



Real Estate Assets Department

SDC003

SCPT Marina Village LLC

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Document Type

LEGAL DOCUMENTS



Sub - Category

SUBLEASES



65

CITY OF SAN DIEGO CONSENT TO SUBLEASE

THIS CITY OF SAN DIEGO CONSENT TO SUBLEASE ("Consent") is made by THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), to be effective as of Oct. 18, 2011 (the "Effective Date"), as follows:

CITY, as lessor, and SCPT MARINA VILLAGE, LLC, a Delaware limited liability company ("LESSEE"), as lessee, are parties to that certain LEASE AGREEMENT (the "Master Lease") dated April 1, 1977, and filed in the Office of the San Diego City Clerk as Document No. 759240 on May 11, 1977, relating to certain CITY-owned real property in Mission Bay Park, San Diego, California, as defined in the Master Lease.

LESSEE and RANCH EVENTS, INC., a California corporation ("SUBLESSEE"), have entered into a RETAIL (GROSS) SUBLEASE (the "Sublease") dated September 20, 2011, relating to the subleasing of a portion of the Premises, as defined in the Sublease (the "Sublease Premises"), subject to this Consent.

CITY hereby consents to LESSEE'S subleasing the Sublease Premises to SUBLESSEE, provided both of the following conditions are and remain true throughout the term of the Sublease:

- (a) The Sublease is subject and subordinate to the Master Lease, as may be amended from time to time, and this Consent; and
- (b) CITY is not bound by any term or condition in the Sublease which in any way conflicts with CITY'S rights or would otherwise result in increasing CITY'S obligations under the Master Lease.

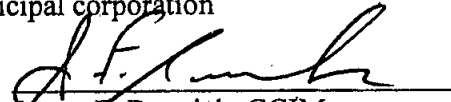
If at any time BOTH of the foregoing provisions are not true, this Consent shall automatically and retroactively become null and void as of the Effective Date.

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This Consent does not amend or otherwise modify the Master Lease.

THE CITY OF SAN DIEGO, a California
municipal corporation

BY:


James F. Barwick, CCIM
Real Estate Assets Director

Acknowledged and agreed to by LESSEE:

SCPT MARINA VILLAGE, LLC,
a Delaware limited liability company

By: *CH 2-28-12*
First Fiduciary Realty Advisors, Inc.
a California Corporation, its Manager

BY:

Name: Paul Vacheron

Title: Managing Director, Asset Management

RETAIL (GROSS) SUBLEASE

between

SCPT MARINA VILLAGE, LLC,

a Delaware limited liability company,

AS LANDLORD

and

RANCH EVENTS INC.,

a California corporation,

AS TENANT

for

MARINA VILLAGE

SUMMARY OF BASIC SUBLEASE INFORMATION

This Summary of Basic Sublease Information (the "**Sublease Summary**") is hereby incorporated into and made a part of the attached Retail (Gross) Sublease (this Sublease Summary and the Retail (Gross) Sublease to be known collectively as the "**Sublease**"). In the event of a conflict between the terms of this Sublease Summary and the Retail (Gross) Sublease, the terms of the Retail (Gross) Sublease shall prevail. Any capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the Retail (Gross) Sublease.

Date: September 20, 2011, but retroactively effective as of August 1, 2011.

Landlord: SCPT MARINA VILLAGE, LLC,
a Delaware limited liability company.

Address of Landlord: American Realty Advisors
801 North Brand Blvd., Suite 800
Glendale, California 91203
Attention: Stanley Iezman
Phone: (818) 545-1152
Telecopy: (818) 545-8460

Tenant: RANCH EVENTS INC., a California corporation.

Tenant Tradename: Ranch Events.

Address of Tenant: 1895 Camino Del Rio South
San Diego, CA 92108
Attention: Jason Peltier

(Prior to and After the Commencement Date)

Guarantor(s): JASON PELTIER, an individual.

1895 Camino Del Rio South
San Diego, CA 92108

Premises: The first (1st) floor of the "Sunset Room", containing approximately 3,024 leasable square feet in the building of the Project located at 1935 Quivira Way, San Diego, California. The Premises are outlined on the plan attached to the Sublease as Exhibit A.

Project: The Project of which the Premises are a part is located at 1842 Quivira Way, San Diego, California, as shown on Exhibit A (the "Project") and located on the real property described on Exhibit B (the "Property"). The Project is known as "Marina Village."

Term:

1. **Sublease Term:** Eight (8) Lease Years.
2. **Commencement Date:** November 1, 2011; however, the Possession Date shall be August 1, 2011.
3. **Expiration Date:** October 31, 2019.
4. **Renewal Options:** Two (2) option(s) of five (5) years each. (See Addendum #1).

Minimum Rent:

<u>Lease Year</u>	<u>Annual Minimum Rent</u>	<u>Monthly Installment of Minimum Rent</u>
1	\$38,424.00	\$3,202.00
2	\$39,960.96	\$3,330.08
3	\$41,559.36	\$3,463.28
4	\$43,221.72	\$3,601.81
5	\$44,950.68	\$3,745.89
6	\$46,748.64	\$3,895.72
7	\$48,618.60	\$4,051.55
8	\$50,563.32	\$4,213.61

Provided that Tenant has faithfully performed all of the terms and conditions of this Sublease, Landlord agrees to abate the obligation of the Tenant named in this Sublease Summary ("Named Tenant") to pay Minimum Rent for the first six (6) full calendar months of each of the first four (4) Lease Years of the initial Term (the "Conditional Rent"). Notwithstanding the foregoing, however, during such abatement periods, Tenant shall still be responsible for the payment of all Additional Rent payable under this Sublease. In the event of a Default at any time during the Term, in addition to any other remedies to which Landlord may be entitled, Landlord shall be entitled to recover the Conditional Rent (i.e., the amount of the Conditional Rent shall not be deemed to have been abated, but shall become immediately due and payable as unpaid Rent earned, but due at the time of such Default). The right to the abatement set forth above shall be personal to Named Tenant and shall not be transferable to any assignee, sub-lessee or other transferee of Named Tenant's interest in this Sublease.

Percentage Rent: None.

Construction:

7. Allowance: None.

8. Landlord Supervision Fee: N/A.

Security Deposit: None.

Permitted Use: Tenant shall use the Premises solely for the operation of a presentation/sales office, with full kitchen facilities, in order to provide office space/sales space for Tenant's sales team, client meetings, taste tests and catering services and for no other use whatsoever.

Radius Restriction: N/A.

Brokers:

9. Tenant: None.

10. Landlord: None.

Addenda, Exhibits and Schedules: The addenda, exhibits and schedules listed below are incorporated by reference in this Sublease.

Addendum #1 – Renewal Options
Addendum #2 – Landlord Termination Right
Addendum #3 – Tenant's Rights

Guaranty

Exhibit A	Site Plan of the Project
Exhibit B	Legal Description
Exhibit C	Term Certification
Exhibit D	Construction
Exhibit E	Rules and Regulations
Exhibit F	Intentionally Omitted
Exhibit G	Minimum Services Required For HVAC Equipment Maintenance Contract
Exhibit H	Environmental Disclosures

Landlord and Tenant hereby agree to the foregoing terms of this Sublease Summary.

LANDLORD:

SCPT MARINA VILLAGE, LLC,
a Delaware limited liability company

By: FIRST FIDUCIARY REALTY ADVISORS, INC.,
a California corporation, its Manager

By: _____

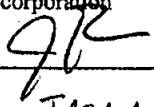
Printed Name: _____

Title: _____

Date: _____

TENANT:

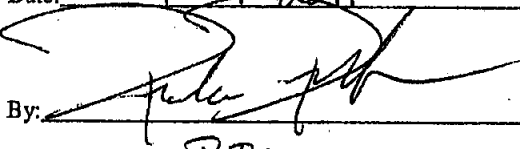
RANCH EVENTS INC.,
a California corporation

By:  _____

Printed Name: JASON PELTIER

Title: Chairman of the Board/President/Vice President

Date: 9-19-2011

By:  _____

Printed Name: P. PELTIER

Title: Secretary/Assistant Secretary/Chief Financial Officer/
Assistant Treasurer

Date: 9-19-2011

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RETAIL (GROSS) SUBLEASE

THIS RETAIL (GROSS) SUBLEASE (the "Sublease") is made as of September 20, 2011, but retroactively effective as of August 1, 2011, by and between SCPT MARINA VILLAGE, LLC, a Delaware limited liability company ("Landlord"), and RANCH EVENTS INC., a California corporation ("Tenant"), with reference to the following facts and circumstances:

A. Landlord is the ground lessee of the Project, as defined herein, pursuant to that certain Agreement dated February 16, 1977 by and between the City of San Diego, a municipal corporation ("City") as lessor, and High Fliers, Ltd., a California limited partnership, as lessee ("Original Lessee"), filed in the Office of the City Clerk as Document 759240 and recorded July 25, 1977, at File No. 77-296337, Official Records of the County Recorder of the county of San Diego, State of California (the "Master Lease") Landlord is the successor-in-interest to the Original Lessee under the Master Lease.

B. The Premises covered by this Sublease are defined on the Sublease Summary and are located in the Project, as defined on the Sublease Summary.

C. American Realty Advisors, Inc., and its affiliates (collectively, "Advisor") is the real estate investment manager for Landlord.

D. The parties desire to enter into this Sublease, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing facts and circumstances, the mutual covenants and promises contained herein and after good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the parties, the parties do hereby agree to the following:

ARTICLE 1 SUBLEASE OF PREMISES

In consideration of the Rent and the provisions of this Sublease, Landlord subleases to Tenant and Tenant subleases from Landlord the Premises. In addition, Tenant shall have the non-exclusive right (unless otherwise provided herein) in common with Landlord, other tenants, subtenants, and invitees to use the Common Areas.

ARTICLE 2 DEFINITIONS

Except as otherwise defined in this Sublease, capitalized terms shall have the meanings set forth on the Sublease Summary. As used in this Sublease, the following terms shall have the following definitions:

2.1. Additional Rent. All amounts, costs and expenses that Tenant assumes, or agrees or is otherwise obligated to pay to Landlord under this Sublease other than Minimum Rent.

2.2. Affiliate. An entity that is controlled by, controls, or is under common control with a party. "Control" shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in any entity.

2.3. Bankruptcy Code. Title 11 of the United States Code, as amended from time to time.

2.4. Business Days. Days other than Saturdays, Sundays and Holidays. If any item must be accomplished or delivered hereunder on a day that is not a Business Day, it shall be timely to accomplish or deliver the same on the next following Business Day.

2.5. Commencement Date. As set forth on the Sublease Summary.

2.6. Common Areas. All areas, space, facilities, equipment, sidewalks, parking areas, driveways, landscaped areas, loading docks, pedestrian walkways, public washrooms, if any, signs and special services from time to time made available by Landlord for the common and joint use and benefit of Landlord, the stores in and/or adjoining the Project, Tenant, and other tenants of the Project, and their respective employees, customers, and other invitees.

2.7. Environmental Laws. All Laws regulating or controlling Hazardous Materials including, without limitation, the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code Sections 25300-25395.15, the California Safe Drinking Water and Toxic Enforcement Act (Proposition 65) California Health and Safety Code Section 25249.5 et seq. and the Hazardous Waste Control Law, California Health and Safety Code Sections 25100-25250.25, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 O.K. 9601, et seq.; the Hazardous Material Transportation Act, 49 U.S.C. 1801 et seq.; and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.

2.8. Expiration Date. As set forth on the Sublease Summary, unless otherwise sooner terminated in accordance with the provisions of this Sublease.

2.9. Force Majeure. Strikes, labor disputes, lockouts, inability to obtain labor, materials, equipment, or reasonable substitutes therefor, acts of God, governmental restrictions, regulations, or controls, judicial orders, enemy or hostile government actions, civil commotion, war, terrorism (foreign or domestic), fire, accident, explosion, falling objects or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder.

2.10. Gross Sales. The entire gross receipts of every kind and nature from sales and services made in, upon, or from the Premises, whether upon credit or for cash, in every department in the Premises, whether operated by Tenant or by a subtenant or subtenants, or by concessionaires or other occupants, and all sales made or orders placed at or completed by delivery in or from the Premises, plus all charges made for services rendered in or from, or orders placed at, the Premises (including, without limitation, orders that are accepted or transmitted by means of electronic, telephonic, video, computer or other electronic or technology based system, regardless of whether the orders are accepted or filled at the Premises or accepted or filled by Tenant or its parent, subsidiary or affiliate at any other location), whether such sales or services are for cash or on credit, or both, excepting therefrom any rebates and/or refunds to customers and the amount of all sales tax receipts that must be accounted for by Tenant and remitted to any governmental agency. Sales upon credit or installment shall be deemed cash sales for the full purchase price and shall be included in the Gross Sales for the period in which the merchandise is delivered to the customer, whether or not title to the merchandise passes with delivery. "Gross Sales" shall not include the following: (a) refunds to customers to the extent originally included in Gross Sales; (b) sales, use, excise, retailer's, occupation or similar taxes imposed in a specific amount, or percentage upon, or determined by, the amount of sales; (c) returns to shippers and manufacturers; (d) sales not in the ordinary course of Tenant's business, of machinery or equipment which Tenant has the right to remove from the Premises; and (e) the value of any exchange or transfer of merchandise between stores of Tenant if it is made solely for the convenient operation of Tenant's business and not for the purpose of consummating a sale made in, at, or from the Premises.

2.11. Guarantor(s). The parties set forth on the Sublease Summary and any other party liable for or required by Landlord to guaranty Tenant's obligations under the Sublease.

2.12. Hazardous Materials. Any hazardous waste or hazardous substance as defined in any Laws applicable to the Project, including, without limitation, the Environmental Laws. "Hazardous Materials" shall also include asbestos or asbestos-containing materials, radon gas, petroleum or petroleum fractions, urea formaldehyde foam insulation, transformers containing levels of polychlorinated biphenyls greater than 50 parts per million, medical waste, biological materials (including without limitation blood and blood products), electromagnetic fields, mold and chemicals known to cause cancer or reproductive toxicity, whether or not defined as a hazardous waste or hazardous substance in any statute, ordinance, rule or regulation.

2.13. Interest Rate. The average prime loan rate published by the board of governors of the Federal Reserve System of the United States, as the same may change from time to time, plus four percent (4%) per annum,

but not in excess of the maximum rate, if any, allowed by Law for the transaction on which interest is being calculated.

2.14. Landlord Related Parties. Landlord, Landlord's Affiliates, and the members, principals, beneficiaries, partners, trustees, shareholders, directors, officers, employees, mortgagees, investment managers, property managers, brokers, contractors, attorneys, and agents of Landlord and Landlord's Affiliates, and the successors of such parties.

2.15. Laws. All federal, state, county and local governmental and municipal laws, statutes, ordinances, rules, regulations, requirements, codes, decrees, orders, and decisions by courts and cases, when the decisions are considered binding precedent in the State, and decisions of federal courts applying the Law of the State; including but not limited to The Americans With Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the California Building Standards Law, Health and Safety Code Sections 18901-18949.1, Title 24 of the California Code of Regulations, and all seismic retrofit or other earthquake protection requirements, and any regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time.

2.16. Lease Year. Each twelve (12) month period or portion thereof during the Term, commencing with the Commencement Date, without regard to calendar years; provided, however, if the Commencement Date is not the first day of the month, then the first (1st) Lease Year shall commence on the first day of the first calendar month after the Commencement Date and be deemed to include the partial month at the beginning of the Term.

2.17. Minimum Rent. As set forth on the Sublease Summary.

2.18. Mortgagee. The lessor under any present and future ground or underlying Sublease of the Property and the holder of any mortgage, deed to secure debt or trust deed now or hereafter in force against the Property or the Project.

2.19. Permitted Use. As set forth on the Sublease Summary.

2.20. Permitted Transfer. The day-to-day sale and exchange of ownership interests in a publicly traded entity on a recognized, domestic, national securities exchange or over-the-counter in the ordinary course of business or an assignment or subletting of all or a portion of the Premises to an Affiliate of Tenant, where (a) the transferee assumes, in full, the obligations of Tenant under this Sublease; (b) Tenant remains fully liable under this Sublease; (c) the use of the Premises remains unchanged; (d) after such transaction is effected, the tangible net worth of the tenant hereunder is equal to or greater than the tangible net worth of Tenant as of the date of this Sublease; (e) Landlord shall have received an executed copy of all documentation effecting such transfer on or before its effective date; and (f) the same is not a subterfuge by Tenant to avoid its obligations under this Sublease.

2.21. Permitted Transferee. The Transferee pursuant to a Permitted Transfer.

2.22. Possession Date. The date on which Landlord tenders possession of the Premises to Tenant.

2.23. Project. The Property and any improvements on the Property. No representation is being made that the Project will contain any certain land or that the Project will have any certain configuration. Landlord hereby reserves the right at any time and from time to time to make alterations or additions to, and to build additional stories on, the building in which the Premises are contained, and to build adjoining the same. Landlord also reserves the right to add land to and/or withdraw land from the Project, to construct other buildings or improvements in or adjacent to the Project from time to time, to make alterations thereof or additions thereto, and to build additional stories on any such building or buildings.

2.24. Rent. Minimum Rent and Additional Rent.

2.25. State. The state in which the Project is located.

2.26. Taxes. All taxes, assessments, whether special or general, water and sewer charges, and other similar government charges levied on or attributable to the Project or its operation, including, without limitation (a) real property taxes or assessments levied or assessed against the Project; (b) assessments or charges levied or assessed against the Project by any redevelopment agency, municipality or governmental or quasi-governmental agency, including but not limited to any assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies, and any taxes or assessments levied by a Community Facilities District; (c) any tax, assessment, levy, license fee or charge measured by or based, in whole or in part, by Rent received from the leasing of the Premises or the Project, or any portions thereof; (d) general or special, ad valorem or specific, excise, capital levy, or other tax, assessment, levy, or charge directly on the Rent received under this Sublease or on the rent received under any other subleases of space in the Project; (e) any transfer, transaction, or similar tax, assessment, levy, or charge based directly or indirectly upon the transaction represented by this Sublease or other Subleases in the Project; (f) any possessory interest, occupancy, use, per capita, or other tax, assessment, levy, or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Project; (g) interest on installments as charged by the taxing authority; and (h) the reasonable costs and expenses of any contest or protest of Taxes prosecuted by Landlord, including, without limitation, any appraisal fees and attorneys' fees. Taxes shall not include (i) any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or Federal Government or their agencies, branches, or departments, and (ii) tax penalties, interest or late charges incurred as a result of Landlord's failure to make timely payment of Taxes. Notwithstanding the foregoing, if at any time during the Term, the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on the Project shall be discontinued or reduced and as a substitute therefor, or in lieu of or in addition thereto, taxes, assessments, levies, impositions or charges shall be levied, assessed or imposed, wholly or partially, as a capital levy or otherwise (a "Substitute Tax"), then such Substitute Tax shall be included within the definition of Taxes. Tenant hereby waives, and assigns, transfers and conveys to Landlord, any and all rights to contest or protest any Taxes. Taxes for any calendar year shall only include those taxes or installments of assessments that become due and payable during said year. Landlord shall pay assessments in installments over the longest period of time permitted by the taxing authority.

2.27. Tenant Related Parties. Tenant, its Affiliates, agents, contractors, subcontractors, employees, invitees, subtenants, transferees, and any other party claiming by, through or under Tenant.

2.28. Tenant's Property. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment, and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, that can be removed without damage to the Project, and all furniture, furnishings, and other articles of movable personal property owned by Tenant and located in the Premises.

2.29. Term. As set forth on the Sublease Summary, as the same may be extended from time to time; however, the terms and provisions of this Sublease shall be effective as of the date of the full execution and delivery of this Sublease except for the provisions of this Sublease relating to the payment of Rent.

2.30. Transfer. An assignment, mortgage, pledge, hypothecation, encumbrance, lien or other transfer of this Sublease or any interest hereunder, a transfer by operation of law, a sublease of the Premises or any part thereof, or the use of the Premises by any party other than Tenant and its employees. "Transfer" shall also include (a) if Tenant is a partnership, limited liability company or any other non-corporate entity, the withdrawal or change, voluntary, involuntary or by operation of law, of twenty-five percent (25%) or more of the partners, members or owners, or transfer of twenty-five percent (25%) or more of partnership, membership or ownership interests, within a twelve (12)-month period, or the dissolution of the partnership or company without immediate reconstitution thereof, (b) if Tenant is a corporation, the dissolution, merger, consolidation or other reorganization of Tenant, the sale or other transfer of more than an aggregate of twenty-five percent (25%) of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period; and (c) the sale, mortgage, hypothecation or pledge of more than an aggregate of twenty-five percent (25%) of the value of the unencumbered assets of Tenant within a twelve (12) month period.

