of such facility is located within five hundred feet (500') of the Premises and further provided that the number of automobiles leased at such leasing facility does not at any one time exceed five (5) automobiles in the parking areas of the Shopping Center;
3. auction or bankruptcy sale;
4. pawn shop;
5. outdoor circus, carnival or amusement park, or other entertainment in the Common Areas of the Shopping Center;
6. outdoor meetings intended to be organized gatherings (except for seasonal entertainment and related events at the "Amphitheatre" in the location shown on Exhibit B-1 of this Lease);
7. bowling alley;
8. primarily pool or billiard establishment, except that one (1) upscale billiard establishment may be located within the Shopping Center so long as no portion of such establishment is located within five hundred feet (500') of the Premises and further provided that any such establishment must contain less than five thousand (5,000) square feet, or except as an incidental part of a restaurant operation;
9. shooting gallery;
10. off-track betting (provided that state sponsored lottery tickets shall not be prohibited);
11. refinery;
12. adult bookstore or facility selling or displaying pornographic books, literature, or videotapes (materials shall be considered "adult" or "pornographic" for such purpose if the same are not available for sale or rental to children under 18 years old because they explicitly deal with or depict human sexuality), massage parlor
13. any residential use, including but not limited to living quarters, sleeping apartments, lodging rooms, hotel or motor inn;
14. theater, specifically excluding the spaces identified on Exhibits B and B-1 as "Theater";
15. auditorium, meeting hall, ballroom, school or other place of public assembly (except that one (1) place of public assembly or meeting hall may be located on a temporary basis within the Shopping Center so long as no portion of such facility is located within five hundred feet (500') of the Premises and further provided that any such facility must contain less than two thousand five hundred (2,500) square feet)
16. unemployment agency, service or commission (excluding the existing police satellite station);
17. exercise, racquet or health club, spa or exercise or dance studio, except that one such facility may be located within the Shopping Center so long as no portion of such facility is within five hundred feet (500') of the Premises and further provided that such facility must contain less than three thousand (3,000) square feet; or


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gymnasium, except the existing one (1) aerobics type gymnasium consisting of approximately eight thousand (8,000) square feet so long as no portion of such facility is located within five hundred feet (500') of the Premises;

18. dance hall (not to be confused with a "dance studio" which is also prohibited except as otherwise set forth in number 17 of this Exhibit I above);
19. cocktail lounge (except as may be usual and customary in a full service "sit-down" restaurant), bar, disco or night club;
20. bingo or similar games of chance, but lottery tickets and other items commonly sold in retail establishments may be sold as an incidental part of business;
21. video game or amusement arcade or other amusement center, except that two (2) such facilities may be located within the Shopping Center so long as no portion of such facility is within five hundred feet (500') of the Premises or except as an incidental part of another primary business;
22. skating or roller rink;
23. car wash or car repair, except that one car wash and one car repair facility may be located within the Shopping Center so long as no portion thereof is within one thousand feet (1,000') of the Premises;
24. second hand store, auction house, flea market or junk yard;
25. non-retail use (which shall not prohibit in the Shopping Center such uses commonly referred to as "quasi-retail" or "service retail" such as a travel agency, real estate office, insurance agency, accounting service, etc., so long as same do not exceed ten percent (10%) of the Leasable Square Feet of the Shopping Center);
26. laundromat, except that one laundromat may be located within the Shopping Center so long as no portion of said facility is within five hundred feet (500') of the Premises;
27. animal breeding or storage; or
28. any use which is unlawful or which constitutes a public or private nuisance or produces objectionable noise, flashing or strobe light or vibration.

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and related facilities common to family-type retail shopping centers, and for common areas relating to and necessary to the operation of the foregoing. No portion of the Shopping Center Land shall be used for

(a) warehousing, industrial or manufacturing purposes (except for the storage and/or manufacture of such goods as are required as a necessary incident to the conduct of a particular retail mercantile business);

(b) wholesaling (other than from a discount or have improvement store which sells primarily to retail customers);

(c) residential purposes;

(d) bar or tavern (except where incidental to the operation of (i) a restaurant or delicatessen where at least forty percent (40%) of the gross revenues are derived from the sale of food, (ii) any other entertainment use where not more than twenty percent (20%) of the gross revenues are derived from the sale of alcoholic beverages, or (iii) any other use not within 300 feet of the main entrance to the Premises);

(e) "adult" theatre or "adult" book store or massage parlor;

