

6) COMPLIANCE WITH THE CITY APPROVAL: SUBLESSEE shall at all times in the installation, maintenance, and use of the leased premises comply with CITY's Development Services Permit No. 94-0330-52, dated January 11, 1999 (Permit), and any amendments to the Permit. The Permit is attached as Exhibit A to this consent.

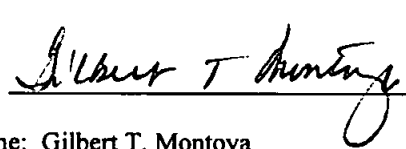
THE CITY OF SAN DIEGO

By: 

Name: Acting Supervising Permit Agent
For the City Manager

Date: 11/20/00

SUBLESSEE

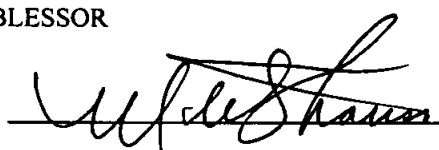
By: 

Name: Gilbert T. Montoya

Title: Vice President, Engineering Operations

Date: 10/17/00

SUBLESSOR

By: 

Name: M. C. SIGALES

Date: 10/06/00

APPROVED AS TO FORM AND LEGALITY:
Casey G. Gwinn, City Attorney

By: 

Name: Deputy City Attorney

Title: _____

Date: 12/8/00

Exhibit A
Permit

To the Consent to Sublease dated 11/30/ 2000, by and between THE CITY OF SAN DIEGO, as Lessor, THE STRAUSS FAMILY TRUST, as Sublessor, and NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d.b.a. Nextel Communications, as Sublessee.

Exhibit A is attached hereto.

INITIALS
<i>JS</i>
<i>MS</i>
<i>MS</i>

or site not directly approved by this permit shall require further review by LDR. Building permits must be obtained within six months from the date of this approval or this authorization shall be null and void.

Sincerely,



Terri Bumgardner
Project Manager

Assistant Planner

CONSENT TO SUBLEASE

The City of San Diego (CITY), as Lessor under that certain Flat Rate Lease (MASTER LEASE), dated October 25, 1978, entered into with KATHERYN CRAKE d.b.a. TRILAND DEVELOPMENT COMPANY, filed in the Office of the City Clerk as Document No. 764812, as subsequently assigned to

STRAUSS FAMILY TRUST

(LESSEE), hereby consents to that certain Communications Site Sublease Agreement (SUBLEASE) between the above LESSEE (SUBLESSOR) and

NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d.b.a. Nextel Communications

(SUBLESSEE) dated June 30, 1998. Said SUBLEASE shall be subordinate to the MASTER LEASE in all respects. The CITY is hereby approving the SUBLEASE and the proposed use, and all terms and conditions of the MASTER LEASE and this consent to sublease shall control and supercede any inconsistent or contrary provisions in the SUBLEASE. The CITY is not bound by any term or condition in the SUBLEASE which in any way conflicts with or is additional to the provisions of the MASTER LEASE.

In addition, this consent is subject to the following:

1) ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign this SUBLEASE or sublet the premises or any part thereof without the prior written consent of CITY, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, SUBLESSEE shall have the right to assign the SUBLEASE to its financier, CHASE MANHATTAN, INC., upon delivery of notice to CITY. In addition, SUBLESSEE, shall have the right to assign its interest in the SUBLEASE to any other financier, upon receiving prior written consent from CITY, which consent shall not be unreasonably withheld, delayed or conditioned.

2) HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless the CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from operations conducted on the subleased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE's duty to indemnify and hold harmless shall not include any claims or liability arising from the gross negligence or willful misconduct of CITY, its agents, officers, or employees.

3) INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to SUBLESSOR and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be one (1) million dollars (\$1,000,000.00) Combined Single Limit Liability. SUBLESSEE shall file with CITY a copy of the policy insurance which shall name "THE CITY OF SAN DIEGO" as additional insureds. Said policy shall specify that the policy may not be terminated, altered or cancelled without thirty (30) days prior written notice to CITY by the insurance company.

4) LEGAL PROCEEDING: Should it become necessary for SUBLESSOR OR CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this SUBLEASE, the prevailing party shall be entitled to an award of reasonable legal costs, including court costs and attorney's fees.

5) SUBORDINATION: This consent permits the sublease of a portion of the premises covered by that certain MASTER LEASE dated October 25, 1978, as assigned between SUBLESSOR herein and CITY. The SUBLEASE is subject and subordinate to the covenants and conditions of said MASTER LEASE notwithstanding any provision hereof contrary or in conflict with said SUBLEASE.



THE CITY OF SAN DIEGO

Date: January 11, 1999

Applicant: Nextel Communications
Mark Brunette
1615 Murray Canyon Road, Suite 100
San Diego, CA 92108

Permit No.: 94-0330 ⁵² Telecommunications Administrative Review- Sports Arena,
Hancock Street

Addresses: 3780 Hancock Street

Subject: Proposed Installation of a Minor Telecommunication Facility

DEVELOPMENT SERVICES ACTION:

It has been determined by Development Services that this proposal does not substantiate a major telecommunication facility and therefore will not be required to proceed with the Conditional Use Permit process. This decision is based on the City of San Diego's Telecommunication Antenna Policy, City Council Policy 600-43. This proposal has been reviewed with the California Environmental Quality Act (CEQA) and has been determined to be exempt per Section 15061 (b)(3).