2.31. Transferee. Any person or entity to whom or which any Transfer is made.

ARTICLE 3
PREMISES AND DELIVERY OF POSSESSION

3.1. Delivery of Possession. Except as otherwise provided herein, Landlord shall use commercially reasonable efforts to deliver possession of Premises on or before the Possession Date, if any, set forth on the Sublease Summary. If for any reason, Landlord is delayed in delivering possession of the Premises to Tenant on or before the Possession Date, if any, set forth in the Sublease Summary, Landlord shall not be subject to any liability for such failure, and the validity of this Sublease shall not be impaired, but (except in the case of delays caused by Tenant) the Commencement Date shall be extended for the period of such delay.

3.2. Commencement Date. If the Commencement Date is not fixed on the Sublease Summary, once the Commencement Date is fixed, within ten (10) days following request by Landlord, Tenant will execute and deliver to Landlord a certificate substantially in the form of Exhibit C attached hereto and made a part hereof, indicating thereon any exceptions thereto that may exist at that time. Failure of Tenant to execute and deliver such certificate within ten (10) days following its request by Landlord shall constitute binding and conclusive acceptance of the Premises and acknowledgment by Tenant that the statements included in Exhibit C, as prepared by Landlord, are true and correct.

3.3. Size of Premises. The leasable area of the Premises will be deemed for all purposes to be as set forth on the Sublease Summary.

3.4. Master Lease. Landlord shall obtain written consent of the City (acting by and through its City manager) to this Sublease, as required under Section (D) 21 of the Master Lease. If the City does not consent to this Sublease, this Sublease shall not come into effect and neither party shall have rights or obligations hereunder. If the City does consent, Tenant agrees to comply with all of the terms and conditions of the Master Lease that apply to the lessee thereunder, to the extent applicable to the Premises.

ARTICLE 4
RENT

Tenant agrees to pay to Landlord all Rent payable hereunder, without set-off or deduction, in lawful money of the United States of America. Tenant shall pay the Rent as follows:

4.1. Minimum Rent. Tenant shall pay to Landlord the Minimum Rent without notice or demand, in installments due and payable in advance on the first (1st) day of each calendar month during the Term. Along with and in addition to each monthly Minimum Rent payment under the Sublease, Tenant shall pay to Landlord any sales or privilege tax required under applicable Law. In the event of any fractional calendar month, Tenant shall pay for each day in such partial month a rental equal to 1/30 of the Minimum Rent. Concurrent with the execution of this Sublease, Tenant will deliver to Landlord the first month's Minimum Rent.

4.2. Gross Sales Reporting.

4.2.1 Within five (5) days after the end of each calendar month, Tenant shall furnish to Landlord a written statement, certified by Tenant to be correct, showing the total Gross Sales during the preceding month. Within thirty (30) days after the end of each Lease Year, Tenant shall furnish to Landlord a statement in writing, certified as correct by a party acceptable to Landlord, showing the total Gross Sales by month during such Lease Year, and a reconciliation as to the total Gross Sales. Tenant shall require its licensees, and concessionaires, if any, to furnish similar statements.

4.2.2 Tenant shall keep full, complete and proper books, records and accounts of Gross Sales. Landlord and its agents and employees shall have the right at any and all times, during the regular business hours, to examine and inspect all of the books and records of Tenant, including any sales tax reports pertaining to the Premises, for the purpose of investigating and verifying the accuracy of any statement of Gross Sales. Landlord may cause the business of Tenant to be audited by an accountant of Landlord's selection, and if the statement of Gross Sales previously made to Landlord shall be found to be inaccurate, then and in that event, there shall be an

adjustment and one party shall pay to the other on demand the sums as may be necessary to settle in full the accurate amount of said Percentage Rent that should have been paid for the period or periods covered by such inaccurate statement or statements. Tenant shall keep all records pertaining to Gross Sales for three (3) years, and shall make the same available to Landlord at the Premises. Landlord shall have the right to copy such records. If an audit shall disclose an understatement of Gross Sales greater than two percent (2%), then Tenant shall immediately reimburse Landlord for the cost of such audit. If an audit shall disclose an understatement of Gross Sales greater than five percent (5%) or any willful inaccuracies, the same shall constitute a Default.

4.3. City Rent. Starting with the month immediately following the month in which the Commencement Date occurs, in addition to the Minimum Rent and any other amounts payable by the Tenant under this Sublease, Tenant shall pay to Landlord, at the times and in the manner set forth in this Sublease for Minimum Rent, city rent (the "City Rent"), which will be calculated in accordance with the Master Lease.

4.4. Other Taxes Payable by Tenant. In addition to the Minimum Rent and any other charges to be paid by Tenant hereunder, Tenant shall, as an element of Rent, reimburse Landlord upon demand for any and all taxes payable by Landlord (other than net income taxes) that are not otherwise reimbursable under this Sublease, whether or not now customary or within the contemplation of the parties, where such taxes are upon, measured by, or reasonably attributable to (a) the cost or value of Tenant's equipment, furniture, fixtures, and other personal property located at the Premises, or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, regardless of whether title to such improvements is held by Tenant or Landlord; or (b) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, including but not limited to any sales tax on the Rent paid hereunder. If it becomes unlawful for Tenant to reimburse Landlord for any taxes or other charges as required under this Sublease, the Minimum Rent shall be revised to net Landlord the same net Rent after imposition of any tax or other charge upon Landlord as would have been payable to Landlord but for the reimbursement being unlawful.

4.5. Place of Payment. All Rent shall be paid at the address Landlord may from time to time designate in writing and in no event shall Landlord's acceptance of Rent from any party other than the Tenant named in the Sublease Summary create a tenancy between Landlord and such party.

4.6. Interest and Late Charges. If Tenant fails to pay any Rent when due, after giving effect to any applicable grace periods, the unpaid amounts shall bear interest at the Interest Rate. Tenant acknowledges that the late payment of any Rent will cause Landlord to incur costs and expenses not contemplated under this Sublease, including, without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such payment is not received by Landlord within five (5) days from when due, Tenant shall pay Landlord a late charge equal to five percent (5%) of such payment, plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent when due. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for loss resulting from Tenant's nonpayment. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages for any default of Tenant or as limiting Landlord's remedies in any manner. In addition, any check returned by the bank for any reason will be considered late and will be subject to all late charges, plus a Fifty Dollar (\$50.00) fee. After two (2) returned checks in any twelve (12) month period, Landlord will have the right to receive payment by a cashier's check or money order. Nothing contained herein shall be construed as to compel Landlord to accept any payment of Rent in arrears or late charges should Landlord elect to apply its rights and remedies available under this Sublease or at law or in equity in the event of a Default.

ARTICLE 5 INTENTIONALLY OMITTED

ARTICLE 6 USE

6.1. Permitted Use. Tenant shall use the Premises solely for the Permitted Use as shown on the Sublease Summary, and for no other purpose without Landlord's consent. Tenant shall not change the Tradename

of the business operated in the Premises without Landlord's prior written consent. No second-hand, auction, fire, distress or bankruptcy sales may be conducted on the Premises. Tenant's sales practices shall be in accord with standards and practices generally acceptable in first-class projects. Tenant shall not offer any goods or services that Landlord determines to be inconsistent with the image of a first-class, family-oriented project, nor shall Tenant display or sell any goods containing portrayals that Landlord determines to be lewd, graphically violent or pornographic. Tenant shall not sell or display any paraphernalia used in the preparation or consumption of controlled substances. In the event Landlord has approved Tenant's remaining open for business after normal business hours for the Project, then such approval shall be conditioned upon Tenant's paying for all additional costs incurred by Landlord as a result thereof. In the event that Tenant is permitted pursuant to this Sublease to engage in the sale of food and beverages from the Premises then Tenant shall: (a) be solely responsible for prompt disposal within the Premises of all trash, garbage and debris; and (b) inspect and maintain all grease traps, pans and hood ventilators in good order, condition and repair.

6.2. Compliance. Tenant shall comply with all recorded covenants, conditions, and restrictions, and the provisions of all ground or underlying leases, now or hereafter affecting the Project, including the Master Lease. Tenant shall not (a) do or permit anything to be done in or about the Premises that would in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or violate any restrictions or exclusive uses set forth in any other tenants' subleases, including, without limitation, the restrictive covenants and exclusive use restrictions set forth on Schedule 1 attached to this Sublease and incorporated herein; (b) injure, annoy or interfere with the business of any other tenants or occupants of the Project or any of their invitees; (c) cause, maintain, or permit any nuisance arising out of Tenant's use or occupancy of the Premises; or (d) commit or suffer to be committed any waste in or upon the Premises or the Project.

6.3. Continuous Operation. Tenant shall open for business upon the Commencement Date and shall continuously conduct and carry on Tenant's business in the Premises.

6.4. Intentionally Omitted.

6.5. Compliance with Law. Tenant has been provided an opportunity to inspect the Premises and the Project to a degree sufficient to determine whether or not the same, in their condition as of the date hereof, violate any applicable Law. Tenant further acknowledges and agrees that, except as may otherwise be specifically provided in this Sublease, Landlord has made no representation or warranty as to whether the Premises or the Project conforms to the requirements of Law. Tenant shall be responsible for compliance of the Premises with applicable Law and shall bear all costs necessary to maintain the Premises in compliance with Law, including, without limitation, structural work, if any. Tenant shall also be responsible for the cost of any alterations to other portions of the Project necessitated by any alterations to the Premises or any change in use of the Premises. Tenant shall not use or occupy the Premises in violation of any Law or the certificate of occupancy issued for the Project and shall, upon notice from Landlord, immediately discontinue any use of the Premises that is declared by any governmental authority having jurisdiction to be a violation of Law or the certificate of occupancy. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such Laws in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Should any obligation be imposed by Law, then Tenant agrees, at its sole cost and expense, to comply promptly with such obligations to the extent the same relate to the Premises or Tenant's use of the Premises or the Project.

6.6. Effect on Landlord's Insurance. Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any property coverage, or other insurance policy covering the Project or any property located therein. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Section.

6.7. Intentionally Omitted.

6.8. Use of Common Areas. Use of all Common Areas by any Tenant Related Parties shall at all times be subject to the Rules and Regulations and the exclusive control and management of Landlord.

ARTICLE 7
HAZARDOUS MATERIALS

7.1. Indemnity. Tenant shall indemnify, defend and hold harmless all Landlord Related Parties from and against all claims, suits, demands, response costs, contribution costs, liabilities, losses, or damages (including, without limitation, reasonable attorneys' fees), directly or indirectly arising out of the existence, use, generation, migration, storage, transportation, release, threatened release, or disposal of Hazardous Materials in, on, or under the Premises or the Project or in the groundwater under the Project and the migration or transportation of Hazardous Materials to or from the Premises or the Project or the groundwater underlying the Project, to the extent that any of the foregoing is caused by any Tenant Related Parties. This indemnity extends to the costs incurred by any Landlord Related Party to investigate, remediate, monitor, treat, repair, clean-up, dispose of, or remove such Hazardous Materials in order to comply with the Environmental Laws; provided that if Tenant is not otherwise in Default, Landlord shall give Tenant not less than thirty (30) days' advance notice of Landlord's intention to incur such costs.

7.2. Restriction on Hazardous Materials. Tenant shall not permit any Tenant Related Parties to use, generate, manufacture, store, transport, release, threaten release, or dispose of Hazardous Materials, other than de minimis amounts of customary office and cleaning supplies in compliance with applicable Environmental Laws, in, on, or about the Premises or the Project or transport Hazardous Materials from the Premises or the Project unless Tenant shall have received Landlord's prior consent therefor, which Landlord may revoke at any time, and shall not cause or permit the release or disposal of Hazardous Materials from the Premises or the Project except in compliance with applicable Environmental Laws. Tenant shall promptly deliver notice to Landlord if Tenant obtains knowledge sufficient to infer that Hazardous Materials are located on the Premises or the Project that are not in compliance with applicable Environmental Laws or if any third party, including without limitation, any governmental agency, claims a significant disposal of Hazardous Materials occurred on the Premises or the Project or is being or has been released from the Premises or the Project.

7.3. Investigation of Contamination. Upon reasonable written request of Landlord, Tenant, through its appropriately qualified and licensed professional engineers, and at Tenant's cost, shall thoroughly investigate suspected Hazardous Materials contamination of the Premises or the Project that would arguably come within the scope of Tenant's indemnification and hold harmless obligations as set forth above. Tenant, using duly licensed and insured contractors approved by Landlord, shall promptly commence and diligently complete the removal, repair, clean-up, and detoxification of any Hazardous Materials from the Premises and the Project as may be required by applicable Environmental Laws that comes within the scope of Tenant's indemnification and hold harmless obligations as set forth above. The provisions of this Article shall survive the expiration or earlier termination of this Sublease.

7.4. Landlord Consent. If during the Term of this Sublease, Tenant contemplates utilizing Hazardous Materials (or subleasing or assigning this Sublease to a subtenant or assignee who utilizes Hazardous Materials), other than de minimis amounts of customary office and cleaning supplies in compliance with applicable Environmental Laws, Tenant shall obtain the prior written consent of Landlord. As a condition of granting such consent, Landlord may require, among other things, that (a) such substances be of the type customarily used in retail space and be used and maintained only in such quantities as are reasonably necessary for the Permitted Use and in strict accordance with applicable Environmental Laws and manufacturer instructions therefor; (b) such substances shall not be disposed of, released or discharged on the Project and shall be transported to and from the Premises in compliance with all applicable Environmental Laws and as Landlord shall reasonably require; (c) any remaining such substances shall be completely, properly and lawfully removed from the Premises and the Project upon expiration or earlier termination of this Sublease; (d) such use shall not constitute a nuisance, danger or health risk to or disrupt the business of any other occupant of the Project; and (e) Tenant carry environmental insurance acceptable to Landlord, meeting the requirements of Sections 18.2 and 18.3 and naming Landlord as an additional insured. If any applicable Environmental Law or other ordinance or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements, at Tenant's expense, for such disposal directly with a qualified and licensed disposal company at a lawful disposal site and shall ensure that such disposal occurs frequently enough to prevent unnecessary storage of such substances on the Premises. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list identifying any Hazardous Materials then used, stored or maintained upon the Premises, the use and approximate quantity of each

such material, a copy of any Material Safety Data Sheet ("MSDS") issued by the manufacturer thereof, written information concerning the removal, transportation, and disposal of the same, and such other information as Landlord may reasonably require or as may be required by Environmental Laws. Landlord, at its option, and at Tenant's expense, may cause an engineer selected by Landlord, to review (1) Tenant's operations including, without limitation, materials used, generated, stored, disposed, and manufactured in Tenant's business; and (2) Tenant's compliance with terms of this Section. Tenant shall provide the engineer with such information reasonably requested by the engineer to complete the review. The first such review may occur prior to or shortly following the commencement of the Term of this Sublease. Thereafter, such review shall not occur more frequently than once each year unless cause exists for some other review schedule.

ARTICLE 8

UTILITIES AND SERVICES

8.1. **Utilities.** Tenant shall obtain and pay for all water, gas, electricity, heat, telephone, sewer, sprinkler charges and other utilities and services used at the Premises, together with all taxes, penalties, surcharges, and maintenance charges pertaining thereto. However, if any of such utilities are not separately metered and the Premises is submetered or jointly metered, then Tenant shall pay, within ten (10) days of Tenant's receipt of Landlord's invoice therefor, the amount reasonably determined by Landlord to be Tenant's equitable share of the monthly charge for any such utilities. By executing this Sublease, Tenant hereby authorizes Landlord to obtain information regarding Tenant's utility and energy usage at the Premises directly from the applicable utility providers and Tenant shall execute, within five (5) days of Landlord's request, any additional documentation required by any applicable utility provider evidencing such authorization. Further, (i) within five (5) days of Landlord's request, Tenant shall provide to Landlord all requested information regarding Tenant's utility and energy usage at the Premises, and (ii) within ten (10) days of the close of each calendar month during the Term, Tenant shall deliver to Landlord copies of its utilities bills for the immediately preceding calendar month.

8.2. **Government Energy or Utility Controls.** In the event of imposition of any government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby, and the same shall not constitute a constructive eviction of Tenant. In the event of a difference in interpretation by Landlord and Tenant of any such controls, Landlord's interpretation shall prevail, and Landlord shall have the right to enforce compliance therewith, including, without limitation, the right of entry into the Premises to effect compliance.

8.3. **Safety and Security Devices, Services, and Programs.** The parties acknowledge that safety and security devices, services, and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts or ensure safety of persons or property. The risk that any safety or security device, service, or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests; and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

ARTICLE 9

CONDITION OF THE PREMISES

Tenant acknowledges that Tenant is leasing the Premises on an "as is, where is" basis. Tenant's taking possession of the Premises shall be deemed conclusive evidence that, as of the date of taking possession, the Premises were in good order and satisfactory condition. No promise of Landlord to alter, remodel, repair, or improve the Premises or the Project, and no representation, express or implied, respecting any matter or thing relating to the Premises, the Project or this Sublease (including, without limitation, the condition thereof) have been made to Tenant by Landlord or its broker or sales agent, other than as may be expressly contained in this Sublease. Promptly following the Possession Date, Tenant shall perform the Tenant Improvements and the Restroom Work as described in Exhibit D-1.

ARTICLE 10
REPAIRS AND MAINTENANCE

10.1. Landlord's Obligations. Landlord agrees to keep in good order the roof, and exterior walls (exclusive of all glass, including plate glass, locks, hinges, doors, door hardware, and door frames) of the Premises. Landlord shall also maintain the Common Areas of the Project in good order, condition and repair. Tenant hereby waives and relinquishes any right to make any repairs of Landlord's expense under Sections 1941 and 1942 of the California Civil Code, and under all similar Laws now or hereafter in effect.

10.2. Intentionally Omitted.

10.3. Intentionally Omitted.

10.4. Load and Equipment Limits. Tenant shall not place a load upon the Premises that exceeds the load per square foot that the structural portions of the Premises were designed to carry, as determined by Landlord or Landlord's structural engineer. If Landlord or Landlord's structural engineer determines that any improvement or load placed upon the Premises exceeds the load per square foot that the structural portions of the Premises were designed to carry, then Tenant shall remove such load or otherwise remedy such fact to Landlord's satisfaction. Upon demand, Tenant shall pay the cost of any such determination.

ARTICLE 11
ALTERATIONS AND ADDITIONS

11.1. Tenant's Alterations. Tenant shall not make any additions, alterations, or improvements to the Premises without the prior consent of Landlord, which consent shall be requested by Tenant at least thirty (30) days prior to the commencement of any work. Landlord's consent may be conditioned, among other things, on Tenant's removing any such additions, alterations, or improvements at the Expiration Date and restoring the Premises to the same condition as on the Possession Date. All additions, alterations, and improvements shall be (a) made in a good and workmanlike manner using only good grades of materials; (b) performed by properly qualified and licensed personnel approved by Landlord; (c) performed so as not to cause or create any jurisdictional or other labor disputes, including, without limitation, use of union labor if required by Landlord; (d) performed in such manner as not to obstruct access to the Project or the Common Areas, and as not to obstruct the business of Landlord or other tenants in the Project; and (e) diligently prosecuted to completion. Notwithstanding the foregoing, Tenant shall have the right during the Term to make additions, alterations, or improvements as Tenant may reasonably deem desirable or necessary, following ten (10) days' notice to Landlord, but without Landlord's consent, provided that such work (i) is of a non-structural nature and does not affect any system serving the Premises; (ii) is not visible from outside of the Premises; and (iii) does not, in the aggregate, exceed \$5,000 for alterations other than floor and wall covering in any twelve (12) month period.

11.2. Payment and Indemnification. Tenant shall pay the costs of any work done on the Premises by or on behalf of Tenant and shall keep the Premises and the Project free and clear of liens of any kind. Tenant shall indemnify, defend against, and keep Landlord free and harmless from all claims, demands, liability, loss, damage, costs, reasonable attorneys' fees, and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant, including but not limited to resolution of any jurisdictional or other labor disputes.

11.3. Notices and Liens. Tenant agrees not to suffer or permit any lien of any mechanic or materialman to be placed or filed against the Premises or the Project. In case any such lien shall be filed, Tenant shall satisfy and release such lien of record within twenty (20) days (or such shorter period as may be required by any Mortgagee) after the earlier to occur of (a) receipt of notice thereof from Landlord; or (b) Tenant's actual knowledge or notice of such lien filing. If Tenant shall fail to have such lien satisfied and released of record as provided herein, Landlord may, on behalf of Tenant, without being responsible for making any investigation as to the validity of such lien and without limiting or affecting any other remedies Landlord may have, pay the same and Tenant shall reimburse Landlord on demand for such amount together with any other reasonable costs of Landlord, including, without limitation, reasonable attorneys' fees. Notwithstanding the foregoing, Tenant shall have the right to contest any such lien claim diligently and in good faith, and during such contest shall not be obligated to pay such lien claim,

provided that Tenant is not in breach of any of its obligations under this Sublease and provided, Tenant, at its sole cost and expense, bonds the lien, or transfers the lien from the Property to a bond, thereby freeing the Property from any claim of lien. Notwithstanding any such contest or title insurance, Tenant shall pay any such claim in full within five (5) days following the entry of an unstayed judgment or order of sale. All materialmen, contractors, artisans, mechanics, laborers and any other person now or thereafter furnishing any labor, services, materials, supplies or equipment to Tenant with respect to Premises or any portion thereof, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for the same. Notice is hereby given that Landlord shall not be liable for any labor, services, materials, supplies, skill, machinery, fixtures or equipment furnished to or to be furnished to Tenant upon credit and that no mechanic's lien or any other lien for any such labor, services, materials, supplies, machinery, fixtures or equipment shall attach to or effect the state or interest of Landlord in and to the Premises or the Property, or any portion thereof. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before that date to enable Landlord to post notices of nonresponsibility or any other notices that Landlord deems necessary for the protection of Landlord's interest in the Premises or the Project, and Landlord shall have the right to enter the Premises and post such notices at any reasonable time.