(f) place of instruction or any other operation catering primarily to students or trainees rather than to customers, including beauty school, barber college or reading room, except that a maximum of two educational facilities may be located in the Shopping Center so long as no single educational facility contains more than 2,500 square feet of Floor Area and no portion of any such facility is within two hundred (200) feet of the main entrance of the Premises;

(g) purposes which would necessitate the long term (over 24 hours) use of the Common Areas for the storage of motor vehicles (provided that a single use not to exceed 1,500 square feet of Floor Area in the Shopping Center may necessitate the storage of up to 5, two-axle automobiles in the Common Areas but outside of the Control Area); or

(h) automotive repair or related uses within three hundred feet (300') of the main entrance of the Premises, provided that this restriction shall not extend to the retail sale of automotive parts or to the existing "Goodyear"/"Kragen" uses on Pads 13A and 13B of the Shopping Center; or

In no event shall any portion of the Shopping Center Land be used or operated for any use or purpose and/or by any tenant or other occupant which is not consistent and compatible with the intention of the Landlord to at all times during the term of this Lease maintain and operate a first-class shopping center.

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this Lease in accordance with this paragraph, neither party shall have any further rights or obligations under this Lease except as otherwise herein provided.

8.2 Restrictions on Landlord's Use. Landlord covenants that, other than the Premises, and excluding not more than three (3) tenants each occupying less than five thousand (5,000) square feet, no part of the Shopping Center shall be used for the sale of bargain or close-out merchandise without the prior written consent of Tenant. Landlord further covenants that no part of the Shopping Center shall be used for any of the following purposes:

(i) exercise, racquet or health club or spa, except that one such facility may be located within the Shopping Center so long as no portion thereof is within one hundred feet (100') of the closest front customer entrance of Tenant's store in the Premises (the "Entrance");

(ii) gymnasium, except that nothing contained in this Paragraph 8.2 shall prohibit Landlord from locating one aerobics facility within the Shopping Center provided that such aerobics facility must contain less than three thousand (3,000) square feet of floor area if located within one hundred feet (100') of the Entrance;

(iii) bowling alley, skating rink or other sports or recreational facility, except that one or more of such facilities may be located in the Shopping Center so long as no

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portion of any such facility is within one hundred feet (100') of the Entrance;

(iv) school, library, reading room or house of worship, except that a maximum of three (3) educational facilities (which includes, without limitation, a day care facility) may be located in the Shopping Center so long as no single educational facility contains more than five thousand (5,000) square feet of floor area and no portion of any such facility is within one hundred feet (100') of the Entrance;

(v) movie theater, except that one movie theater may be located in the Shopping Center (in addition to the facility identified as "Theater" on the Site Plan) so long as no portion thereof is within one hundred forty feet (140') of the Entrance;

(vi) banquet facility, auditorium or meeting hall, except that two such facilities each containing less than five thousand (5,000) square feet of floor area may be located in the Shopping Center so long as no portion thereof is within one hundred feet (100') of the Entrance;

(vii) massage parlor, adult bookstore, a so-called "head-shop", off-track betting establishment;

(viii) car wash, except that one car wash may be located in the Shopping Center so long as no portion thereof is within one hundred forty feet (140') of the Entrance;

(ix) automobile repair work or automotive service facility, except that one such facility may be located in the

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Shopping Center so long as no portion thereof is within one hundred forty feet (140') of the Entrance;

(x) automobile body shop, or automobile, boat, trailer or truck leasing or sales, except that one vehicle rental facility involving no more than five (5) rental vehicles parked at any one time within the Shopping Center may be located in the Shopping Center so long as no portion thereof is within one hundred feet (100') of the Entrance;

(xi) amusement park, carnival, dance hall, or other facility primarily (a) devoted to entertainment of customers as opposed to the retail sale of goods and/or services, and (b) catering to customers whose average stay in such facility is at least one hour ("entertainment facility"), except that entertainment facilities may be located in the Shopping Center so long as no single entertainment facility contains more than two thousand (2,000) square feet of floor area and no portion of any such facility is within one hundred feet (100') of the Entrance;

(xii) video game room, arcade or other amusement center, except that two such facilities may be located within the Shopping Center so long as no portion thereof is within one hundred forty (140') feet of the Entrance;

(xiii) pool hall (unless incidental to a restaurant operation), except that one pool hall (in addition to pool halls incidental to a restaurant operation) containing less than five thousand (5,000) square feet of floor area may be

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located in the Shopping Center so long as no portion thereof is within one hundred feet (100') of the Entrance;

(xiv) tavern or bar (unless incidental to a permitted use), disco, nightclub, hotel or motor inn,