11.4. Construction Requirements. Any work performed at the Project or on the Premises by Tenant or Tenant's contractors in connection with improvements shall be subject to the General Conditions set forth in Exhibit D, including, without limitation, the insurance requirements relating to Tenant's contractors and the Construction Rules and Regulations.

ARTICLE 12

CERTAIN RIGHTS RESERVED BY LANDLORD

Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person, or business; (b) causing an actual or constructive eviction from the Premises; or (c) disturbing Tenant's use, possession, or beneficial and quiet enjoyment of the Premises:

- 12.1. Name. To change the name or street address of the Project.
- 12.2. Signage. To install and maintain signs on the exterior and interior of the Project.
- 12.3. Keys. To have passkeys to the Premises and all doors within the Premises, excluding Tenant's vaults and safes.
- 12.4. Inspection and Entry. Landlord may enter the Premises on reasonable prior notice to Tenant (except in the event of an emergency, in which case no notice shall be required) (a) to inspect the Premises; (b) to show the Premises to any prospective purchaser or Mortgagee of the Project, or to others having an interest in the Project or Landlord; (c) and during the existence of a Default; (d) during last six (6) months of the Term, to show the Premises to prospective tenants and post a "For Sublease" sign in the window of the Premises; (e) to make inspections, repairs, alterations, additions, or improvements to the Premises or the Project; and (f) to take all steps as may be necessary or desirable for the safety, protection, maintenance, or preservation of the Premises or the Building or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Project or in order to comply with Laws.
- 12.5. Renovations. Landlord may during the Term renovate, improve, alter, or modify (collectively, the "Renovations") the Project, including without limitation Common Areas, roof, and structural portions of the Project. Renovations may include, without limitation, modifying the Common Areas and tenant spaces to comply with applicable Laws, including, without limitation, regulations relating to the physically disabled, seismic conditions, and building safety and security. In connection with such Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Project, limit or eliminate access to portions of the Project, including, without limitation, portions of the Common Areas, or perform work in the Project that may create noise, dust or leave debris. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any

compensation or damages from Landlord for inconvenience, annoyance or loss of the use of any part of the Premises or of Tenant's Property resulting from the Renovations.

12.6. Common Areas. Landlord shall have the right to eliminate or change the size, location and arrangement of the Common Areas; to enter into, modify and terminate easements and other agreements pertaining to the use and maintenance of the Common Areas; to close all or any portion of the Common Areas as may be necessary to prevent a dedication thereof or the accrual of any rights to any person or to the public therein; to close temporarily any or all portions of the Common Areas; and to do and perform such other acts in and to the Common Areas as Landlord shall determine to be advisable for the convenience and use thereof by owners, occupants, tenants and invitees of the Project.

12.7. Minimize Interference. In the exercise of the rights set forth in this Article 12, Landlord shall (except in an emergency) take reasonable steps to minimize any interference with Tenant's business.

ARTICLE 13

RULES AND REGULATIONS

Tenant shall comply with (and cause all Tenant Related Parties to comply with) the Rules and Regulations. Landlord shall not be responsible for any violation of the Rules and Regulations by other tenants or occupants of the Project. All Rules and Regulations, whether now existing or hereafter adopted by Landlord, shall be non-discriminatory in nature.

ARTICLE 14

TRANSFERS

Except as provided in this Article, Tenant shall not, without the prior consent of Landlord, make any Transfer.

14.1. Notice. Tenant shall notify Landlord of any proposed Transfer (a "Transfer Notice"). The date of the proposed Transfer must be not less than forty-five (45) days or more than one hundred eighty (180) days after the date of the Transfer Notice. The Transfer Notice shall include (a) the proposed effective date of the Transfer; (b) a description of the portion of the Premises to be transferred (the "Subject Space"); (c) all of the terms of the proposed Transfer and the consideration therefor, including, without limitation, a calculation of the Transfer Premium (as defined below); (d) the name and address of the Transferee; (e) current financial statements of the Transferee certified by an officer, partner or owner thereof; (f) any other information that will enable Landlord to determine the financial responsibility, character, and reputation of the Transferee and the nature of such Transferee's business; and (g) the proposed use of the Subject Space. Landlord shall respond to any properly delivered Transfer Notice within thirty (30) days.

14.2. Fees. Whether or not Landlord shall grant consent, Tenant shall pay Landlord, concurrently with any request for consent, a \$1,000 administrative review and processing fee, as well as any reasonable legal fees incurred by Landlord, within thirty (30) days after written request by Landlord.

14.3. Consent. Landlord's consent shall not be required for any Permitted Transfer. Landlord shall not unreasonably withhold or delay its consent to any other proposed Transfer. It shall be reasonable under this Sublease and under any applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

14.3.1 The Transferee is of a character or reputation or engaged in a business that is not consistent with the quality of the Project.

14.3.2 The Transferee intends to use the Subject Space for purposes that are different than the Permitted Use.

14.3.3 The Transferee intends to use the Subject Space for purposes that would result in a reduction of Gross Sales or customer traffic.

14.3.4 The Transferee is either a governmental agency or instrumentality thereof.

14.3.5 The Transfer would likely result in significant increase in the use of the parking areas or Common Areas by the Transferee's employees or visitors.

14.3.6 The Transferee is not consistent with Landlord's desired tenant mix.

14.3.7 The Transferee does not have has at least three (3) years of experience of operating the same or a similar business.

14.3.8 The Transferee is not a party of acceptable financial worth or financial stability in light of the responsibilities involved under the Sublease on the date consent is requested, as determined by Landlord.

14.3.9 The Transfer would cause a violation of another sublease or any agreement to which Landlord is a party, or would give an occupant of the Project a right to cancel its sublease.

14.3.10 The Transfer would occur at a time when Landlord has similarly-sized space available in the Building and the rent charged by Tenant to such Transferee during the term of such Transfer, calculated using a present value analysis, is less than ninety-five percent (95%) of the rent that would be quoted by Landlord at the time of such Transfer for such similarly-sized space for a comparable term, calculated using a present value analysis.

14.3.11 Either the Transferee or an Affiliate of the Transferee (a) occupies space in the Project at the time of the request for consent; (b) is negotiating with Landlord to sublease space in the Project at such time; or (c) has negotiated with Landlord during the twelve (12)-month period immediately preceding the Transfer Notice.

14.4. Completion of Transfer. If Landlord consents to any Transfer (and does not exercise any recapture rights Landlord may have under this Sublease), Tenant may within six (6) months after Landlord's consent, enter into the approved Transfer, upon substantially the same terms and conditions as are set forth in the Transfer Notice. If there are any material changes in the terms and conditions from those specified in the Transfer Notice (a) such that Landlord would initially have been entitled to refuse its consent to such Transfer; or (b) that would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in the Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article (including, without limitation, exercise any of recapture rights Landlord may have under this Sublease).

14.5. Transfer Premium. If Landlord consents to a Transfer, Tenant shall pay to Landlord fifty percent (50%) of any Transfer Premium received by Tenant. "Transfer Premium" shall mean (a) all rent, additional rent or other consideration payable by such Transferee in excess of the Rent payable by Tenant under this Sublease on a per leasable square foot basis; (b) all key money and bonus money paid by Transferee; and (c) any payment in excess of fair market value for services rendered by Tenant to Transferee. The "Transfer Premium" shall (i) be reduced by all out-of-pocket expenses incurred by Tenant in connection with the Transfer, such as customary brokerage commissions and reasonable attorneys' fees; and (ii) shall not include any compensation for the fair market value of Tenant's Property nor reasonable compensation for the sale of Tenant's business that is not attributable to the value of Tenant's leasehold interest hereunder. Tenant shall pay the Transfer Premium to Landlord within five (5) days following receipt by Tenant. Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium. Within one (1) year following the date of the Transfer, Landlord shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer as necessary to confirm the calculation of the Transfer Premium. If the Transfer Premium shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, together with interest thereon at the Interest Rate and Landlord's costs of such audit. If the Transfer Premium has been understated by more than ten percent (10%), Landlord shall

have the right to cancel this Sublease upon thirty (30) days' notice to Tenant and Tenant shall indemnify Landlord from and against any and all liability associated with such termination, including but not limited to any claims by the Transferee.

14.6. Recapture. Notwithstanding anything to the contrary contained in this Article, Landlord shall have the option, by giving notice to Tenant within twenty (20) days after receipt of any Transfer Notice, to recapture the Subject Space. Such recapture notice shall cancel and terminate this Sublease with respect to the Subject Space as of the effective date of the proposed Transfer (or upon the demise of the Subject Space separate from the Premises if the Subject Space being recaptured is less than the entire Premises). In the event of a recapture by Landlord, if this Sublease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the leasable area retained by Tenant in proportion to the leasable area of the Premises, and this Sublease as so amended shall continue thereafter in full force and effect. Upon request of either party, the parties shall execute written confirmation of the foregoing.

14.7. Effect of Transfer. If Landlord consents to a Transfer, (a) no terms or conditions of this Sublease shall be deemed to have been waived or modified; (b) such consent shall not be deemed consent to any further Transfer; (c) no Transfer shall be valid, and no Transferee shall take possession of the Premises, until an executed counterpart of all documentation pertaining to the Transfer has been delivered to Landlord; and (d) no Transfer shall relieve Tenant or any Guarantor from primary liability under this Sublease. The acceptance of Rent by Landlord from any party shall not be deemed to be a waiver of Landlord of any provision hereof. In the event of Default by a Transferee in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee. Landlord may consent to subsequent assignments of the Sublease or sublettings or amendments or modifications to the Sublease by Transferees without notifying Tenant, and without obtaining its consent thereto, and any such actions shall not relieve Tenant of liability under this Sublease. Any Transfer for which Landlord's consent is required but not obtained pursuant hereto shall constitute a Default under this Sublease and shall be void and, if such Transfer results in the insolvency of Tenant and/or Tenant is unable to pay its debts (including the Rent due hereunder) as such debts become due, then the obligations of Tenant under this Sublease shall be personal liabilities of the owners of the ownership interests in Tenant and Landlord shall have the right to look to such owners for the performance of all of the Tenant obligations under this Sublease as if such owners had personally guaranteed this Sublease.

14.8. Tenant Remedy for Landlord Refusal to Consent. Landlord and Tenant expressly agree that Tenant's sole and exclusive remedy for any alleged wrongful refusal, withholding or delay of consent under this Article shall be an action for specific performance, declaratory and injunctive relief. Tenant hereby waives, relinquishes and releases any and all rights to damages of any kind, or the right to terminate this Sublease under Section 1953.10 of the California Civil Code, and under all similar Laws now or hereafter in effect.

ARTICLE 15

DESTRUCTION OR DAMAGE

15.1. Landlord Termination Rights. If the Premises or the portion of the Project necessary for Tenant's occupancy is damaged by fire, earthquake, terrorism, act of war, act of God, the elements or other casualty, then Landlord may terminate this Sublease upon notice given to Tenant within sixty (60) days after the date of such casualty, effective as of the date of the casualty if (a) in Landlord's opinion, repairs necessary for Tenant's occupancy cannot be completed within ninety (90) days; (b) any other portion of the Project is damaged to the extent that, in Landlord's opinion, repair thereof cannot be completed within ninety (90) days; (c) the Premises or the portion of the Project necessary for Tenant's occupancy is damaged during the final twelve (12) months of the Term, unless Tenant shall exercise its next available renewal option (if any) within ten (10) days following receipt of Landlord's termination notice, or unless both parties agree on an extension of this Sublease within such ten (10) day period; (d) the insurance proceeds available to Landlord are not sufficient to complete repair or restoration; (e) Landlord's lender does not elect to make insurance proceeds available to Landlord for repair and restoration; or (f) Tenant has vacated the Premises or is in Default under this Sublease.

15.2. Repairs. If this Sublease is not terminated as provided above, it shall continue in full force and effect, and Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment, and subject to all other terms of this Article, restore the base, shell, and core of the Premises, the Common Areas and the

portions of the Project serving the Premises. Such restoration shall be to substantially the same condition of such items as prior to the casualty, except for modifications (a) required by Law; (b) required by the holder of a mortgage on the Project, or the lessor of a ground or underlying lease including the City as the lessor under the Master Lease with respect to the Property; or (c) to the Common Areas reasonably deemed desirable by Landlord, and which are consistent with the character of the Project. No such modifications shall materially impair access to the Premises and any Common Areas serving the Premises. Tenant shall be responsible, at its sole cost and expense, for the repair, restoration, and replacement of any leasehold improvements installed by Tenant (unless Landlord has elected to insure the same, in which case such repair shall be Landlord's responsibility) and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience, or annoyance arising from any repair or restoration of any portion of the Premises, the Project as a result of any damage from any casualty. Following Landlord's repair of the Premises, Tenant shall repair and restore any improvements installed by Tenant to substantially the same condition as prior to the casualty, except for modifications required by Law. All work by Tenant shall be subject to the conditions set forth in this Sublease governing alterations and additions.

15.3. Tenant's Termination Rights. If Landlord does not elect to terminate this Sublease pursuant to Landlord's termination right as provided above, and the repairs cannot be completed within three hundred sixty five (365) days after being commenced (the "**Repair Period**") as determined by an architect or contractor designated by Landlord, Tenant may elect, no earlier than sixty (60) days after the date of the casualty and not later than ninety (90) days after the date of such casualty, to terminate this Sublease by notice to Landlord, effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty(60) days after such notice. In addition, in the event that the Premises or the Project is destroyed or damaged to any substantial extent during the last twelve (12) months of the Term, then Tenant shall have the option to terminate this Sublease by giving notice to Landlord within thirty (30) days after such casualty, in which event this Sublease shall cease and terminate as of the date of such notice. Tenant shall also have the right to terminate this Sublease if Landlord does not complete repairs within the Repair Period by thirty (30) days' notice to Landlord after the expiration of the Repair Period; provided however, if Landlord completes repair within such thirty (30) day period, such termination shall be nullified and this Sublease shall continue in full force and effect.

15.4. Apportionment of Rent. Upon any termination of this Sublease pursuant to this Article, Tenant shall pay the Rent, properly apportioned up to such date of termination, and both parties hereto shall thereafter be freed and discharged of all further obligations hereunder, except as provided for in provisions of this Sublease that by their terms survive the expiration or earlier termination of this Sublease.

15.5. Abatement. The Rent shall abate on an equitable basis to the extent Tenant's use of the Premises is impaired, commencing with the date of the casualty and continuing until completion of the repairs required of Landlord; provided that if the damage is due to the negligence or willful misconduct of any Tenant Related Party, Rent shall only abate to the extent the same is covered by rent loss insurance, if any, carried by Landlord.

15.6. Express Agreement. This Sublease shall be considered an express agreement governing any case of damage to or destruction of the Premises or the Project by fire or other casualty; and any present or future Law that purports to govern the rights of Landlord and Tenant in such circumstances in the absence of express agreement is hereby waived by the parties and shall have no application. As a material inducement to Landlord's entering into this Sublease, Tenant irrevocably waives and releases the provisions of California Civil Code Sections 1932(2) or 1933(4), as the same may be amended or re-codified from time to time and under all similar Laws now or hereafter in effect that would permit termination or automatically terminate this Sublease or otherwise be contrary to the provisions of this Article in the event of any damage or destruction.

ARTICLE 16

EMINENT DOMAIN

16.1. Entire Premises. If the whole of the Project or the Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Sublease shall terminate as of the earlier of the date of the date title vests or the date possession is given, and Rent shall be prorated to such date.

16.2. Partial Condemnation. If less than the whole of the Project or the Premises is so taken, this Sublease shall be unaffected by such taking, except that (a) Tenant shall have the right to terminate this Sublease by

notice to Landlord given within ninety (90) days after the date of such taking if twenty-five percent (25%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business; and (b) Landlord shall have the right to terminate this Sublease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Sublease, this Sublease shall terminate on the thirtieth (30th) day after either such notice. Rent shall be prorated to the date of such termination. If this Sublease continues in force upon such partial taking, the Minimum Rent and Tenant's Proportionate Share shall be equitably adjusted according to the remaining leasable area of the Premises and the Project. This Sublease shall be considered an express agreement governing any condemnation of the Premises or the Project, and Tenant agrees that its rights to terminate this Sublease are governed by this Article. Tenant hereby waives, releases and relinquishes all rights it may have to terminate this Sublease following a condemnation under Section 1265.130 of the California Code of Civil Procedure, or any similar Laws now or hereafter in effect.

16.3. Proceeds of Award. In the event of any taking, partial or whole, all of the proceeds of any award, judgment, or settlement payable by the condemning authority shall be the exclusive property of Landlord, whether awarded as compensation for the damages to Landlord's or Tenant's interest in the Premises and whether or not awarded as compensation for diminution in value of the leasehold or to the fee of the Premises, and Tenant hereby assigns to Landlord all of its right, title, and interest in any award, judgment, or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's Property.

16.4. Repairs. In the event of a partial taking of the Premises that does not result in a termination of this Sublease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking. Tenant shall be responsible at its sole cost and expense for the repair, restoration, and replacement of Tenant's Property.

ARTICLE 17

INDEMNIFICATION, WAIVER, RELEASE AND LIMITATION OF LIABILITY

17.1. Tenant's Indemnity. Except for any injury or damage to persons or property on the Premises that is proximately caused by or results proximately from the gross negligence or willful misconduct of Landlord, no Landlord Related Parties shall be liable for, and Tenant will and does hereby indemnify, defend and hold harmless the Landlord Related Parties against and from all liabilities, obligations, suits, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and other professional fees (if and to the extent permitted by law), that may be imposed upon, incurred by, or asserted against Landlord or any of the Landlord Related Parties and arising, directly or indirectly, out of or in connection with Tenant's use, occupancy or maintenance of the Premises or the Project, including, without limitation, any of the following: (a) any work or thing done in, on or about the Premises or the Project or any part thereof by any Tenant Related Party; (b) any injury or damage to any person or property; (c) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms or conditions contained in this Sublease; and (d) any negligent or otherwise tortious act or omission of any Tenant Related Party. At Landlord's request, Tenant shall, at Tenant's expense and by counsel selected by Landlord, defend Landlord in any action or proceeding arising from any such claim or liability and shall indemnify Landlord against all costs, reasonable attorneys' fees, expert witness fees, and any other expenses incurred in such action or proceeding.

17.2. Assumption of Risk. Tenant hereby assumes all risk of damage or injury to any person or property in, on, or about the Premises from any cause other than the gross negligence or willful misconduct of Landlord. Tenant, to the fullest extent permitted by law and as a material part of the consideration to Landlord for this Sublease, hereby waives and releases all claims against any Landlord Related Parties with respect to all matters for which Landlord has disclaimed liability pursuant to the provisions of this Sublease. Tenant agrees that, unless expressly provided herein, no Landlord Related Parties will be liable for any loss, injury, death, or damage to persons, property, or Tenant's business resulting from any of the following, regardless of whether the same is due to the active or passive negligence of any Landlord Related Party: (a) theft; (b) Force Majeure, order of governmental body or authority, fire, explosion, or falling objects; (c) any accident or occurrence in the Premises or any other portion of the Project, caused by the Premises or any other portion of the Project being or becoming out of repair or

by the obstruction, breakage or defect in or failure of utility services to the Premises or any equipment, pipes, sprinklers, wiring, plumbing, heating, ventilation and air-conditioning or lighting fixtures of the Project or by broken glass or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into or out of the Premises; (d) construction, repair or alteration of the Premises or any other premises in the Project, unless due solely to the gross negligence or willful misconduct of Landlord; (e) business interruption or loss of use of the Premises; (f) any diminution or shutting off of light, air or view by any structure erected on the Land or any land adjacent to the Project, even if Landlord is the adjacent land owner; (g) mold or indoor air quality; (h) any acts or omissions of any other tenant, occupant or visitor of the Project; or (i) any cause beyond Landlord's control. In no event shall Landlord be liable for indirect, consequential, or punitive damages, including, without limitation, any damages based on lost profits. None of the foregoing shall be considered a constructive eviction of Tenant, nor shall the same entitle Tenant to an abatement of Rent. Tenant acknowledges that it is familiar with and understands California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR. TENANT ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY LEGAL COUNSEL OF ITS CHOICE IN CONNECTION WITH THIS SUBLEASE, AND THAT SUCH COUNSEL HAS EXPLAINED TO TENANT THE PROVISIONS OF THIS SECTION. BY INITIALING BELOW, TENANT CONFIRMS IT HAS AGREED TO THE PROVISIONS OF THIS SECTION.

Tenant's initials: 

Tenant hereby waives and relinquishes every right or benefit that it has or may have under California Civil Code Section 1542 to the full extent that it may lawfully waive such right or benefit. In connection with such waiver and relinquishment, Tenant acknowledges that it may discover facts in addition to or different from those that it knows or believes to be true with respect to the subject matter of this Sublease and/or the waiver(s) set forth herein, but that it is Tenant's intention hereby to fully, finally and forever waive and release all claims, demands, losses, liabilities, costs, expenses and damages, known or unknown, suspected or unsuspected, that may exist or heretofore have existed or that may come into existence hereinafter with respect to the claims, as well as any and all other claims and/or matters covered herein or contemplated hereby. The releases given in this Section, as well as well elsewhere in this Sublease, shall be and remain in effect as full and complete releases notwithstanding the discovery or existence of any such additional or different facts.

17.3. Waiver of Subrogation. Anything in this Sublease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action against the other for any loss or damage to any property of Landlord or Tenant, arising from any cause that (a) would be insured against under the terms of any property insurance required to be carried hereunder; or (b) is insured against under the terms of any property insurance actually carried, regardless of whether the same is required hereunder. The foregoing waiver shall apply regardless of the cause or origin of such claim, including but not limited to the negligence of a party, or such party's agents, officers, employees or contractors. The foregoing waiver shall not apply if it would have the effect, but only to the extent of such effect, of invalidating any insurance coverage of Landlord or Tenant. The foregoing waiver shall also apply to any deductible, as if the same were a part of the insurance recovery.

17.4. Limitation of Landlord Liability. Neither Landlord nor any Landlord Related Party shall have any personal liability with respect to any of the provisions of the Sublease, or the Premises. If Landlord is in breach or default with respect to Landlord's obligations under the Sublease, Tenant shall look solely to the equity interest of Landlord in the Project for the satisfaction of Tenant's remedies or judgments. No other real, personal, or mixed property of any Landlord Related Parties, wherever situated, shall be subject to levy to satisfy such judgment. Upon any Transfer of Landlord's interest in this Sublease or in the Project, the transferring Landlord shall have no liability or obligation for matters arising under this Sublease from and after the date of such Transfer.

ARTICLE 18 TENANT'S INSURANCE

18.1. Required Coverage. Tenant shall maintain the following coverages in the following amounts.

18.1.1 Commercial General Liability Insurance (or its equivalent) covering the insured against claims of bodily injury and death, personal injury and property damage arising out of Tenant's operations, assumed liabilities or use of the Premises, for limits of liability not less than Two Million and No/100 Dollars (\$2,000,000.00) combined single limit per occurrence and Five Million and No/100 Dollars (\$5,000,000.00) combined single limit annual aggregate.

18.1.2 Property Insurance covering (a) Tenant's Property, and (b) any improvements and alterations made by Tenant or at Tenant's request. Such insurance shall be written on a "Causes of Loss - Special Form" basis (or its equivalent), for the full replacement cost (as shall be approved by Landlord) without deduction for depreciation, and shall include coverage for vandalism, malicious mischief and sprinkler leakage. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Sublease following a casualty as set forth herein the proceeds under (a) shall be paid to Tenant and the proceeds under (b) in excess of Tenant's unamortized cost associated therewith shall be paid to Landlord. Notwithstanding the foregoing, Landlord shall have the option at any time, upon three (3) months' notice to Tenant, to procure property insurance covering leasehold improvements on all the premises throughout the Project.

18.1.3 Business Income and Extra Expense insurance (or its equivalent) in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or to the Project as a result of such perils, for a period of not less than twelve (12) months.

18.1.4 Statutory worker's compensation, together with employers liability coverage at limits of:

\$1,000,000 Each Accident
\$1,000,000 Each Employee by Disease
\$1,000,000 Policy Limit by Disease

18.1.5 If the Permitted Use includes the sale of alcoholic beverages, the policy of commercial general liability insurance required herein shall include coverage for employer's liability, host liquor liability, liquor liability and so called "Dram Shop" liability coverage with a combined single limit of not less than Three Million and No/100 Dollars (\$3,000,000.00), per occurrence.

18.2. Form of Policies. The minimum limits of policies of insurance required of Tenant under this Sublease shall in no event limit the liability of Tenant under this Sublease. All liability insurance shall (a) name Landlord, Landlord's asset manager, Landlord's property management agent, the Advisor, and at Landlord's request, any Mortgagee, each as an additional insured, as their respective interests may appear; (b) specifically cover the liability assumed by Tenant under this Sublease, including, but not limited to, Tenant's indemnity obligations under this Sublease; (c) be issued by an insurance company having a rating of not less than A- IX in Best's Insurance Guide or that is otherwise acceptable to Landlord and licensed to do business in the State; (d) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord shall be excess and non-contributing with any insurance requirement of Tenant; (e) provide that said insurance shall not be canceled, expire or coverage reduced unless thirty (30) days' prior notice shall have been given to Landlord; and (f) if Tenant has a tangible net worth of less than Ten Million and No/100 Dollars (\$10,000,000.00), have a deductible not greater than Five Thousand and No/100 Dollars (\$5,000.00).

18.3. Evidence of Insurance. Tenant shall deliver a copy of each paid-up policy (authenticated by the insurer) or other evidence of insurance reasonably satisfactory to Landlord, evidencing the existence and amount of each insurance policy required hereunder on or before the Possession Date and at least thirty (30) days before the expiration dates of the applicable policies. Landlord may, at any time and from time to time, inspect or copy any insurance policies that this Sublease requires Tenant to maintain. Tenant shall furnish Landlord with renewals or "binders" of each policy at least ten (10) days prior to the expiration thereof. Tenant agrees that, if Tenant does not obtain and maintain such insurance, Landlord may (but shall not be required to) after five (5) days' notice to Tenant during which time Tenant does not supply Landlord evidence of the required insurance, procure said insurance on Tenant's behalf and charge Tenant the premiums therefor, payable upon demand. Tenant shall have the right to

provide the insurance required hereunder pursuant to blanket policies obtained by Tenant, provided such blanket policies afford coverage as required by this Sublease.

18.4. Additional Insurance Obligations. Landlord may require (a) that Tenant obtain additional types of insurance, including but not limited to earthquake, sprinkler leakage by earthquake, environmental and terrorism insurance; to the extent such coverages are either (i) standard for similar properties in the same geographic area as the Project and are available at commercially reasonable rates, or (ii) are otherwise reasonably required by Landlord; and (b) from time to time, but not more frequently than every three (3) years during the Term, increases in the policy limits for all insurance to be carried by Tenant as set forth herein, in order to reflect standard limits for similar properties.

18.5. Independent Obligations. Tenant acknowledges and agrees that Tenant's insurance obligations under this Sublease are independent of Tenant's indemnity obligations, liabilities and duties under this Sublease.

ARTICLE 19

DEFAULT

19.1. Tenant's Default. A "Default" shall mean the occurrence of any one or more of the following events:

19.1.1 Tenant's failure to pay any Rent when due, where such failure shall continue for a period of three (3) days after notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subsection.

19.1.2 If any representation or warranty made by Tenant or any Guarantor to Landlord is false in any material respect when made.

19.1.3 Tenant fails to deliver any estoppel certificates or subordination agreements within the periods set forth in this Sublease.

19.1.4 The levy of a writ of attachment or execution on this Sublease or on any of Tenant's property or that of any Guarantor.

19.1.5 Tenant's or any Guarantor's general assignment for the benefit of creditors or arrangement, composition, extension, or adjustment with its creditors.

19.1.6 Tenant or any Guarantor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature.

19.1.7 Proceedings for the appointment of a trustee, custodian or receiver of Tenant or any Guarantor or for all or a part of Tenant's or such Guarantor's property are filed by or against Tenant or any Guarantor, and, if filed against Tenant or such Guarantor involuntarily, are not dismissed within sixty (60) days of filing.

19.1.8 Proceedings in bankruptcy, or other proceedings for relief under any law for the relief of debtors, are instituted by or against Tenant or any Guarantor, and, if instituted against Tenant or such Guarantor involuntarily, are not dismissed within sixty (60) days of filing.

19.1.9 Failure to open and operate Tenant's business in the Premises as required by the terms of this Sublease.

19.1.10 Tenant makes an anticipatory breach of this Sublease. "Anticipatory breach" shall mean either (a) Tenant's repudiation of this Sublease in writing; or (b) the combination of (i) Tenant's desertion or

vacation of the Premises or removal of all or a substantial amount of Tenant's inventory, equipment, furniture and fixtures from the Premises; and (ii) Tenant's failure to pay any Rent under this Sublease when due.

19.1.11 Tenant fails to perform any other covenant, condition, or agreement contained in this Sublease not covered by the preceding subsections, where such failure continues for thirty (30) days after notice thereof from Landlord to Tenant, or such additional period as is reasonably necessary to effect cure, provided Tenant commences cure within such thirty (30) day period and diligently pursues the same to completion within ninety (90) days following Landlord's notice.

19.1.12 Tenant shall repeatedly fail to pay Rent when due or any other charges required to be paid, or shall repeatedly default in keeping, observing or performing any other covenant, agreement, condition or provision of this Sublease, whether or not Tenant shall timely cure any such payment or other default. For the purposes of this subsection, the occurrence of similar defaults two (2) times during any twelve (12) month period shall constitute a repeated default.

Any notice periods provided for under this Section shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice.

19.2. Landlord's Default. Tenant shall promptly notify Landlord of the need for any repairs or action with respect to other matters that are Landlord's obligation under this Sublease. If Landlord fails to perform any covenant, condition, or agreement contained in this Sublease within thirty (30) days after receipt of notice from Tenant, or if such default cannot reasonably be cured within thirty (30) days, and if Landlord fails to commence to cure within such thirty (30) day period or to diligently prosecute the same to completion, then subject to the other limitations set forth elsewhere in this Sublease, Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's breach; provided that in no event shall (a) Landlord be liable for indirect, consequential or punitive damages, including, without limitation, any damages based on lost profits; or (b) Tenant have the right to terminate this Sublease on account of a Landlord default. Tenant shall not have the right to withhold, reduce or offset any amount against any payments of Rent or any other charges due and payable under this Sublease unless Tenant has obtained a final, non-appealable judgment against Landlord for the amount due.

ARTICLE 20

LANDLORD REMEDIES AND DAMAGES

20.1. Remedies. In the event of a Default, then in addition to any other rights or remedies Landlord may have at law or in equity, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind, to do any or all of the following without prejudice to any other remedy that Landlord may have:

20.1.1 Terminate this Sublease and Tenant's right to possession of the Premises by giving notice to Tenant. Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may re-enter the Premises and take possession thereof and expel or remove Tenant and any other party who may be occupying the Premises, or any part thereof, whereupon Tenant shall have no further claim to the Premises or under this Sublease.

20.1.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue the lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Sublease on account of any Default, Landlord may, from time to time, without terminating this Sublease, enforce all of its rights and remedies under this Sublease, including the right to recover all Rent as it becomes due.

20.1.3 Without any further notice or demand, Landlord may enter upon the Premises, if necessary, without being liable for prosecution or claim for damages therefor, and do whatever Tenant is obligated to do under the terms of the Sublease. Tenant agrees to reimburse Landlord on demand for any reasonable expenses that Landlord may incur in effecting compliance with Tenant's obligations under the Sublease. Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, unless caused by the

gross negligence or willful misconduct of Landlord, but subject to the other limitations on Landlord's liability set forth in this Sublease). Notwithstanding anything herein to the contrary, Landlord will have no obligation to cure any Default of Tenant.

20.1.4 Landlord shall at all times have the right, without prior demand or notice except as required by Law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Sublease, or restrain or enjoin a violation or breach of any provision hereof, without the necessity of proving the inadequacy of any legal remedy or irreparable harm.

20.1.5 To the extent permitted by applicable Law, Landlord shall have the right, without notice to Tenant, to change or re-key all locks to entrances to the Premises, and Landlord shall have no obligation to give Tenant notice thereof or to provide Tenant with a key to the Premises.

20.1.6 The rights given to Landlord in this Article are cumulative and shall be in addition and supplemental to all other rights or remedies that Landlord may have under this Sublease and under applicable Laws or in equity.

20.2. Damages. Should Landlord elect to terminate this Sublease or Tenant's right to possession under the provisions above, Landlord may recover the following damages from Tenant:

20.2.1 Past Rent. The worth at the time of the award of any unpaid Rent that had been earned at the time of termination; plus

20.2.2 Rent Prior to Award. The worth at the time of the award of the unpaid Rent that would have been earned after termination, until the time of award; plus

20.2.3 Rent After Award. The worth at the time of the award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the rental loss that Tenant proves could have been reasonably avoided, if any; plus

20.2.4 Proximately Caused Damages. Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Sublease or that in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses (including, without limitation, reasonable attorneys' fees), incurred by Landlord in (a) retaking possession of the Premises; (b) maintaining the Premises after Default; (c) preparing the Premises or any portion thereof for reletting to a new tenant, including, without limitation, any repairs or alterations, whether for the same or a different use; (d) reletting the Premises, including but not limited to, advertising expenses, brokers' commissions and fees; and (e) any special concessions made to obtain a new tenant.

20.2.5 Other Damages. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Law.

As used in subsections 20.2.1 and 20.2.2, the phrase "worth at the time of the award" shall be computed by adding interest on all such sums from the date when originally due at the Interest Rate. As used in subsection 20.2.3, the phrase "worth at the time of the award" shall be computed by discounting the sum in question at the Federal Reserve rate promulgated by the Federal Reserve office for the district in which the Project is located, plus one percent (1%). For the purposes of this Section, "**Rent**" for each year of the unexpired Sublease Term shall be the Minimum Rent, City Rent and Additional Rent payable during the preceding year, together with any other continuously accruing expenses payable during the preceding year, or, if the Default occurs less than one year from the Commencement Date, an amount equal to one and one-half (1.5) times the Minimum Rent plus other continuously accruing expenses.

20.3. Intentionally Omitted.

20.4. Failure to Open and Operate. If a Default occurs under subsection 6.3, in addition to any other remedies to which Landlord may be entitled, Landlord shall be entitled to collect an amount equal to twenty-five percent (25%) of the Minimum Rent as liquidated damages in addition to all other sums to which Landlord may be entitled. Landlord and Tenant agree that Landlord's damages for such a Default are not readily ascertainable and that such amount is a reasonable estimate of Landlord's damages and not a penalty.

20.5. No Termination. A termination of this Sublease by Landlord or the recovery of possession of the Premises by Landlord or any voluntary or other surrender of this Sublease by Tenant or a mutual cancellation thereof, shall not work a merger and shall at the option of Landlord, terminate all or any existing franchises or concessions, licenses, permits, subleases, subtenancies or the like between Tenant and any third party with respect to the Premises, or may, at the option of Landlord, operate as an assignment to Landlord of Tenant's interest in same. Following a Default, Landlord shall have the right to require any subtenants to pay all sums due under their subleases directly to Landlord.

20.6. Waiver of Demand. All demands for Rent and all other demands, notices and entries, whether provided for under common law or otherwise, that are not expressly required by the terms hereof, are hereby waived by Tenant. Notwithstanding the foregoing waiver of notices, Landlord may elect to serve such notices (including statutory notices) and combine such notices with any notices required under the provisions of this Sublease.

20.7. Waiver of Redemption. Tenant hereby waives, relinquishes and releases for itself and for all those claiming under Tenant any right of occupancy of the Premises following termination of this Sublease, and any right to redeem or reinstate this Sublease by order or judgment of any court or by any legal process or writ under present or future Laws, including without limitation, California Code of Civil Procedure Sections 473 and 1179, and California Civil Code Section 3275.

20.8. Deficiency. If it is necessary for Landlord to bring suit in order to collect any deficiency, Landlord shall have the right to allow such deficiencies to accumulate and to bring an action on several or all of the accrued deficiencies at one time. Any such suit shall not prejudice in any way the right of Landlord to bring a similar action for any subsequent deficiency or deficiencies.

20.9. Counterclaim. Tenant hereby waives any right to plead any counterclaim, offset or affirmative defense in any action or proceedings brought by Landlord against Tenant for possession of the Premises or otherwise, for the recovery of possession based upon the non-payment of Rent or any other Default. The foregoing shall not, however, be construed as a waiver of Tenant's right to assert any claim in a separate action brought by Tenant against Landlord. In the event Tenant must, because of applicable court rules or statutes, interpose any counterclaim or other claim against Landlord in such proceedings, Landlord and Tenant agree that, in addition to any other lawful remedy of Landlord, upon motion of Landlord, such counterclaim or other claim asserted by Tenant shall be severed from the proceedings instituted by Landlord (and, if necessary, transferred to a court of different jurisdiction), and the proceedings instituted by Landlord may proceed to final judgment separately and apart from and without consolidation with or reference to the status of any such counterclaim or any other claim asserted by Tenant.

ARTICLE 21

BANKRUPTCY

21.1. In the event a petition is filed by or against Tenant under the Bankruptcy Code, Tenant, as debtor and debtor in possession, and any trustee who may be appointed agree to adequately protect Landlord as follows:

21.1.1 to pay monthly in advance on the first day of each month as reasonable compensation for use and occupancy of the Premises an amount equal to all Rent due pursuant to this Sublease;

21.1.2 to perform each and every obligation of Tenant under this Sublease until such time as this Sublease is either rejected or assumed by order of a court of competent jurisdiction;

21.1.3 to determine within one hundred twenty (120) days after the filing of such petition whether to assume or reject this Sublease;

21.1.4 to give Landlord at least thirty (30) days' prior notice, unless a shorter period is agreed to in writing by the parties, of any proceeding relating to any assumption of this Sublease;

21.1.5 to give at least thirty (30) days' prior notice of any vacation or abandonment of the Premises, any such vacation or abandonment to be deemed a rejection of this Sublease; and

21.1.6 to do all other things to benefit Landlord otherwise required under the Bankruptcy Code.

This Sublease shall be deemed rejected in the event of the failure to comply with any of the above.

21.2. In order to provide Landlord with the assurance contemplated by the Bankruptcy Code, the following obligations must be fulfilled, in addition to any other reasonable obligations that Landlord may require, before any assumption of this Sublease is effective: (a) all monetary Defaults under this Sublease must be cured within ten (10) days after the date of assumption; (b) all other Defaults (other than those arising solely on account of the bankruptcy filing) must be cured within fifteen (15) days after the date of assumption; (c) all actual monetary losses incurred by Landlord (including, but not limited to, reasonable attorneys' fees) must be paid to Landlord within ten (10) days after the date of assumption; and (d) Landlord must receive within ten (10) days after the date of assumption a security deposit in the amount of six (6) months' Minimum Rent and an advance prepayment of three (3) months' Minimum Rent.

21.3. In the event this Sublease is assumed in accordance with the requirements of the Bankruptcy Code and this Sublease, and is subsequently assigned, then, in addition to any other reasonable obligations that Landlord may require and in order to provide Landlord with the assurances contemplated by the Bankruptcy Code, Landlord must be provided with (a) a financial statement of the proposed assignee prepared in accordance with generally accepted accounting principles consistently applied, though on a cash basis, which reveals a net worth in an amount sufficient, in Landlord's reasonable judgment, to assure the future performance by the proposed assignee of Tenant's obligations under this Sublease; or (b) a written guaranty by one or more guarantors with financial ability sufficient to assure the future performance of Tenant's obligations under this Sublease, such guaranty to be in form and content satisfactory to Landlord and to cover the performance of all of Tenant's obligations under the Sublease.

21.4. Neither Tenant nor any trustee who may be appointed in the event of the filing of a petition under the Bankruptcy Code shall conduct or permit the conduct of any "fire," "bankruptcy," "going out of business" or auction sale in or from the Premises.

ARTICLE 22

LIEN FOR RENT

In consideration of the mutual benefits arising under this Sublease, Tenant hereby grants to Landlord a lien and security interest on all property of Tenant now or hereafter placed in or upon the Premises, and such property shall be and remain subject to such lien and security interest of Landlord for payment of all Rent. The provisions of this Article relating to such lien and security interest shall constitute a security agreement under the Uniform Commercial Code in force in the State (the "UCC") so that Landlord shall have and may enforce a security interest on all property of Tenant now or hereafter placed in or on the Premises, including, but not limited to, all fixtures, machinery, equipment, furnishings and other articles of personal property now or hereafter placed in or upon the Premises by Tenant. Landlord, as secured party, shall be entitled to all of the rights and remedies afforded a secured party under the UCC in addition to and cumulative of Landlord's liens and rights provided by law or by the other terms and provisions of this Sublease, and Landlord shall have the right to file a Financing Statement reflecting such lien.