(xv) any manufacturing, warehouse or office use (except for financial and insurance service offices and office uses incidental to a permitted use);

(xvi) funeral parlor, laundromat, animal breeding or storage, pawn shop, flea market or swap meet, junk yard, except that one laundromat may be located in the Shopping Center so long as no portion thereof is within one hundred feet (100') of the Entrance;

(xvii) except as may be required in order for Landlord to comply with any covenant or agreement contained in any agreement executed by Landlord prior to the date of this Lease, drilling for and/or removal of subsurface substances, dumping, disposal, incineration or reduction of garbage or refuse; or

(xviii) any use which is unlawful or which constitutes a public or private nuisance or produces objectionable noise, light or vibration.

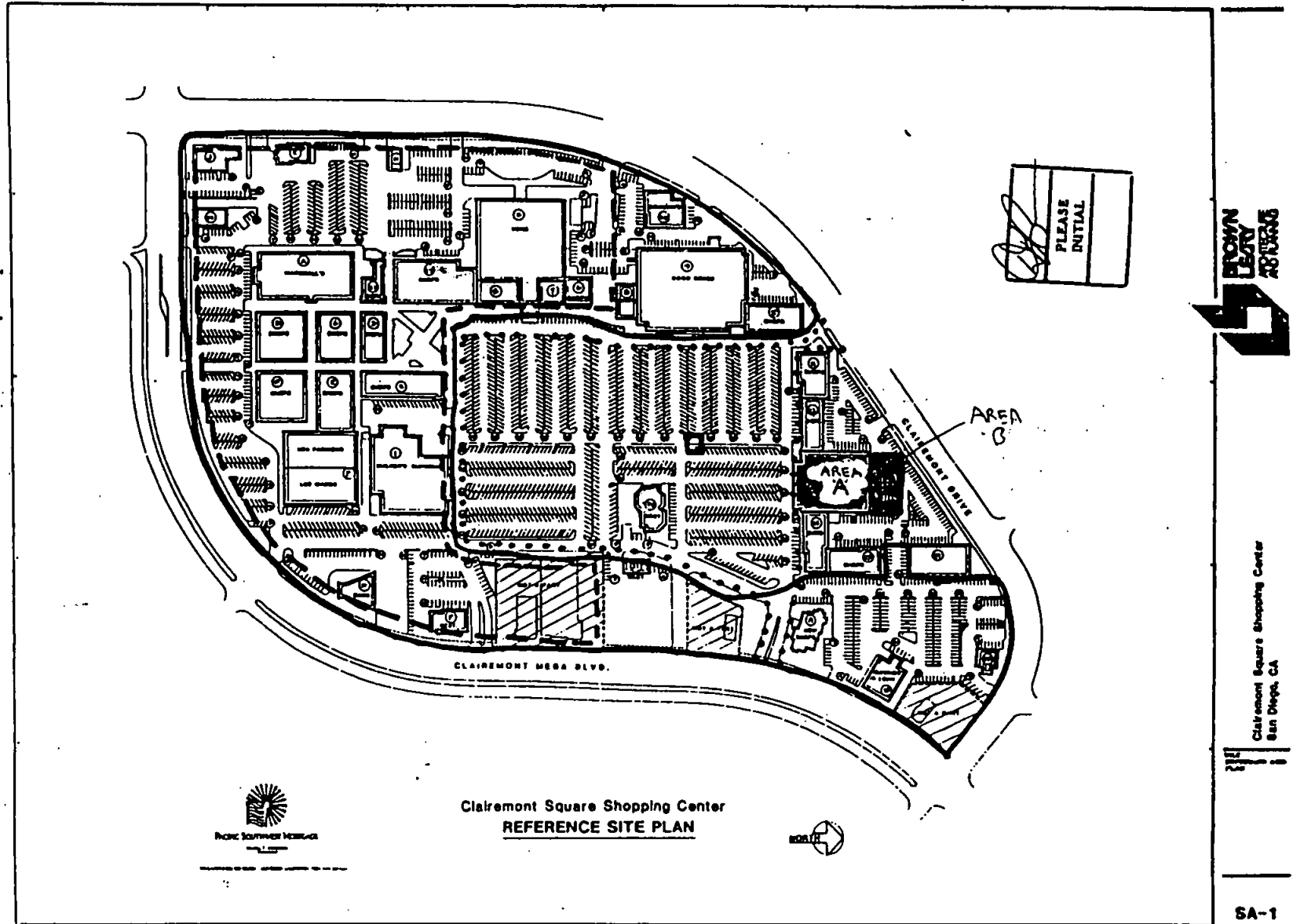
Notwithstanding anything to the contrary contained herein, the aggregate floor area in the Shopping Center which is devoted to the uses specified in Paragraph 8.2(i), (ii) and/or (iii) shall not exceed fifty thousand (50,000) square feet. The

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covenants set forth in this Paragraph 8.2 shall run with the land comprising the Shopping Center.