ARTICLE 23
HOLDING OVER

If after expiration of the Term, Tenant remains in possession of the Premises, Landlord may, at its option, serve notice upon Tenant that such hold over constitutes either: (a) a month-to-month tenancy upon all the provisions of this Sublease (except as to Term and Minimum Rent); or (b) a tenancy at sufferance. If Landlord does not give said notice, Tenant's hold over shall create a tenancy at sufferance, subjecting Tenant to all the covenants and obligations of this Sublease. In either event, the monthly installments of Minimum Rent shall be increased to one hundred fifty percent (150%) of the monthly installments of Minimum Rent in effect at the expiration of the Term. If a month-to-month tenancy is created, either party may terminate such tenancy by giving the other party at least thirty (30) days advance notice of the date of termination. In the case of a month-to-month tenancy or tenancy at sufferance, if Tenant shall hold over without the consent of Landlord after Landlord has given Tenant thirty (30) days prior written notice of termination, then Tenant shall also protect, defend, indemnify and hold Landlord harmless from all claims, losses, costs and expenses resulting from retention of possession by Tenant, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost rents and profits to Landlord resulting therefrom. The provisions of this Article shall not constitute a waiver by Landlord of any right of re-entry as otherwise available to Landlord, nor shall receipt of any rent or any other act appearing to affirm the tenancy operate as a waiver of the right to terminate this Sublease for a breach by Tenant hereof.

ARTICLE 24
SURRENDER OF PREMISES

Upon the expiration or earlier termination of this Sublease, Tenant shall peaceably surrender the Premises to Landlord broom-clean and in the same condition as on the date Tenant took possession, except for (a) reasonable wear and tear; (b) loss by fire or other casualty; and (c) loss by condemnation. All fixtures, equipment, improvements, and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant, other than Tenant's Property, shall be and remain a part of the Premises, shall be the property of Landlord, and shall not be removed by Tenant, except as directed by Landlord. Tenant shall not be required to remove any leasehold improvements unless (i) such removal is necessary to ensure that the Premises comply with applicable code at the time of surrender, including but not limited to removal of wires located in risers and plenums without raceways or conduits; (ii) they were made without the consent of Landlord; or (iii) Landlord notified Tenant that removal would be required at the time Landlord approved Tenant's plans therefor. Tenant's Property shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that, if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Project resulting from such removal. If Tenant abandons or surrenders the Premises or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Sublease as by a bill of sale or Landlord may elect to dispose of Tenant's Property in accordance with Section 1980 et seq. of the California Civil Code, or any similar Laws now or hereafter in effect. If Landlord elects to remove all or any part of such Tenant's Property, the reasonable cost of removal, storage and disposal of Tenant's Property, including, without limitation, repairing any damage to the Premises or Project caused by such removal, shall be paid by Tenant. On the Expiration Date, Tenant shall surrender all keys, parking cards and other means of entry to the Premises, and shall inform Landlord of the combinations and access codes for any locks and safes located in the Premises.

ARTICLE 25
BROKERAGE FEES

Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Sublease or its negotiation except as set forth on the Sublease Summary. Tenant shall indemnify, defend and hold Landlord harmless from any cost, expense, or liability, (including, without limitation, costs of suits and reasonable attorneys' fees) for any compensation, commission, or fees claimed by any other real estate broker or agent in connection with this Sublease (including but not limited to any expansions of the Premises and renewals) or its negotiation.

ARTICLE 26
NOTICES

Any notice, demand, request, consent, covenant, approval or other communication to be given by one party to the other must be in writing and (except for statements and invoices to be given in the ordinary course hereunder, which may be sent by regular U.S. Mail) (a) delivered personally; (b) mailed by certified United States mail, postage prepaid, return receipt requested (except for statements and invoices to be given in the ordinary course hereunder, which may be sent by regular U.S. Mail); (c) sent by nationally recognized overnight courier; or (d) sent by telecopy and confirmed by one of the other methods set forth herein. The effective date of notice shall be (i) for any notice delivered in person, the date of delivery; (ii) for any notice by U.S. mail, three (3) days after the date of certification thereof; (iii) for any notice by overnight courier, the next Business Day after deposit with the courier; and (iv) for any notice by telecopy, the date of confirmation of receipt, if before 5:00 p.m. at the location delivered, or the next day if after 5:00 p.m. All notices shall be delivered or addressed to the parties at their respective addresses set forth on the Sublease Summary. Either party may change the address at which it desires to receive notice upon giving notice of such request to the other party in the manner provided herein. Landlord and Tenant, and their respective counsel, hereby agree that notice may be given hereunder by the parties' respective counsel, and that if any communication is to be given hereunder by Landlord's or Tenant's counsel, such counsel may communicate directly with all principals, as required to comply with the foregoing provisions. When this Sublease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including, without limitation, any notices required under Section 1161 of the California Code of Civil Procedure, or any similar Laws now or hereafter in effect. When a statute requires service of a notice in a particular manner, service of that notice (or the replacement notice required by this Sublease) as provided in this Article shall replace and satisfy, to the maximum extent permitted by law, the statutory service procedures, including, without limitation, those set forth in Section 1162 of the California Code of Civil Procedure, or any similar Laws now or hereafter in effect.

ARTICLE 27
RELOCATION OF PREMISES

If the Premises contain less than 10,000 square feet, Landlord shall have the right to relocate the Premises to another part of the Project in accordance with the following: (a) Landlord shall give Tenant at least thirty (30) days' notice of Landlord's intention to relocate the Premises; (b) the new premises shall be substantially the same in size, dimensions, configuration, and decor as the Premises and, if the relocation occurs after the Commencement Date, shall be placed in that condition by Landlord at its cost; (c) upon completion of such relocation, the new premises shall become the "**Premises**" under this Sublease; (d) all reasonable out of pocket costs incurred by Tenant as a result of the relocation shall be paid by Landlord; (e) if the new premises are smaller than the Premises as they existed before the relocation, the Minimum Rent shall be reduced proportionately; and (f) the parties hereto shall immediately execute an amendment to this Sublease setting forth the relocation of the Premises and the reduction of the Minimum Rent, if any. Tenant hereby waives any claim against Landlord for loss of business on account of any relocation.

ARTICLE 28
SIGNAGE

28.1. Tenant shall not permit, allow or cause to be erected, installed, maintained, painted or displayed on, in or at the Premises or any part thereof any exterior sign, lettering, placard, announcement, decorating, advertising media or advertising material of any kind whatsoever visible from the exterior of the Premises, without the written approval of Landlord; and Tenant, at its sole cost and expense, at all times during the term hereof, shall promptly repair and at all times maintain in first class condition such signs as may be approved by Landlord.

28.2. Notwithstanding anything to the contrary herein, Tenant agrees to install, at Tenant's sole cost and expense, an internally lighted facade sign approved in writing by Landlord, subject to all applicable state and local codes, within sixty (60) days of execution of this Sublease. Tenant shall maintain its signage in first class condition, including prompt replacement of burned out lighting elements. Landlord's approval must be in writing, after review of Tenant's rendering showing location, size, configuration, lighting, color, proposed attachment method, and any other pertinent data necessary. Any damage to a building or related structure, upon installation, maintenance, or removal of such sign shall be Tenant's sole responsibility and shall be repaired and restored to Landlord's

specifications, at Tenant's sole cost and expense. Upon the expiration or earlier termination of this Sublease, Tenant will, using contractor(s) designated by Landlord, remove all of its signage. Upon removal of its signage, Tenant shall, using contractor(s) designated by Landlord, promptly repair and restore building facade and all other areas affected by such signage pursuant to Landlord's specifications to a condition acceptable to Landlord, at Tenant's sole expense. More specifically, with respect to any exterior sign (at such time as such exterior sign is removed), Tenant shall repair and/or replace, in a manner satisfactory to Landlord, the portion of the Project (and the building materials) affected by the applicable sign and its removal, so that such areas and materials are restored to a condition consistent with the remainder of the exterior of the Project. Depending on the design of any sign installed by or for Tenant, Landlord may require a deposit in the amount determined by Landlord to be the cost of the removal of such sign and repair and restoration of the facade or other portion of the Project exterior. Tenant shall keep its facade sign and canopy lights lit, if not controlled by Landlord, after dusk during the Project's operating hours or until 10:00 p.m., whichever is later.

28.3. If during any remodeling, repair, or expansion of the Project, it becomes necessary for Landlord to remove any of Tenant's signage, or to install scaffolding or other aids for performing such work that obscures Tenant's signage in whole or part, then Landlord may do so.

ARTICLE 29 **INTENTIONALLY OMITTED**

ARTICLE 30 **LENDER PROVISIONS**

30.1. Subordination. This Sublease is subject and subordinate to all present and future ground or underlying leases of the Property and to the lien of any mortgages, deeds to secure debt or trust deeds, now or hereafter in force against the Property or the Project, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof (collectively, "**Mortgages**"), and to all advances made or hereafter to be made upon the security of such Mortgages. In the event any proceedings are brought for the foreclosure of any mortgage, deed to secure debt or trust deed, or if any ground or underlying lease is terminated, Tenant shall attorn, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale, or to the lessor of such ground or underlying lease, as the case may be (the "**Purchaser**"), and recognize the Purchaser as the lessor under this Sublease, which attornment shall be effective as of the date that the Purchaser acquires title to the Property; however, the Purchaser shall have the right to accept or reject such attornment upon written notice to Tenant and in no event shall such attornment be negated by a foreclosure. In no event shall Tenant have a right of offset against amounts due any Purchaser on account of any defaults by Landlord under this Sublease that pre-date the time the Purchaser becomes the lessor hereunder, nor shall any Purchaser be liable for any such defaults by Landlord. Purchaser shall not be bound by (i) any Rent paid more than one (1) month in advance, unless such Rent is actually received by Purchaser, or (ii) any obligation under this Sublease to return the Security Deposit or Letter of Credit, if any, to Tenant, unless the Security Deposit and/or Letter of Credit, if any, is actually received by Purchaser. Landlord hereby irrevocably authorizes and directs Tenant, upon receipt of any written notice from Mortgagee stating that Landlord's license to collect Rent hereunder has been revoked, to pay to Mortgagee the Rent due and to become due under this Sublease and Landlord agrees that Tenant shall have the right to rely upon any such notice from Mortgagee, and that Tenant shall pay the Rent to Mortgagee without any obligation or right to inquire as to whether such license has been revoked and notwithstanding any notice or claim from Landlord to the contrary. Tenant shall, within ten (10) Business Days of request by Landlord or the Purchaser (as applicable), execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Sublease to any Mortgages or Tenant's attornment to the Purchaser (as applicable). Tenant waives the provisions of any current or future statute, rule or law that may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Sublease and the obligations of Tenant hereunder in the event of any foreclosure proceeding or sale. Notwithstanding the provisions hereof, should any Mortgagee require that this Sublease be prior rather than subordinate to its Mortgage, or require that Tenant attorn to any Purchaser, then in such event, this Sublease shall become prior and superior to such Mortgage, or Tenant shall so attorn, upon notice to that effect to Tenant from such Mortgagee. The aforesaid superiority of this Sublease to any Mortgage shall be self-operative upon the giving of such notice and no further documentation other than such notice shall be required to effectuate such superiority or attornment. In the event Landlord or such Mortgagee desires confirmation of such superiority or attornment, Tenant shall, promptly upon request therefor by

Landlord or such Mortgagee, and without charge therefor, execute a document acknowledging such priority or attornment obligation to the Mortgagee as Landlord in the event of foreclosure or deed in lieu thereof or termination of a ground lease.

30.2. Estoppel Certificates. Within ten (10) Business Days after written request from Landlord, Tenant shall execute and deliver to Landlord, or Landlord's designee, a written statement certifying (a) that this Sublease is unmodified and in full force and effect or is in full force and effect as modified and stating the modifications; (b) the amount of Minimum Rent and the date to which Minimum Rent and Additional Rent have been paid in advance; (c) the amount of any security deposit with Landlord; (d) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default; and (e) such other matters as may be requested. Landlord and any purchaser, assignee or Mortgagee may rely upon any such statement. Tenant's failure to execute and deliver such statement within the time required shall be conclusive against Tenant (1) that this Sublease is in full force and effect and has not been modified except as represented by Landlord; (2) that there are no uncured defaults in Landlord's performance and that Tenant has no right of offset, counterclaim, or deduction against Rent; (3) not more than one (1) month's Rent has been paid in advance; and (4) as to the truth and accuracy of any other matters set forth in the statement as submitted to Tenant.

30.3. Notice and Cure Rights. Tenant agrees to notify any Mortgagee whose address has been furnished to Tenant, of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Sublease, such Mortgagee shall have an additional thirty (30) days to cure such default; provided that, if such default cannot reasonably be cured within that thirty (30) day period, then such Mortgagee shall have such additional time to cure the default as is reasonably necessary under the circumstances.

30.4. Changes Requested by Mortgagee. Tenant shall not unreasonably withhold its consent to changes or amendments to this Sublease requested by a Mortgagee, so long as such changes do not alter the basic business terms of this Sublease or otherwise materially diminish any rights or materially increase any obligations of Tenant.

30.5. Mortgagee Approval. Notwithstanding anything to the contrary contained in this Sublease, to the extent the consent of any Mortgagee is required under the applicable Mortgage in order for Landlord to enter into this Sublease, Landlord may terminate this Sublease by written notice to Tenant if such consent is not obtained (in which event this Sublease shall be of no force or effect).

ARTICLE 31 **MISCELLANEOUS**

31.1. Parking. It is understood that Tenant and its employees shall not be permitted to park their automobiles in the automobile parking areas of the Common Areas that may from time to time be designated by Landlord for patrons of the Project. Landlord at all times shall have the right to designate the particular parking area to be used by any or all of Tenant's employees and any such designation may be changed from time to time. Tenant shall supply Landlord with a list of the license plate numbers of the cars of Tenant's employees within five (5) days of request. Tenant hereby acknowledges that Landlord may tow away or cause to be towed away from the Project at Tenant's expense any cars in violation of the provisions of this section whether belonging to Tenant or Tenant's employees, and to attach violation stickers or notices to such cars. Landlord may charge Tenant an amount not to exceed \$25.00 per employee car parked in any parking area other than designated by Landlord. Tenant shall comply with all parking rules and regulations established by Landlord for the Project, as the same may be revised from time to time.

31.2. Intentionally Omitted.

31.3. Quiet Enjoyment. Tenant, upon paying the Rent and performing all of its obligations under this Sublease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Sublease and to any mortgage, deed of trust, Sublease, or other agreement to which this Sublease may be subordinated.

31.4. No Air Rights. This Sublease does not grant Tenant any rights to any view or to light or air over any property, whether belonging to Landlord or any other person. If at any time any windows of the Premises are

temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Sublease.

31.5. Force Majeure. Any prevention, delay, or stoppage of work to be performed by Landlord or Tenant that is due to Force Majeure shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay, or stoppage. Nothing in this Section shall excuse or delay Tenant's obligation to pay Rent or other charges under this Sublease.

31.6. Accord and Satisfaction; Allocation of Payment. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Sublease shall be deemed to be other than on account of the earliest due Rent; nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Sublease. In connection with the foregoing, Landlord shall have the absolute right in its sole discretion to apply any payment received from Tenant to any account or other payment of Tenant then not current and due or delinquent. Pursuant to the requirements of California Code of Civil Procedure Section 1161.1(c), or any successor statute, Tenant is hereby placed on actual notice that Landlord's acceptance of rent shall not constitute a waiver by Landlord of (a) any preceding breach by Tenant of any provision of this Sublease, other than the failure of Tenant to pay the particular rent so accepted; or (b) any of Landlord's rights, including but not limited to any rights Landlord may have to recover possession of the Premises or to sue for any remaining rent owed by Tenant.

31.7. Attorneys' and Other Fees. Should either party institute any action or proceeding to enforce or interpret this Sublease or any provision hereof, for damages by reason of any alleged breach of this Sublease or of any provision hereof, or for a declaration of rights hereunder, the prevailing party in any such action or proceeding shall be awarded from the other party all costs and expenses, including, without limitation, attorneys' and other fees, reasonably incurred in good faith by the prevailing party in connection with such action or proceeding. The term "attorneys' and other fees" shall mean and include reasonable attorneys' fees, accountants fees, expert witness fees and any and all consultants and other similar fees incurred in connection with the action or proceeding and preparations therefor. The term "action or proceeding" shall mean and include actions, proceedings, suits, arbitrations, appeals and other similar proceedings.

31.8. Construction. Headings at the beginning of each Article, Section and subsection are solely for the convenience of the parties only and in no way define, limit, or enlarge the scope or meaning of this Sublease. Except as otherwise provided in this Sublease, all exhibits referred to herein are attached hereto and are incorporated herein by this reference. This Sublease shall not be construed as if either Landlord or Tenant had prepared it, but rather as if both Landlord and Tenant had prepared it.

31.9. Confidentiality. Tenant acknowledges that the content of this Sublease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants. In addition to any other remedies to which Landlord may be entitled if Tenant breaches the foregoing covenant, Landlord shall have the right to increase the Rent to then current market rent for the Project.

31.10. Governing Law. This Sublease shall be governed by, interpreted under, and construed and enforced in accordance with the Laws of the State applicable to agreements made and to be performed wholly within the State.

31.11. Consent. Unless otherwise expressly set forth herein, all consents and decisions required or permitted of Landlord hereunder shall be granted, withheld and made in Landlord's sole discretion. All consents and approvals required from Landlord hereunder shall be subject to the requirement that Landlord be reimbursed within fifteen (15) days of Landlord's written demand for attorneys' and consultants' fees and costs incurred in connection therewith. Tenant shall have no claim and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding, or delaying by Landlord of any consent, approval, statement, or satisfaction that Landlord has agreed shall be subject to a standard of reasonableness. In such event, Tenant's

only remedy therefor shall be an action for specific performance, injunction, or declaratory judgment to enforce any right to such consent, approval, statement, or satisfaction.

31.12. Authority. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors, if Tenant is a corporation, or other satisfactory documentation, if Tenant is another type of entity, authorizing execution of this Sublease.

31.13. Duplicate Originals; Counterparts; Fax/Email/Electronic Signatures. This Sublease may be executed in any number of duplicate originals, all of which shall be of equal legal force and effect. Additionally, this Sublease may be executed in counterparts, but shall become effective only after each party has executed a counterpart hereof; all said counterparts when taken together, shall constitute the entire single agreement between the parties. This Sublease may be executed by a party's signature transmitted by facsimile ("fax") or email or by a party's electronic signature, and copies of this Sublease executed and delivered by means of faxed or emailed copies of signatures or originals of this Sublease executed by electronic signature shall have the same force and effect as copies hereof executed and delivered with original wet signatures. All parties hereto may rely upon faxed, emailed or electronic signatures as if such signatures were original wet signatures. Any party executing and delivering this Sublease by fax or email shall promptly thereafter deliver a counterpart signature page of this Sublease containing said party's original signature. All parties hereto agree that a faxed or emailed signature page or an electronic signature may be introduced into evidence in any proceeding arising out of or related to this Sublease as if it were an original wet signature page.

31.14. Offer. The submission and negotiation of this Sublease shall not be deemed an offer to enter the same by Landlord but the solicitation of such an offer by Tenant. Tenant agrees that its execution of this Sublease constitutes a firm offer to enter the same which may not be withdrawn for a period of thirty (30) days after delivery to Landlord (or such other period as may be expressly provided in any other agreement signed by the parties). During such period and in reliance on the foregoing, Landlord may, at Landlord's option, proceed with any plans, specifications, alterations, or improvements, and permit Tenant to enter the Premises; but such acts shall not be deemed an acceptance of Tenant's offer to enter this Sublease, and such acceptance shall be evidenced only by Landlord's signing and delivering this Sublease to Tenant.

31.15. Further Assurances. Landlord and Tenant each agree to execute any and all other documents and to take any further actions reasonably necessary to consummate the transactions contemplated hereby.

31.16. Financial Statements. In order to induce Landlord to enter into this Sublease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records, and information furnished by Tenant to Landlord in connection with this Sublease are true, correct, and complete in all material respects.

31.17. Recording. Tenant shall not record this Sublease without the prior consent of Landlord.

31.18. Right to Sublease. Landlord reserves the absolute right to create such other tenancies in the Project as Landlord shall determine to best promote the interests of the Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Term, occupy any space in the Project.

31.19. Severability. In the event any portion of this Sublease shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be deemed severed from this Sublease, and the remaining parts hereof shall remain in full force and effect, as fully as though such invalid, illegal or unenforceable portion had never been part of this Sublease.

31.20. Survival. All indemnity and other unsatisfied obligations set forth in this Sublease shall survive the termination or expiration hereof.

31.21. WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS SUBLEASE, OR THE TRANSACTIONS OR MATTERS RELATED HERETO OR CONTEMPLATED HEREBY.

31.22. Successors and Assigns. Subject to the terms and conditions of Article 14 of this Sublease, this Sublease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.

31.23. Integration of Other Agreements; Amendments. This Sublease sets forth the entire agreement and understanding of the parties with respect to the matters set forth herein and supersedes all previous written or oral understandings, agreements, contracts, correspondence and documentation with respect thereto. Any oral representations or modifications concerning this Sublease shall be of no force or effect. No provisions of this Sublease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.

31.24. TIME OF THE ESSENCE. TIME IS OF THE ESSENCE OF THIS SUBLEASE AND EACH AND EVERY TERM AND PROVISION HEREOF.

31.25. Waiver. The waiver by a party of any breach of any term, covenant, or condition of this Sublease shall not be deemed a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition. No delay or omission in the exercise of any right or remedy of a party shall impair such right or remedy or be construed as a waiver of any default of the other party. Consent to or approval of any act by a party requiring consent or approval of the other party shall not be deemed to waive or render unnecessary such consent to or approval of any subsequent act. Any waiver must be in writing and shall not be a waiver of any other matter concerning the same or any other provision of this Sublease.

31.26. No Surrender. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Sublease.

31.27. Number and Gender. As used in this Sublease, the neuter includes masculine and feminine, the singular includes the plural and the use of the word "**including**" shall mean "including without limitation."

31.28. Days. The term "**days**," as used herein, shall mean actual days occurring, including Saturdays, Sundays and Holidays.

31.29. Joint and Several Liability. If Tenant consists of two (2) or more parties, each of such parties shall be liable for Tenant's obligations under this Sublease, and all documents executed in connection herewith, and the liability of such parties shall be joint and several. Additionally, the act or signature of, or notice from or to, any one or more of such parties with respect to this Sublease shall be binding upon each and all of the parties executing this Sublease as Tenant with the same force and effect as if each and all of them had so acted or signed, or given or received such notice.

31.30. No Third Party Beneficiaries. Except as otherwise provided herein, no person or entity shall be deemed to be a third party beneficiary hereof, including but not limited to any brokers, and nothing in this Sublease, (either expressed or implied) is intended to confer upon any person or entity, other than Landlord and Tenant (and their respective nominees, successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Sublease.

31.31. No Other Inducements. It is expressly warranted by each of the undersigned parties that no promise or inducement has been offered except as herein set forth and that this Sublease is executed without reliance upon any statement or representation of any person or party or its representatives concerning the nature and extent of damages, costs and/or legal liability therefor.

31.32. Rule Against Perpetuities. Notwithstanding any provision hereof to the contrary, in the event that the Commencement Date has not occurred within five (5) years of the date of the execution of this Sublease by all parties hereto, then this Sublease shall automatically terminate and be without further force and effect. The parties acknowledge that the terms of the foregoing sentence are included herein for the purposes of ensuring that this Sublease comply with the common law Rule Against Perpetuities, and in no way is said five (5) year period intended as an estimate of the expected timing of the Commencement Date.

31.33. Independent Covenants. This Sublease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent. Tenant hereby expressly waives the benefit of any Laws to the contrary and agrees that if Landlord fails to perform any of its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of Rent.

31.34. Arbitration. If this Sublease contains options where rental rates are expressly subject to arbitration, and the parties do not agree upon the rental rate within the stipulated time, no later than five (5) Business Days following the expiration of the stipulated time, each party shall submit to the other party its final determination of such rental rate and if the rental rates differ by less than five percent (5%), the rental rate shall be the average of the two rates. If the rental rates differ by five percent (5%) or more, each party shall select an arbitrator having not less than ten (10) years' actual experience in the commercial real estate brokerage business, and the arbitrators so selected shall immediately meet for the purpose of hearing and deciding the dispute and fixing the relevant rate of rent which shall in any event be one of the two final determinations submitted by the parties. If the two arbitrators selected agree on the rental rate, their decision shall be binding on both parties. If the two arbitrators selected cannot agree on the rental rate within ten (10) Business Days after appointment (the "Initial Review Period"), then no later than five (5) Business Days following the expiration of the Initial Review Period, the two arbitrators shall select an independent third arbitrator with qualifications similar to their own. Within ten (10) Business Days following appointment, the third arbitrator shall select one of the two rental rates promulgated by the parties as the rental rate for this Sublease. If the arbitrators cannot agree on the third arbitrator, they shall petition the presiding judge of the local State court having jurisdiction to appoint such arbitrator to act as an umpire between the arbitrators selected by Landlord and Tenant. The decision of the third arbitrator or presiding judge, as the case may be, shall be binding on both parties. Landlord and Tenant shall each be responsible to pay their respective arbitrators and will share equally the cost of the third arbitrator.

31.35. No Discrimination. Tenant covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through Tenant, and this Sublease is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, sex, religion, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, or enjoyment of the Premises, nor shall Tenant itself, or any person claiming under or through Tenant, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants or vendees in the Premises.

31.36. OFAC Compliance.

31.36.1 As used herein "Blocked Party" shall mean any party or nation that (a) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the U.S. Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) or other similar requirements contained in the rules and regulations of OFAC (the "Order") or in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "Orders") or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "Lists"); or (b) has been determined by competent authority to be subject to the prohibitions contained in the Orders.

31.36.2 As a material inducement for Landlord entering into this Sublease, Tenant warrants and represents that none of Tenant, any Affiliate of Tenant, any partner, member or stockholder in Tenant or any Affiliate of Tenant, or any beneficial owner of Tenant, any Affiliate of Tenant or any such partner, member or stockholder of Tenant (collectively, a "Tenant Owner"): (a) is a Blocked Party; (b) is owned or controlled by, or is acting, directly or indirectly, for or on behalf of, any Blocked Party; or (c) has instigated, negotiated, facilitated,

executed or otherwise engaged in this Sublease, directly or indirectly, on behalf of any Blocked Party. Tenant shall immediately notify Landlord if any of the foregoing warranties and representations becomes untrue during the Term.

31.36.3 Tenant shall not: (a) transfer or permit the transfer of any interest in Tenant or any Tenant Owner to any Blocked Party; or (b) make a Transfer to any Blocked Party or party who is engaged in illegal activities.

31.36.4 If at any time during the Term (a) Tenant or any Tenant Owner becomes a Blocked Party or is convicted, pleads nolo contendere, or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering; (b) any of the representations or warranties set forth in this Section become untrue; or (c) Tenant breaches any of the covenants set forth in this Section, the same shall constitute a Default. In addition to any other remedies to which Landlord may be entitled on account of such Default, Landlord may immediately terminate this Sublease and refuse to pay any Allowance or other disbursements due to Tenant under this Sublease.

31.37. ERISA. Tenant has been informed that one or more pension plans have an interest in the Project. Tenant hereby represents and warrants that it is not a party in interest to any pension plan, within the meaning of Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended.

31.38. Unrelated Business Income/Rents from Real Property. Landlord shall have the right at any time and from time to time to unilaterally amend the provisions of this Sublease with respect to monies to be paid to Landlord, if Landlord is advised by its counsel or its accounting firm that all or any portion of the monies paid by Tenant to Landlord hereunder (A) are, or may be deemed to be, unrelated business income within the meaning of the United States Internal Revenue Code of 1986, as amended; or regulations issued thereunder (the "Code"), and/or (B) no longer qualify, or there is risk that any such monies may not qualify, as "rent from real property" under the Code, and Tenant agrees that it will execute all documents or instruments necessary to effect such amendment or amendments, provided that (i) no such amendment shall result in Tenant having to pay, in the aggregate, more money on account of its occupancy of the Premises under the terms of this Sublease, as so amended, (ii) no such amendment shall result in any interference with Tenant's use and enjoyment of the Premises, (iii) no such amendment shall result in any amendment, alteration or impact on Tenant's non-monetary rights or obligations under this Sublease (including, but not limited to, Tenant's use of the Premises for the Permitted Use), and (iv) no such amendment shall result in Tenant receiving less services than it was then entitled to receive under this Sublease, or services of a lesser quality. Any services which Landlord is required to furnish pursuant to the provisions of this Sublease may, at Landlord's option, be furnished from time to time, in whole or in part, by employees of Landlord or its property manager or its employees or by one or more third persons hired by Landlord or its property manager. Tenant agrees that upon Landlord's written request it will enter into direct agreements with Landlord's property manager or other parties designated by Landlord for the furnishing of any such services required to be furnished by Landlord hereunder, in form and content approved by Landlord and Tenant, provided however that no such contract shall result in (a) Tenant having to pay, in the aggregate, more money on account of its occupancy of the Premises under the terms of this Sublease, (b) any interference with Tenant's use and enjoyment of the Premises; (c) any amendment, alteration or impact on Tenant's non-monetary rights or obligations under this Sublease (including, but not limited to, Tenant's use of the Premises for the Permitted Use), and (d) Tenant, receiving less services than it was then entitled to receive under this Sublease, or services of a lesser quality.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have executed this Sublease, under seal, as of the date first-above written.

Witness:

Date: _____

Witness:

Date: _____

LANDLORD:

SCPT MARINA VILLAGE, LLC,
a Delaware limited liability company

CA
9/20/11

By: FIRST FIDUCIARY REALTY ADVISORS, INC.,
a California corporation, its Manager

By: _____

Paul Vacheron

Printed Name: _____
Title: Managing Director, Asset Management

Date: 9/20/11

TENANT:

RANCH EVENTS INC.,
a California corporation

By: _____

Printed Name: JASON PELTIER
Title: Chairman of the Board/President/Vice
President

Date: 9-19-2011

By: _____

Printed Name: P. PELTIER
Title: Secretary/Assistant Secretary/Chief
Financial officer/Assistant Treasurer

Date: 9-19-2011

ADDENDUM #1

Renewal Options

Subject to the terms of Addendum #3 of this Sublease, Tenant shall have two (2) personal and non-transferable options to renew the Term of this Sublease as set forth on the Sublease Summary (each, a "**Renewal Option**"). The first (1st) renewal term shall begin on August 1, 2019 and the second (2nd) renewal term shall begin on August 1, 2024. Tenant shall have the right to exercise the Renewal Options conferred herein by giving Landlord notice at least two hundred seventy (270) days, but not more than three hundred sixty-five (365) days, prior to the expiration of the initial Term or first (1st) renewal term, as applicable.

The Renewal Options shall be subject to all of the terms and conditions contained in this Sublease, except that Minimum Rent during each renewal term shall be increased on each August 1 during such renewal term (each, an "**Adjustment Date**"), commencing on August 1, 2019 or August 1, 2024, as applicable, to an amount equal to one hundred four percent (104%) of the Minimum Rent payable immediately prior to the applicable Adjustment Date.

Failure of Tenant properly to exercise any Renewal Option herein granted shall be construed as a waiver of all options herein granted, and this Sublease shall then terminate at the expiration of the then current Term.

ADDENDUM #2

Landlord Termination Right

Notwithstanding anything to the contrary in this Sublease, Landlord shall have the right, at any time during the Term, to terminate the Sublease upon not less than ninety (90) days prior written notice to Tenant. If Landlord terminates the Sublease pursuant to Addendum #2, then on or before the effective date of such termination, Landlord shall pay to Tenant an amount equal to the unamortized balance, as of the effective date of such termination, of Tenant's out-of-pocket costs incurred for the Tenant Improvements and the Restroom Work, less the Conditional Rent received by Tenant as of the effective date of such termination. Amortization pursuant to the preceding sentence shall be calculated using a ninety-six (96) month amortization schedule, commencing as of the Commencement Date, based upon equal monthly payments of principal and interest, with interest imputed on the outstanding principal balance at the rate of five percent (5%) per annum.

ADDENDUM #3

Tenant's Rights

As used in this Section, "Tenant's Rights" shall mean the Renewal Options granted to Tenant pursuant to Addendum #1.

The Tenant's Rights are personal to Named Tenant, and may only be exercised by Named Tenant to the extent that Named Tenant, at the time of exercise and at the time such Tenant's Right becomes effective, has not assigned this Sublease and occupies the entire Premises without the intent of thereafter assigning this Sublease or subletting the Premises or any portion thereof and may not be exercised or be assigned, voluntarily or involuntarily, by any person or entity other than Named Tenant. The Tenant's Rights are not assignable separate and apart from this Sublease, nor may Tenant's Rights be separated from this Sublease in any manner, whether by reservation or otherwise.

Notwithstanding anything to the contrary contained in any of the applicable sections granting such Tenant's Rights, Named Tenant shall not have the right to exercise such Tenant's Right and the exercise of such Tenant's Right may be nullified by Landlord and deemed of no force or effect if (i) Tenant shall be in Default under the terms of this Sublease as of the exercise of such Tenant's Right or anytime after such exercise and prior to the commencement or effective date of such Tenant's Right, or (ii) Landlord shall have delivered to Tenant two (2) or more notices of default during any prior consecutive twelve (12) month period, whether or not such defaults were subsequently cured. Upon any termination of this Sublease or Tenant's right of possession to the Premises, all of Tenant's Rights shall terminate and be of no further force or effect.

GUARANTY

THIS GUARANTY OF SUBLEASE is made this 20th day of September, 2011, but retroactively effective as of August 1, 2011, by JASON PELTIER, an individual, having his principal place of business at 1895 Camino Del Rio South, San Diego, California 92108 (the "Guarantor"), in favor of SCPT MARINA VILLAGE, LLC, a Delaware limited liability company, having its principal place of business at c/o American Realty Advisors, 801 North Brand Blvd., Suite 800, Glendale, California 91203 Attention: Stanley Iezman (the "Landlord").

WITNESSETH:

WHEREAS, Guarantor desires to induce Landlord to enter into a sublease with RANCH EVENTS INC., a California corporation (the "Tenant"), with respect to certain premises, known as the first (1st) floor of the "Sunset Room", located at 1935 Quivira Way, San Diego, California (the "Sublease"), such Sublease being of even date herewith; and

WHEREAS, the entering into of the Sublease by Landlord and Tenant will be of direct pecuniary advantage to Guarantor;

NOW, THEREFORE, in consideration of One Dollar (\$1.00) paid by Landlord to Guarantor and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby covenants and agrees with Landlord, as follows:

1. Guarantor, as primary obligor, hereby (a) unconditionally guarantees the prompt, punctual and full payment of the rent and all other sums due under the Sublease in accordance with the terms and tenor thereof as completely and effectually as if such guarantee had been made by Guarantor on the face of the Sublease; (b) unconditionally guarantees the prompt, punctual and full performance by Tenant of any and all of the agreements, covenants, terms and conditions agreed to be performed by Tenant under the Sublease; and (c) covenants and agrees that in the event of default in payments or any default in the performance of any of the terms, covenants or conditions thereof, Guarantor will promptly make or cause such payment to be made or will perform or cause to be performed all such terms, covenants and conditions, irrespective of any invalidity therein, the unenforceability thereof or the insufficiency, invalidity or unenforceability of any security therefor.

2. Guarantor does hereby further agree that Guarantor's liability hereunder as Guarantor shall not be prejudiced, impaired or affected by any of the following, whether with or without its knowledge or consent: (a) any renewal or extension of the time of payment of the rent or other sums due under the Sublease or of the time for performance by any party obligated under the Sublease; (b) by any forbearance or delay in enforcing the payment of the rent or other sums due under the Sublease or enforcing the obligations of any party to the Sublease; (c) by any modification, addition or alteration of the terms, tenor or provisions of the Sublease or (d) by the lease of any other collateral Landlord may hold for the obligations of Tenant.

3. (a) On or before the 15th day of each calendar quarter during the term hereof, Guarantor shall submit to Landlord a current financial statement in form and content satisfactory to Landlord indicating Guarantor's current tangible net worth, certified as true, correct and complete by Guarantor. Guarantor shall submit reasonable substantiating documentation to Landlord upon request, certified as true, correct and complete by Guarantor. In addition, within thirty (30) days following the expiration of Guarantor's fiscal year, and no less frequently than once every twelve (12) calendar months, Guarantor shall submit to Landlord an annual audited financial statement prepared in accordance with generally accepted accounting principles consistently applied and certified as true, correct and complete by Guarantor. Without limitation as to Landlord's rights and remedies as provided under Section 3(b) below, Guarantor specifically acknowledges that Landlord may require Tenant to post additional collateral for its obligations under the Sublease in the event of a decline in the financial condition of Guarantor and that it shall be a default under the Sublease entitling Landlord to call upon this Guaranty if Tenant shall fail to post such additional collateral or if Guarantor files a petition in bankruptcy, is adjudged a bankrupt, has a receiver appointed for its assets, makes an assignment for the benefit of creditors, or otherwise takes advantage of any debtor relief proceedings available under federal, state or local law. Guarantor specifically acknowledges that Landlord and its actual and prospective lenders and purchasers have relied and will rely on any and all financial information provided by Guarantor (whether provided in the past, present or future) as being true, correct and complete at all times.

(b) Guarantor shall at all times maintain a tangible net worth of not less than \$50,000.00 (the "Tangible Net Worth Requirement"). If any financial statement delivered under this Guaranty or other information obtained by Landlord indicates a failure of Guarantor to satisfy the Tangible Net Worth Requirement, such failure shall constitute a default under the Sublease, this Guaranty and any other guaranty delivered in connection with the Sublease, and Landlord shall be entitled to (A) exercise any and all rights and remedies under the Sublease, this Guaranty, any other guaranty delivered in connection with the Sublease, at law and in equity in connection with such default, and (B) require Tenant and/or Guarantor (on behalf of Tenant) to provide new or additional security acceptable to Landlord for Tenant's obligations under the Sublease (including letters of credit, security deposits and/or any other security that is acceptable to Landlord). In addition, in the event of such a default, Guarantor shall not make any distributions of income, profit or proceeds of its business until such time, if ever, that the Tangible Net Worth Requirement is satisfied (and would still be satisfied after any such distributions), nor shall Guarantor receive any distributions from another guarantor of the Sublease if such distribution would violate any tangible net worth requirement applicable to that guarantor. If Guarantor nevertheless makes or receives any such distribution in breach of this Guaranty, Guarantor specifically acknowledges and agrees that such distribution shall be held in trust for the benefit of Landlord and Landlord shall have the right to clawback any and all amounts so distributed in breach of this Guaranty, together with interest thereon as provided herein.

4. This Guaranty is and shall be construed to be an irrevocable, absolute, unlimited and continuing guaranty of payment and performance, and the liability of Guarantor hereunder and Landlord's right to pursue Guarantor shall not be affected, delayed, limited, impaired or discharged, in whole or in part, by reason of an extension or discharge that may be granted to Tenant by any court in proceedings under the Bankruptcy Code, or any amendments thereof, or under any other state or other federal statutes. Guarantor expressly waives the benefits of any extension or discharge granted to Tenant. This Guaranty shall survive notwithstanding the expiration or termination of the Sublease with respect to any sums previously received from Tenant or from Guarantor that Landlord may be required to repay in such proceeding.

5. Landlord shall have the right to proceed against Guarantor immediately upon any default by Tenant in payment or performance of any obligation under the Sublease, and Landlord shall not be required to take any action or proceedings of any kind against Tenant or any other party liable for Tenant's debts or obligations or to look to any other collateral Landlord may have for the obligations of Tenant under the Sublease. Should Landlord desire to proceed against Guarantor and Tenant in the same action, Guarantor agrees that Guarantor may be joined in any such action against Tenant and that recovery may be had against Guarantor to the extent of Guarantor's liability in such action. Guarantor hereby expressly waives any and all benefits, defenses and rights under California Civil Code Sections 2845, 2849 and 2850 or otherwise to require Lessor to (i) proceed against Tenant or any other guarantor, pledgor or person liable under the Sublease, (ii) proceed against or exhaust any security for the Sublease or this Guaranty; or (iii) pursue any other remedy in Landlord's power or enforce any other right whatsoever.

6. If Landlord calls upon Guarantor to honor, pay or perform all or part of any obligation of Tenant, and Guarantor fails to honor such demand, the debt or obligation owed Landlord pursuant to this Guaranty shall bear interest at the lesser of eighteen percent (18%) per annum or the highest rate permitted under applicable law. In case Guarantor fails or refuses to honor this Guaranty, Landlord is hereby authorized to utilize such legal means as Landlord deems proper to enforce this Guaranty, through the efforts of its employees, agents, or attorneys, and Guarantor shall pay all costs of enforcement and collection, including but not limited to court costs, reasonable attorneys' fees, depositions and expert witnesses.

7. If a corporation is executing this Guaranty, Guarantor and the individual executing this Guaranty on behalf of Guarantor personally warrant that execution and delivery hereof and the assumption of liability hereunder have been in all respects authorized and approved by proper action on the part of Guarantor; that Guarantor has full authority and power to execute this Guaranty, that Guarantor is duly formed and in good standing in the state of its formation and that Guarantor is authorized to do business in the state in which the premises subject to the Sublease are located.

8. This Guaranty shall be binding upon and inure to the benefit of the heirs, personal and legal representatives, successors and assigns of Guarantor and Landlord. Landlord shall have the right to assign and transfer this Guaranty to any assignee of the Sublease. Landlord's successors and assigns shall have the rights, elections, remedies, and privileges, discretions and powers granted hereunder to Landlord and shall have the right to rely upon this Guaranty and to enter into and continue other and additional transactions with Tenant in reliance hereon, in the same manner and with the same force and effect as if they were specifically named as Landlord herein.

9. This Guaranty shall constitute a California contract, and be governed by the laws of the State of California. The undersigned hereby voluntarily submits to the jurisdiction of any court in the State of California having jurisdiction over the subject matter of this instrument, and hereby constitutes the Secretary of State of the State of California as its agent for service of process in connection with any suit or proceeding arising hereunder.