8.3 Compliance with Laws. Tenant agrees promptly to comply with all laws, rules and orders of federal, state and municipal authorities applicable to its particular and specific use of the Premises, except that Tenant shall not be required to make structural repairs or improvements to the Premises nor to make any other repairs or replacements which are otherwise the responsibility of Landlord under any other provision of this Lease. Tenant shall have the right at its expense to contest or review by legal proceedings the validity or legality of any such law, rule or order with which it is required to comply hereunder, and during such contest Tenant may refrain from complying therewith. Tenant shall indemnify and hold Landlord harmless from any loss or damage suffered by Landlord as a result of any such contest or delay in compliance. Landlord agrees promptly to comply with all laws, rules and orders of federal, state and municipal authorities applicable to the Premises which are not the obligation of Tenant pursuant to this Paragraph 8.3. Landlord also agrees promptly to comply with all laws, rules and orders of federal, state and municipal authorities applicable to other portions of the Shopping Center to the extent the failure to do so would materially impair (i) pedestrian or vehicular ingress or egress from the Control Area or the Premises, whether for customers, for the delivery of merchandise, or otherwise; (ii) the visibility of the Premises including, without

- : "Building Areas, per Schedule "B" Article 1.
- A : T.J. Maxx location
- sa B : Service area and loading area.
- ... : "Parking Area" per Schedule "B" Article 2.
- : Exempt Area per Schedule "B" Article 4
- sh rked : Area not owned by Landlord, per Schedule "B", Article 4



(O-2003-87)

ORDINANCE NUMBER O- 19158

ADOPTED ON MAR 17 2003

AN ORDINANCE AUTHORIZING THE CITY MANAGER
TO EXECUTE A THIRD AMENDMENT TO LEASE AGREEMENT
WITH THE STATE TEACHERS RETIREMENT BOARD OF OHIO
FOR OFFICE SPACE.

WHEREAS, the City's Clairemont Community Service Center and Police Storefront have been occupying space at 4731 Clairemont Mesa Blvd since July 15, 1997 and February 1, 1995, respectively. The Landlord has consented to extend the existing lease for the Community Service Center, the Police Storefront and the City's use of the Community Room; and

WHEREAS, the City Manager has negotiated a Third Amendment to Lease agreement with the State Teachers Retirement Board of Ohio to continue the City's leasehold for an additional five (5) years (terminating on August 31, 2007) for the Community Service Center and the Police Storefront. The leased space for the public Community Room will be extended for one (1) year (terminating on August 31, 2003); and

WHEREAS, the rental rate will be \$4,375.00 per month (\$1.25 per square foot) for the Community Service Center and the Police Storefront space throughout the extended term. No rent will be charged for the Community Room space. The total area being leased is 5,000 square

feet; the Community Service Center space is approximately 2, 492 square feet; the Police Storefront space is approximately 1,008 square feet; and the Community Room is approximately 1,500 square feet; and

WHEREAS, six votes of the City Council are required to adopt this Ordinance pursuant to Section 99 of the City Charter; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

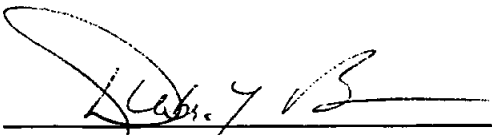
Section 1. That the City Manager is authorized to execute, for and on behalf of the City of San Diego, the Third Amendment to Lease agreement with the State Teachers Retirement Board of Ohio, at a monthly rent of \$4,375.00, under the terms and conditions set forth in that Third Amendment to Lease agreement on file in the office of the City Clerk as Document No. OO- 19158.

Section 2. That the City Auditor and Comptroller is authorized to expend an amount not to exceed \$22,546.00 from the Community Service Center Fund 10170, Dept. 1702 for FY03 and \$12,600 from the Police Department Fund 100, Dept. 110 for FY03.

Section 3. That a full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 4. This Ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By 
Debra J. Bevier
Deputy City Attorney

DJB:mm
11/15/02
Or.Dept:READ
Job:222401
Aud.Cert:2300648
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