10. Failure of Landlord to insist in any one or more instances upon strict performance of any one or more of the provisions of this Guaranty or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

11. Landlord shall have the right, without affecting Guarantor's obligations hereunder, and without demand or notice, to collect first from Tenant, and to exercise its rights of setoff against any asset of Tenant, and to otherwise pursue and collect from Tenant any other indebtedness of Tenant to Landlord not covered by this Guaranty, and any sums received from Tenant, whether by voluntary payment, offset, or collection efforts, may be applied by Landlord as it sees fit, including, without limitation, the application of all such amounts to other debts not guaranteed by Guarantor. Subrogation rights or any other rights of any kind of Guarantor against Tenant, if any, shall not become available until all indebtednesses and obligations of Tenant to Landlord are paid in full. This Guaranty shall survive the expiration or termination of the Sublease to the extent the obligations of Tenant thereunder likewise survive.

12. Landlord may proceed against any collateral securing the obligations of Tenant and against parties liable therefor in such order as it may elect, and Guarantor shall not be entitled to require Landlord to marshal assets. The benefit of any rule of law or equity to the contrary is hereby expressly waived.

13. Landlord may, in its sole discretion and with or without consideration, lease any collateral securing the obligations of Tenant or lease any party liable therefor. The defenses of impairment of collateral and impairment of recourse and any requirement of diligence on Landlord's part in perfecting or enforcing any lien granted in the Sublease or in collecting the obligations under the Sublease are hereby waived.

14. Guarantor hereby waives any requirement of presentment, protest, notice of dishonor, notice of default, demand, and all other actions or notices that may be required on Landlord's part in connection with the obligations guaranteed hereby.

15. **GUARANTOR HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY ACTION, PROCEEDING OR COUNTERCLAIM WITH RESPECT TO THIS GUARANTY.**

16. Guarantor hereby waives any and all rights, benefits and defenses under California Civil Code Sections 2809 (which provides that the liability of a surety may be no larger nor more burdensome than that of the principal), 2810 (which provides the surety is not liable if the principal is disabled at the time of the execution of the obligation), 2819 (which provides that a surety is exonerated by modification of the underlying obligation without the guarantor's consent), 2822 (which provides that a surety is exonerated by part performance of the underlying obligation), 2839 (which provides that a surety is exonerated by the performance or the offer of performance of the principal obligation), 2899 (which provides for the order of resort to different funds held by the creditor) and 3433 (which provides for the right of a creditor to require that another creditor entitled to resort to several sources of payments first resort to sources not available to the first creditor), and all similar laws now or hereafter in effect.

17. In the event any portion of this Guaranty shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be deemed severed from this Guaranty, and the remaining parts hereof shall remain in full force and effect, as fully as though such invalid, illegal or unenforceable portion had never been part of this Guaranty.

18. **TIME OF THE ESSENCE. TIME IS OF THE ESSENCE OF THIS GUARANTY AND EACH AND EVERY TERM AND PROVISION HEREOF.**

19. If there is more than one Guarantor, the obligations of each Guarantor under this Guaranty are and will be joint and several. Landlord may lease any one or more Guarantors at any time without notice to or consent by the remaining Guarantors and without affecting the continuing liability of the remaining Guarantors. Landlord shall not be required to pursue any remedy against any other person or party that shall have executed any agreement of guaranty with Landlord. Landlord may elect, in its sole and absolute discretion, to seek to recover from any one

or more of such persons or parties and no such election shall constitute any defense or any other bar or limitation to the enforcement of Guarantors' obligations set forth herein.

20. (a) As used herein, "**Blocked Party**" shall mean any party or nation that (A) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the U.S. Treasury ("**OFAC**") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) or other similar requirements contained in the rules and regulations of OFAC (the "**Order**") or in any enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**") or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**"); or (B) has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(b) As a material inducement for Landlord entering into the Sublease and agreeing to this Guaranty, Guarantor warrants and represents that none of Guarantor, any affiliate of Guarantor, any partner, member or stockholder in Guarantor or any affiliate of Guarantor, or any beneficial owner of Guarantor, any affiliate of Guarantor or any such partner, member or stockholder of Guarantor (collectively, a "**Guarantor Owner**"): (A) is a Blocked Party; (B) is owned or controlled by, or is acting, directly or indirectly, for or on behalf of, any Blocked Party; or (C) has instigated, negotiated, facilitated, executed or otherwise engaged in this Guaranty, directly or indirectly, on behalf of any Blocked Party. Guarantor shall immediately notify Landlord if any of the foregoing warranties and representations becomes untrue at any time.

(c) Guarantor shall not: (A) transfer or permit the transfer of any interest in Guarantor or any Guarantor Owner to any Blocked Party; or (B) make a transfer to any Blocked Party or party who is engaged in illegal activities.

(d) If at any time (A) Guarantor or any Guarantor Owner becomes a Blocked Party or is convicted, pleads nolo contendere, or is indicted, arraigned, or custodially detained on charges involving money laundering or predicate crimes to money laundering; (B) any of the representations or warranties set forth in this Section become untrue; or (C) Guarantor breaches any of the covenants set forth in this Section, the same shall constitute an event of default under this Guaranty and the Sublease. In addition to any other remedies to which Landlord may be entitled on account of such event of default, Landlord may immediately terminate the Sublease and/or this Guaranty and refuse to pay any disbursements due to Tenant under the Sublease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the day and year first set forth above.

Witness:

Date: _____

GUARANTOR:



JASON PELTIER

Social Security No.: 552-73-1781

SITE PLAN OF THE PROJECT

EXHIBIT B

LEGAL DESCRIPTION

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

THAT PORTION OF THE TIDELANDS AND SUBMERGED OR FILLED LANDS OF MISSION BAY - FORMERLY FALSE BAY - AND A PORTION OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF WHICH WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1921 AND IS KNOWN AS MISCELLANEOUS MAP NO. 36, ALL BEING IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 24 IN BLOCK 10 OF RESUBDIVISION OF BLOCKS 7, 8, 10 AND A PORTION OF BLOCK 9 AND LOT "A", INSPIRATION HEIGHTS, ACCORDING TO MAP THEREOF NO. 1700, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 27, 1917; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89 DEG. 55'56" WEST - RECORD SOUTH 89 DEG. 59'00" WEST - 25.00 FEET TO A POINT OF TANGENT CURVE IN THE BOUNDARY OF SAID LOT 24; THENCE SOUTH 00 DEG. 04'04" EAST 2.00 FEET TO AN INTERSECTION WITH A LINE WHICH IS PARALLEL WITH AND 2.00 FEET SOUTHERLY AT RIGHT ANGLES TO THE SOUTHERLY LINE OF SAID BLOCK 10; THENCE ALONG SAID PARALLEL LINE NORTH 89 DEG. 55'56" EAST 249.70 FEET; THENCE NORTH 05 DEG. 30'02" WEST 104.06 FEET TO THE UNITED STATES COAST AND GEODETIC SURVEY TRIANGULATION STATION "OLD TOWN" - THE LAMBERT GRID COORDINATES, CALIFORNIA ZONE 6, FOR SAID STATION "OLD TOWN" ARE X EQUALS 1,712.415.7 AND Y EQUALS 213,819.22 - AND SAID TRIANGULATION STATION IS LOCATED AT LATITUDE 32 DEG. 45'02.45" NORTH AND LONGITUDE 177 DEG. 11'07.200" WEST, BEING ALSO THE POINT OF ORIGIN FOR THE SAN DIEGO CITY ENGINEER'S MISSION BAY PARK COORDINATE SYSTEM; THENCE NORTH 5160.53 FEET AND WEST 16,030.79 FEET, BEING AT MISSION BAY COORDINATES; NORTH 5160.53 FEET AND WEST 16,030.79 FEET; THENCE SOUTH 66 DEG. 35'46" EAST 352.89 FEET BEING AT MISSION BAY PARK COORDINATES NORTH 5020.42 FEET AND WEST 15,706.89 FEET; THENCE CONTINUING SOUTH 66 DEG. 35'46" EAST 618.76 FEET BEING AT MISSION BAY COORDINATES NORTH 4774.57 FEET AND WEST 15,139.07 FEET; THENCE CONTINUING SOUTH 66 DEG. 35'46" EAST 313.04 FEET TO A POINT FOR REFERENCE THE COORDINATES HEREINAFTER MENTIONED ARE SAID MISSION BAY PARK COORDINATE SYSTEM, SAID LAST MENTIONED POINT BEING ALSO THE TRUE POINT OF BEGINNING; THENCE SOUTH 40 DEG. 00'00" WEST 421.74 FEET TO A POINT HEREIN CALLED "POINT A"; THENCE SOUTH 50 DEG. 00'00" EAST 406.88 FEET TO COORDINATES NORTH 4065.64 FEET AND WEST 14,811.19 FEET; THENCE SOUTH 08 DEG. 09'38" EAST 8.12 FEET TO COORDINATES NORTH 4057.60 FEET AND WEST 14,810.04 FEET; THENCE SOUTH 08 DEG. 09'38" EAST 694.75 FEET TO COORDINATES NORTH 3369.88 FEET AND WEST 14,711.43 FEET; THENCE SOUTH 81 DEG. 50'22" WEST 1202.00 FEET; THENCE SOUTH 08 DEG. 09'38" EAST 217.76 FEET; THENCE NORTH 81 DEG. 50'22" EAST 1133.01 FEET TO A TANGENT 239.52 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY; THENCE NORTHEASTERLY ALONG SAID CURVE 219.05 FEET THROUGH AN ANGLE OF 52 DEG. 24'00"; THENCE TANGENT TO SAID CURVE NORTH 29 DEG. 26'22" EAST 273.89 FEET TO A TANGENT 805.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE NORTHEASTERLY, NORTHERLY AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE 1349.29 FEET THROUGH AN ANGLE OF 96 DEG. 02'08"; THENCE TANGENT TO SAID CURVE NORTH 66 DEG. 35'46" WEST 33.68 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2:

THAT PORTION OF THE TIDELANDS AND SUBMERGED OR FILLED LANDS OF MISSION BAY - FORMERLY FALSE BAY - AND A PORTION OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1870, A COPY OF WHICH WAS FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1921 AND IS KNOWN AS MISCELLANEOUS MAP NO. 36, ALL BEING IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE ABOVESAIID "POINT A" BEING ALSO THE TRUE POINT OF BEGINNING; THENCE SOUTH 50 DEG. 00'00" EAST 406.88 FEET TO COORDINATES NORTH 4065.64 FEET AND WEST 14,811.19 FEET; THENCE SOUTH 08 DEG. 09'38" EAST 8.12 FEET TO COORDINATES NORTH 4057.60 FEET AND WEST 14,810.04 FEET; THENCE SOUTH 08 DEG. 09'38" EAST 694.75 FEET TO COORDINATES NORTH 3369.88 FEET AND WEST 14,711.43 FEET; THENCE SOUTH 81 DEG. 50'22" WEST 1202.00 FEET; THENCE NORTH 08 DEG. 09'38" WEST 480.00 FEET; THENCE NORTH 81 DEG. 50'22" EAST 800.00 FEET; THENCE NORTH 08 DEG. 09'38" WEST 152.88 FEET; THENCE NORTH 87 DEG. 08'14" WEST 113.99 FEET TO COORDINATES NORTH 3944.99 FEET AND WEST 15,313.03 FEET; THENCE NORTH 50 DEG. 00'00" WEST 100.00 FEET; THENCE NORTH 40 DEG. 00'00" EAST 415.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING FROM THAT PORTION OF SAID PARCELS 1 AND 2 LYING WITHIN THE NATURAL BOUNDARIES OF MISSION BAY - FORMERLY FALSE BAY - ALL THE DEPOSITS OF MINERALS, INCLUDING OIL AND GAS, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE AS MAY BE REQUIRED THERETO, AS RESERVED BY THE STATE OF CALIFORNIA IN AN ACT OF THE LEGISLATURE APPROVED APRIL 27, 1945; STATUTES OF CALIFORNIA, CHAPTER 142.

APN: 760-029-08-00

EXHIBIT C

TERM CERTIFICATION

The undersigned, as Tenant, under that certain sublease dated [_____] (the "Sublease"), with [_____] as Landlord, hereby certifies as follows:

1. That the undersigned has entered into occupancy of the Premises described in the Sublease.
2. That the Sublease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as follows:
3. That the Sublease represents the entire agreement between the parties as to said leasing.
4. That the Commencement Date of the Sublease is: _____. The Sublease expires on _____.
5. That all improvements to have been constructed or completed by Landlord have been completed in a satisfactory manner and all conditions of the Sublease to be performed by Landlord and necessary to the enforceability of the Sublease have been satisfied.
6. That there are no defaults by either Tenant or Landlord under the Sublease.
7. That no rents have been prepaid, other than as provided in the Sublease.
8. That on this date there are no existing defenses or offsets, which the undersigned has against the enforcement of the Sublease by Landlord.

EXECUTED this _____ day of _____, 20__.

TENANT:

[_____] .
a [_____]

By: _____

Printed Name: _____

Title: _____

EXHIBIT D
CONSTRUCTION

This Exhibit sets forth the terms and conditions relating to construction work in the Premises. All references in this Exhibit to capitalized terms or "this Sublease" shall mean the relevant portion of the Sublease to which this Exhibit is attached and of which this Exhibit forms a part.

A. GENERAL CONDITIONS FOR CONSTRUCTION BY TENANT.

1. **Inspection by Landlord.** Landlord shall have the right to inspect work at all times; provided however, Landlord's failure to inspect any work shall in no event constitute a waiver of any of Landlord's rights hereunder, nor shall Landlord's inspection of the work constitute Landlord's approval thereof. Should Landlord disapprove any work, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. In the event Landlord disapproves of any matter that might adversely affect the structure, systems or exterior appearance of the Project or any other tenant, Landlord may take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such matter, including, without limitation, causing the cessation of the applicable work.

2. **Insurance.** In addition to any insurance that may be required under this Sublease, Tenant shall secure, pay for and maintain or cause Tenant's contractors to secure, pay for and maintain during the continuance of any work, the following insurance:

a. Worker's Compensation Insurance with a limit of not less than the greater of (i) \$500,000, or (ii) the amount required from time to time by applicable Laws.

b. Employer's Liability Insurance with a limit of not less than \$1,000,000.

c. Commercial General Liability Insurance (including Contractor's Protective Liability) in an amount not less than \$1,000,000 per occurrence, whether involving bodily injury liability (or death resulting therefrom) or property damage liability or a combination thereof with a minimum aggregate limit of \$2,000,000, and with umbrella coverage with limits not less than \$5,000,000 (\$10,000,000 if the cost of the work is greater than \$1,000,000). Such insurance shall provide for explosion and collapse, completed operations coverage and broad form blanket contractual liability coverage and shall insure against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others and arising from its operations under the contracts whether such operations are performed by Tenant's contractors or by anyone directly or indirectly employed by any of them.

d. Automobile Liability Insurance, including the ownership, maintenance and operation of any automotive equipment, owned, hired, or non-owned in an amount not less than \$1,000,000 for bodily injury and property damage combined in any one accident. Such insurance shall insure against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from its operations under the contracts, whether such operations are performed by Tenant's contractors, or by anyone directly or indirectly employed by any of them.

e. "All-risk" builder's risk insurance for the full insurable value of the work (including all stored material and equipment), as approved by Landlord. This insurance shall include the interests of Landlord and Tenant (and their respective contractors and subcontractors of any tier to the extent of any insurable interest therein) in the work and shall insure against physical loss or damage including, without duplication of coverage, theft, vandalism and malicious mischief. If any materials or equipment will be stored offsite or will be in transit to the job site and are not covered under said "all-risk" builder's risk insurance, then Tenant shall effect and maintain similar property insurance on such materials and equipment. Any loss insured under said "all-risk" builder's risk insurance shall be adjusted with Landlord and Tenant and made payable to Landlord, as trustee for the insureds, as their interests may appear.

f. Commercial Catastrophe or "Umbrella" Excess Liability Insurance, as stated above, on an "occurrence" basis with a limit of not less than \$5,000,000 (or \$10,000,000, as applicable) per occurrence and in the aggregate.

g. Professional Liability Insurance with limits of not less than the amount that would prudently be maintained for comparable work, which shall in no event be less than \$1,000,000 per claim and in the aggregate.

h. Pollution Liability and Environmental Impairment Insurance with limits of not less than \$2,000,000 per claim and \$5,000,000 in the aggregate.

The liability policies required in paragraphs (c) and (f) above shall be endorsed to include all additional insureds required or permitted herein with coverage equivalent to that provided by ISO form CG 20 10 11 85. Such additional insured endorsements shall be separate from the certificates of insurance required herein.

All other policies (except the worker's compensation policy) shall be endorsed to include the Landlord Related Parties as additional insureds. All insurance policies shall provide that all additional insureds shall be given thirty (30) days' prior written notice of any reduction, cancellation or non-renewal of coverage (except that ten (10) days' notice shall be sufficient in the case of cancellation for non-payment of premium) and shall provide that the insurance coverage afforded to the additional insureds shall be primary to any insurance carried independently by said additional insureds. Certificates for all insurance required hereunder shall be delivered to Landlord before the commencement of construction and before any contractor's equipment is moved onto the Property. Tenant shall cause Tenant's contractors to provide Landlord with an endorsement evidencing that each required policy herein contains a waiver of subrogation in favor of the additional insureds required or permitted herein. Insurance companies shall have a rating of A VI, or higher, in the most currently available "Best Insurance Guide".

3. Lien Free Completion.

a. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord such security as reasonably determined by Landlord to protect Landlord against any liability in connection with the work, including but not limited to a lien and completion bond naming Landlord as a co-obligee.

i. Tenant shall use its best efforts to obtain or cause to be obtained a "no-lien" contract from each of Tenant's contractors. All subcontractors under each of the contracts shall be given a notice of such no-lien contract before such subcontractor furnishes any labor or materials. If Tenant is unable to obtain or cause to be obtained a no-lien contract from any proposed contractor, Tenant shall give written notice of such fact to Landlord, and Landlord shall have the right to disapprove such contractor. Upon completion of the work, Tenant shall furnish Landlord with full and final waivers of liens and contractors' affidavits and statements, in such form as may be required by Landlord, Landlord's title insurance company and any Mortgagee, from all parties performing labor or supplying materials or services in connection with the work showing that all of said parties have been compensated in full. Before commencement of any work, Tenant shall notify Landlord of the proposed date of commencement of such work, and shall prepare and deliver to Landlord for Landlord's signature a notice of non-responsibility and allow Landlord no less than seven (7) Business Days to record and post the same.

ii. If Tenant fails to make any payment relating to the work, Landlord, as its option, may complete the work, make such payment and hold Tenant liable for the costs thereof.

4. Plan Approval. Landlord's approval of Tenant's plans will not be unreasonably withheld, provided that (a) they comply with all Laws; (b) the improvements do not adversely affect (as determined by Landlord) the building structure, systems, the exterior appearance of the Project, or the appearance of the Common Areas; (c) the plans are sufficiently detailed to allow construction of the improvements in a good and workmanlike manner; and (d) construction of the improvements conforms to the requirements set forth in this Exhibit. Notwithstanding that any plans submitted to Landlord in connection with this Sublease (including, without limitation, pursuant to this Exhibit D or Exhibit D-1) are reviewed by Landlord and notwithstanding any comments, advice or assistance that Landlord may render to Tenant, in no event shall any such review, comments, advice or assistance constitute a representation or warranty as to the completeness, design, accuracy or sufficiency of such

plans, compliance of such plans with Laws or as to any other matter, and Landlord shall have no liability whatsoever with respect thereto. Notwithstanding anything to the contrary contained in this Sublease, if Landlord and Tenant do not agree in writing upon the plans for the initial improvements to the Premises within thirty (30) days after the execution of this Sublease, then Landlord shall have the right to terminate this Sublease by written notice to Tenant given within 10 days after the expiration of such thirty (30) day period.

5. Change Orders. Tenant shall make no changes or modifications to the plans approved by Landlord without Landlord's prior written consent. Such approval shall not be unreasonably withheld or delayed, as long as such requested change meets (a) through (d) in Section 4 above and the same would not delay the completion of the work. If any change order would increase the cost of construction, as a condition of such approval Landlord may require that Tenant deposit any increased cost with Landlord, or provide Landlord with other security therefor acceptable to Landlord.

6. Pre-Construction Activity. At least thirty (30) days prior to commencement of any work, Tenant shall submit the following information and items to Landlord for Landlord's review and approval:

- a. The proposed plans.
- b. A detailed critical path construction schedule containing the major components of the work and the time required for each, including the scheduled commencement date of construction of the work, milestone dates and the estimated date of completion of construction.
- c. An itemized statement of estimated construction cost, including fees for permits and architectural and engineering fees.
- d. Evidence satisfactory to Landlord in all respects of Tenant's ability to pay the cost of the work as and when payments become due.
- e. The names and addresses of Tenant's contractors (and said contractors' subcontractors) and materialmen to be engaged by Tenant for the work (individually, a "Tenant Contractor," and collectively, "Tenant's Contractors"). Landlord may designate a list of approved contractors for performance of those portions of work involving electrical, mechanical, plumbing, heating, air conditioning or life safety systems, from which Tenant must select its contractors for such designated portions of work ("Approved Contractors"). Landlord has the right to disapprove any of Tenant's Contractors that are not Approved Contractors.
- f. Certificates of insurance as required herein.

No work by Tenant shall proceed until Landlord has approved all of the foregoing items.

7. Performance of Work.

- a. All work by Tenant shall be performed under a valid permit when required, a copy of which shall be furnished to Landlord before commencement of such work.
- b. All work shall comply in all respects with (i) all applicable Laws; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.
- c. Tenant's contractors, approved by Landlord pursuant to Section 6(e) of this Exhibit D, shall be licensed contractors, possessing good labor relations (including use of union labor if required by Landlord), capable of performing quality workmanship and working in harmony with Landlord's contractors and subcontractors in the Project. All work shall be coordinated with any other construction or other work in the Project in order not to adversely affect construction work being performed by or for Landlord or its tenants.
- d. Tenant shall use only new, first-class materials, except where explicitly shown in the plans approved by Landlord. All work shall be done in a good and workmanlike manner. Tenant shall obtain

contractors' warranties of at least one (1) year duration from the completion of the work against defects in materials and workmanship.

e. At Tenant's expense, Tenant shall engage the services of an on-site Project manager approved in advance by and reasonably acceptable to Landlord, who will be charged with the task of performing daily supervision of the work. Such on-site manager shall be familiar with the Rules and Regulations, the Contractor Rules and Regulations and the construction procedures for the Project and all personnel of the Project engaged directly or indirectly in the management, operation and construction of the Project. Such on-site Project manager shall be accountable and responsible to Tenant and to Landlord and, where necessary, shall serve as a liaison between Landlord and Tenant with respect to the work.

f. Tenant shall pay to Landlord a percentage of the cost of any tenant work (such percentage, which shall vary depending upon whether or not Tenant orders the work directly from Landlord, to be established by Landlord on a uniform basis for the Project) sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's supervision of or involvement with such work.

8. As-Built Plans and Specifications. Immediately after completion of any work on the Premises by Tenant, Tenant shall deliver to Landlord "as-built" plans and specifications (including all working drawings) for the work.

9. Rules. All construction work shall be performed in conformity with the Contractor Rules and Regulations set forth in Exhibit D-2. Landlord shall have the right to order Tenant or any of Tenant's contractors who violate the requirements imposed on Tenant or Tenant's contractors in performing work to cease work and remove its equipment and employees from the Project.

B. INITIAL BUILD-OUT.

1. Definitions.

a. "Approved Working Drawings" shall have the meaning set forth in Exhibit D-1.

b. "Tenant Improvements" shall mean the improvements to the Premises set forth in Exhibit D-1, if any, and "Restroom Work" shall mean a remodeling of restrooms located in the Common Area on the first (1st) floor of the building in which the Premises are located, in order to modernize such restrooms and cause them to comply with applicable Laws.

c. "Total Construction Costs" shall mean the entire cost of constructing the Tenant Improvements and the Restroom Work, including space planning and preparation of the Approved Working Drawings, labor and materials, electrical and other utility usage during construction, additional janitorial services, trash removal, general tenant signage, related taxes and insurance costs, the fees of any construction managers and any administrative fee to Landlord, as the same may increase as a result of any change orders.

2. Total Construction Costs Deposit.

a. All Tenant Improvements and the Restroom Work shall be deemed Landlord's property.

b. Upon the later to occur of Tenant's execution of this Sublease or the date the Total Construction Costs have been determined by Landlord, Tenant shall deliver to Landlord cash in the amount equal to the Total Construction Costs (the "Total Construction Costs Deposit"). In the event that after Tenant's execution of this Sublease, any revisions, changes, or substitutions shall be made to the Approved Working Drawings, the Tenant Improvements or the Restroom Work, Tenant shall pay any additional costs that arise in connection with such revisions, changes or substitutions to Landlord immediately upon Landlord's request as an addition to the Total Construction Costs Deposit. Tenant shall not commence construction of the Tenant Improvements or the Restroom Work unless and until the Total Construction Costs Deposit has been delivered to Landlord.

d. Landlord shall pay the Total Construction Costs Deposit directly to Tenant's contractors in two (2) installments: one-half (1/2) upon written certification by Landlord's construction manager that the work is fifty percent (50%) complete; and the balance upon receipt by Landlord of lien waivers and a final certificate of occupancy for the Premises. It shall be a condition to the obligation of Landlord to make such disbursements that Tenant shall have provided Landlord with appropriate requests for payment, invoices, contractors' affidavits and sworn statements, contractors' and subcontractors' lien waivers, and other documents as may be reasonably required (i) by Landlord to demonstrate the correctness of the amount requested by Tenant; and (ii) to satisfy any other conditions (including, without limitation, that Tenant demonstrate that it has sufficient funds in addition to the Total Construction Costs Deposit to complete the work) as may be reasonably imposed by Landlord. It shall be a condition of the final disbursement of the Total Construction Costs Deposit that Tenant establishes that all costs for the work have been paid in full, except for the costs to be covered by such final disbursement.

3. Miscellaneous.

a. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until Landlord approves the document.

EXHIBIT D-1

TENANT IMPROVEMENT WORK

1. Preparation of Working Drawings.

a. Landlord has established specifications for the Project standard components to be used in the construction of the Tenant Improvements and the Restroom Work (the "**Specifications**"), which Landlord shall supply to Tenant. The quality of Tenant Improvements and the Restroom Work shall be equal to or of greater quality than the quality of the Specifications.

b. Tenant shall retain an architect/space planner approved by Landlord ("**Architect**") to prepare the construction drawings for the Tenant Improvements and the Restroom Work. The plans and drawings to be prepared by Architect and the Engineer hereunder shall be known collectively as the "**Working Drawings**." All Working Drawings shall comply with the drawing format and specifications as determined by Landlord. It shall be the responsibility of Tenant and Architect to verify, in the field, the dimensions and conditions as shown on the relevant portions of the base Project plans.

c. On or before the date set forth in Schedule 1, attached hereto Tenant and the Architect shall prepare the final space plan for Tenant Improvements in the Premises and the Restroom Work (collectively, "**Final Space Plans**"), which Final Space Plans shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the Final Space Plans to Landlord for Landlord's approval. Notwithstanding anything to the contrary contained in this Sublease, if Landlord and Tenant do not agree in writing upon the Final Space Plans for the initial improvements to the Premises within thirty (30) days after the execution of this Sublease, then Landlord shall have the right to terminate this Sublease by written notice to Tenant given within 10 days after the expiration of such thirty (30) day period.

d. On or before the date set forth in Schedule 1, Tenant and the Architect shall complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form that is sufficient to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, "**Final Working Drawings**") and shall submit the same to Landlord for Landlord's approval.

e. Landlord must have approved the Final Working Drawings ("**Approved Working Drawings**") prior to the commencement of the construction of the Tenant Improvements and the Restroom Work.

f. Upon receipt of Landlord's approval, Tenant shall immediately submit the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary for the Tenant Improvements and the Restroom Work ("**Permits**"), and, in connection therewith, Tenant shall coordinate with Landlord in order to allow Landlord, at its option, to take part in all phases of the permitting process. Tenant shall supply Landlord, as soon as possible, with all plan check numbers and dates of submittal. Tenant shall obtain the Permits on or before the date set forth in Schedule 1. Neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same shall be Tenant's responsibility; provided however that Landlord shall, in any event, cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any Permits.

2. Bids. Tenant shall solicit bids from contractors approved by Landlord for the construction of the Tenant Improvements and the Restroom Work in accordance with the Approved Working Drawings, which bids shall include, as nearly as possible, the cost of the Total Construction Costs to be incurred by Tenant in connection with the Tenant Improvements and the Restroom Work and a schedule for completion (the "**Cost Proposal**"). Based upon the Cost Proposals submitted by approved contractors, Tenant shall notify Landlord of the Cost Proposal approved by Tenant and the contractor selected. Tenant's approval of the Cost Proposal shall be deemed approval of the Excess Costs resulting therefrom.

3. Construction. Tenant shall retain a contractor, on behalf of Tenant, to construct the Tenant Improvements in accordance with the Approved Working Drawings and the Cost Proposal. Tenant shall proceed with its work expeditiously, continuously and efficiently, and shall use its best efforts to complete the same on or

before October 1, 2011. Tenant shall notify Landlord upon completion of the Tenant Improvements, and shall, at its expense, obtain and deliver to Landlord a certificate of occupancy from the appropriate governmental authority for the Premises. All construction to be performed by or on behalf of Tenant shall be subject to the General Conditions set forth in Exhibit D, including, without limitation, the insurance requirements relating to Tenant's contractors.

4. Time Deadlines. Tenant shall use its best, good faith, efforts and all due diligence to cooperate with the Architect, the Engineers, and Landlord to complete all phases of the working drawings and the permitting process and to receive the Permits, and to approve the Cost Proposal, as soon as possible after the execution of the Sublease, and, in that regard, shall meet with Landlord on a scheduled basis to be determined by Landlord, to discuss Tenant's progress in connection with the same. The applicable dates for approval of items, plans and drawings in this Tenant Work Letter are set forth and further elaborated upon in Schedule 1 ("**Time Deadlines**"), attached hereto. Tenant agrees to comply with the Time Deadlines.

Notwithstanding anything to the contrary in this Lease, if Tenant has not completed the Restroom Work on or before April 30, 2012, then, in addition to all other remedies available to Landlord under this Lease, Landlord shall have the right (but not the obligation) to terminate this Lease upon five (5) days written notice to Tenant.

SCHEDULE 1 TO EXHIBIT D-1

TIME DEADLINES

	Dates	Actions to be Performed
A.	Within fifteen (15) days of the full execution and delivery of this Sublease.	Final Space Plans to be completed by Tenant and delivered to Landlord.
B.	Within ten (10) days of Landlord's approval of the Final Space Plans.	Tenant to deliver Final Working Drawings to Landlord.
C.	Within thirty (30) days of Landlord's approval of the Final Working Drawings.	Tenant to obtain Permits.
D.	Five (5) Business Days after Tenant's receipt of the Cost Proposal.	Tenant to approve Cost Proposal.
E.	Five (5) Business Days after receipt of Permits.	Tenant to commence Tenant Improvements and the Restroom Work.
F.	October 1, 2011.	Tenant to complete construction and deliver certificate of occupancy to Landlord.

6. Radios or other excessive noise are not permitted.
7. The use of toxic materials or odor-causing liquids must be scheduled with Landlord in advance and prior notice must be given to the tenants adjacent to the job site.
8. All non-job site areas are to be kept clean and dust free. No material residue shall be tracked through corridors or public areas.
9. Contractor Parties shall ensure the job site is left clean and secure at the completion of each work day. Trash and excess materials shall (a) not remain on, in, or at the job site; (b) be disposed of in bins or by truck promptly; (c) not be staged in storage at the job site in any public or adjacent areas; and (d) shall not be disposed of in the Project's trash receptacles.

EXHIBIT D-2

CONTRACTOR RULES AND REGULATIONS

1. Contractor Parties will display a courteous demeanor towards tenants, customers, visitors and general public. No Contractor Parties shall remain in the Project after work hours.
2. All Contractor Parties shall clean the job site after meals are eaten. Alcoholic beverages and drugs are not to be brought into, or consumed in the Project. Personnel appearing to be under the influence of either alcoholic beverages or drugs will not be allowed into the Project.
3. Parking for all personnel must be arranged prior to commencement of work, and will be provided in designated areas only. Vehicles in unapproved areas will be subject to citation and towing without notice. Any parking charges are the sole responsibility of the Contractor Parties.
4. All materials are to be stored at the job site or in designated storage areas. No materials are to be stored in corridors or in public areas. Landlord may provide minimum secured storage for materials with prior arrangement.
5. All work areas are to be visually and materially protected from the tenants and general public. If required by Landlord, the job site shall be sealed off from the balance of the adjoining space so as to minimize the disbursement of dirt, debris and noise.

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5. All work areas are to be visually and materially protected from the tenants and general public. If required by Landlord, the job site shall be sealed off from the balance of the adjoining space so as to minimize the disbursement of dirt, debris and noise.
6. Radios or other excessive noise are not permitted.
7. The use of toxic materials or odor-causing liquids must be scheduled with Landlord in advance and prior notice must be given to the tenants adjacent to the job site.
8. All non-job site areas are to be kept clean and dust free. No material residue shall be tracked through corridors or public areas.
9. Contractor Parties shall ensure the job site is left clean and secure at the completion of each work day. Trash and excess materials shall (a) not remain on, in, or at the job site; (b) be disposed of in bins or by truck promptly; (c) not be staged in storage at the job site in any public or adjacent areas; and (d) shall not be disposed of in the Project's trash receptacles.

EXHIBIT E

RULES AND REGULATIONS

1. The sidewalk, entrances, passages, courts, vestibules, corridors and halls shall not be obstructed or encumbered by any Tenant or used for any purposes other than ingress and egress to and from the Premises.
2. No awnings or other projections shall be attached to the outside walls of the Premises without the prior consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any windows or doors of the Premises, without written consent of Landlord.
3. No sign, signal, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Tenant on any part of the outside of the Premises without the prior written consent of Landlord. In the event of the violation of the foregoing by any Tenant, Landlord may remove same without any liability and may charge any expense in such removal to the tenants violating this rule.
4. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Premises shall not be covered or obstructed by any Tenant, nor shall any bottles, parcels or other articles be placed on the window sills.
5. No showcases, sales tables, merchandise displays, signs or other articles shall be put in front of or affixed to any part of the exterior of the Premises, nor placed in the halls, common passageways, corridors or vestibules without the prior written consent of Landlord.
6. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse or the fixtures shall be borne by the tenant who, or whose servants, employees, agents, visitors, or licensees, shall have caused the same.
7. No Tenant shall cause or permit any unusual or objectionable odors to be produced upon or leased from its premises.
8. No space in the Project shall be used for the sale of merchandise, goods or property of any kind at auction.
9. No Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of the Project or those having business therein, whether by the use of any musical instruments, amplified sound, unmusical noise, whistling, or singing, or in any other way. No Tenant shall throw anything out of the doors, windows, or skylights down the passageways.
10. All boxes must be broken down flat before being placed in special cardboard bins (or dumpsters). All plastic bags, wrapping paper, loose materials, etc., must be secured in boxes or tied in bags prior to emptying into dumpster.
11. Garbage and refuse shall be kept in the kind of container specified by Landlord and shall be placed at the location within the Project designated by Landlord for collection at the time specified by Landlord from time to time. Tenant shall pay the commercially reasonable cost of removal of garbage and refuse. Tenant shall store soiled or dirty linen in approved fire rating organization containers. Each tenant shall comply with any and all Laws regarding recycling.
12. Tenant shall use, at Tenant's commercially reasonable cost, a pest extermination contractor at such intervals as Landlord may require and designate from time to time.
13. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

14. All deliveries or shipments of any kind to and from the Premises, including loading and unloading of goods, shall be made only by way of the rear of the Project or at any other location designated by Landlord, and only at such time as may be designated for such purpose by Landlord.

15. Canvassing, soliciting and distribution of handbills other than in the Premises is prohibited.

16. Upon the termination of this Sublease, Tenant shall deliver to Landlord all keys to the Premises, and all keys and/or combinations to any safes, closets or other lockable permanent fixtures installed in the Premises.

17. No animals (except for service animals) shall be brought or kept in the Premises or the Building.

18. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Project of any person in the case of invasion, mob, riot, public excitement, or other circumstances rendering such action advisable in Landlord's opinion. Landlord reserves the right to prevent access to the Project during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

19. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Project without prior consent of Landlord. No TV or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

20. Tenant shall not install any artwork that could give an artist or any other party a right under applicable Law to prevent removal of the same.

21. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

22. The requirements of each Tenant will be attended to only upon application at the office of Landlord. Landlord's employees shall not perform any work or do anything outside of their regular duties, unless under special instructions from the office of Landlord.

23. Provided Landlord acts in good faith pursuant to sound operating procedures, Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project.

24. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions, and provisions of any Sublease of premises in the Project.

25. Landlord reserves the right to modify the foregoing and promulgate such other rules and regulations as Landlord may from time to time decide are needed for the safety, care or cleanliness of the Project, for the preservation of good order therein, or as changed conditions or particular circumstances may require.

EXHIBIT F

INTENTIONALLY OMITTED

EXHIBIT G

**MINIMUM SERVICES REQUIRED FOR
HVAC EQUIPMENT MAINTENANCE CONTRACT
INCLUDING ROOF TOP, FAN COILS AND EXHAUST SYSTEM**

Tenant will provide a minimum of (4) inspections per calendar year, conducted by a qualified and licensed contractor approved by Landlord, which will include, at a minimum, the following items:

LUBRICATE MOTORS & BEARINGS AS APPLICABLE.

CHANGE AIR FILTERS QUARTERLY.

CHECK BELTS FOR WEAR. ADJUST TO 1" DEFLECTION.

INSPECT EVAPORATOR & CONDENSING COILS. CLEAN AS REQUIRED.

USE FOAM ACTION CLEANER OF H.P. CLEANER OF 300 psi. MAX.

CLEAN CONDENSATE DRAINS.

INSPECT FAN & COMPRESSOR CONTACTORS FOR ARCING DAMAGE. CLEAN OR REPLACE IF EVIDENCED.

CHECK ATMOSPHERIC BURNERS AND PILOT ASSEMBLY. CLEAN AS REQUIRED.

INSPECT EVAPORATOR & CONDENSER FAN BLADES & WHEELS FOR BALANCED OPERATION & CLEANLINESS. CLEAN AS REQUIRED.

INSPECT REFRIGERANT PIPING & INSULATION FOR DETERIORATION AND EVIDENCE OF REFRIGERANT LEAKAGE.

CHECK THERMOSTAT ACCURACY (+ or - 2°).

CHECK OPERATING PRESSURES, O.A. TEMP., SUCTION, DISCHARGE.

CHECK GENERAL CONDITION OF CABINETRY, DUCTING, CURB FLASHING AND UTILITY OPENING.

VISUALLY INSPECT WHEEL FOR EXCESSIVE DIRT OR GREASE BUILD-UP. CLEAN AS REQUIRED.

CHECK GREASE DRAINS, FIRE DAMPERS & FUSIBLE LINKS (KITCHEN FANS ONLY).

CHECK EXTERNAL MOUNTING PLATES, BOLTS, COVER HOLD-DOWNS FOR FATIGUE OR STRESS CRACKS OR EXCESSIVE VIBRATION.

VISUALLY INSPECT COUPLINGS & SPRINGS FOR FATIGUE OR WATER/OIL LEAKAGE.

VISUALLY INSPECT FOR LEAKAGE, FATIGUE CRACKS & GASKET FAILURE.

PHYSICALLY REMOVE ANY EXTERIOR DIRT ACCUMULATION.

EXHIBIT H

ENVIRONMENTAL DISCLOSURES

Landlord hereby discloses to Tenant that chemicals listed under the California Safe Drinking Water and Toxic Enforcement Act (Proposition 65), are used in building materials, and in products used to maintain the Property, and are emitted as a result of the activities of tenants and guests. In addition, other listed chemicals are present in some of the building materials, in products used to maintain the Property, and are emitted as a result of the activities of tenants and guests. In accordance with Proposition 65, the following warning is provided:

WARNING

THIS BUILDING CONTAINS CHEMICALS KNOWN TO THE STATE OF CALIFORNIA TO CAUSE CANCER, AND BIRTH DEFECTS AND OTHER REPRODUCTIVE HARM. THESE CHEMICALS ARE CONTAINED IN SOME BUILDING MATERIALS, IN SOME OF THE PRODUCTS AND MATERIALS USED TO MAINTAIN THE PROPERTY, AND IN EMISSIONS, FUMES, AND SMOKE FROM TENANT AND GUEST ACTIVITIES.. DISTURBANCE OF OR DAMAGE TO INTERIOR SURFACES OF THE BUILDING MAY INCREASE THE POTENTIAL FOR EXPOSURE TO THESE SUBSTANCES.

(CALIFORNIA HEALTH AND SAFETY CODE §25249.5 ET SEQ.)

Tenant acknowledges that Landlord has advised Tenant that the Building contains or, because of its age, is likely to contain asbestos-containing materials ("ACMs"). If Tenant undertakes any alterations, additions, or improvements to the Premises, as permitted by Article 11 of the Sublease, Tenant shall, in addition to complying with the requirements of Article 11, undertake the alterations, additions, or improvements in a manner that avoids disturbing any ACMs present in the Building. If ACMs are likely to be disturbed in the course of such work, Tenant shall encapsulate or remove the ACMs in accordance with an approved asbestos-removal plan and otherwise in accordance with all applicable Environmental Laws, including giving all notices required by California Health and Safety Code Sections 25915-25919.7.