Development Services grants **APPROVAL** of your application subject to the following:

- Construction and operation of an unmanned telecommunications facility consisting of nine (9) panel antennas, measuring 1 foot wide by 4 feet in length mounted on an existing building behind fiberglass screens, two GPS antennas and one (1) BMR antenna mounted to the top of existing building parapet and an associated equipment cabinet;
- The proposed facility will be integrated into the existing environment by facade-mounting the antennas onto an existing building. The panel antennas and any screening shall be painted to match the existing color and texture of the building. The associated equipment cabinet will be located inside the existing building;
- Development of the project must, at all times, be in conformance with the approved plans and photographs marked Exhibit "A" and dated January 11, 1999.

All work authorized by this permit shall be in conformance with the description of work contained herein and as indicated on the plans submitted to the Building Services Division and stamped with the Land Development Review (LDR) approval. All modifications to this structure



Development Services

Development Services Center • 1222 First Avenue, MS 501 • San Diego, CA 92101-4155

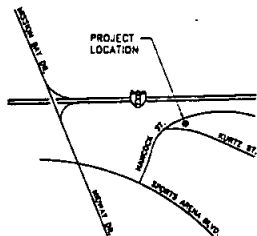
Tel (619) 236-6460

NEXTEL

EXHIBIT 'A'
Approved 1/11/99 Terri Bungle

SPORTS ARENA
3780 HANCOCK STREET
SAN DIEGO, CA 92110
CA5-890

VICINITY MAP



DIRECTIONS:

TAKE FREEWAY 8 TO MISSION BAY DRIVE. EXIT AT STOP LIGHT TURN LEFT ONTO MISSION BAY DRIVE TO SPORTS ARENA BLVD. AT SPORTS ARENA INTERSECTION TURN LEFT ONTO SPORTS ARENA BLVD. THEN TURN LEFT ONTO HANCOCK STREET. THE PROJECT SITE IS LOCATED AT THE INTERSECTION OF HANCOCK STREET AND KURTZ STREET.

CONSULTANT TEAM

ARCHITECT:

WILLIAM BOOTH & ROBERT SUAREZ
ARCHITECTURE & PLANNING
P.O. BOX 4531
CARLSBAD, CA 92018
(760) 434-8674
FAX: (760) 434-8588

ELECTRICAL CONSULTANT:

WALTER D. CAMP, ELECTRICAL ENGINEER, PE
8881 MONTROSE WAY
SAN DIEGO, CA 92122
(619) 533-1063
FAX: (619) 533-1060

MECHANICAL CONSULTANT:

STUYVEN ENGINEERING CONSULTANTS
433 W. FIFTH AVE., SUITE 103
CINCINNATI, OH 45203
(760) 733-8577
FAX: (760) 733-8579

STRUCTURAL CONSULTANT:

HARRY F. FLETTER, STRUCTURAL ENGINEER
810 SAN MARCOS BLVD., SUITE 201
SAN MARCOS, CA 92069
(760) 744-2218

PROJECT SUMMARY

SITE NAME: SPORTS ARENA
SITE NUMBER: CA5-890
SITE ADDRESS: 3780 HANCOCK STREET
SAN DIEGO, CA 92110
OWNER: MATTHEW AND RIA STRAUSS
11975 EL CAMINO REAL, UNIT 103
SAN DIEGO, CA 92138
APPLICANT: NEXTEL OF CALIFORNIA
1813 MURRAY CANYON ROAD, SUITE 100
SAN DIEGO, CALIFORNIA 92108
(619) 718-1600
FAX: (619) 718-3685

LEGAL DESCRIPTION:

ALL THAT PORTION OF P.L. 228 OF THE PUBLIC LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF MADE BY JAMES PROSSER IN 1870, LYING SOUTHWESTLY OF THE SOUTHWESTLY CORNER OF HANCOCK STREET AT THE NORTHEASTLY CORNER OF KURTZ STREET.

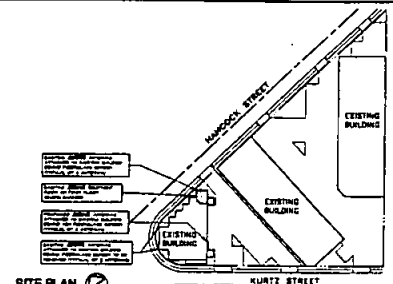
ASSESSORS PARCEL NUMBER: 760-100-09
EXISTING ZONING: R1
TOTAL SITE AREA: 76,249 S.F., = 1.73 AC
EXISTING BUILDING AREA: 39,330 S.F.
PROPOSED BUILDING AREA: 232 S.F.
BUILDING COVERAGE: 34,283 S.F., = (44%)
TYPE OF CONSTRUCTION: VM
OCCUPANCY: R2
STORIES: 2

SHEET SCHEDULE

T-1 TITLE SHEET
A-1 SITE PLAN
A-2 FLOOR PLAN
A-3 ROOF PLAN
A-4 EXTERIOR ELEVATIONS

PROJECT DESCRIPTION

THE EXISTING NEXTEL SITE IS AN UNMANNED TELECOMMUNICATIONS FACILITY CONSISTING OF EIGHT (8) PANEL ANTENNAS MEASURING 1 FOOT WIDE BY 4 FEET IN LENGTH, MOUNTED ON EXISTING BUILDING FACE BEHIND FORECASTER SCREENS. TWO (2) GPS ANTENNAS AND ONE (1) BWP ANTENNA MOUNTED TO TOP OF EXISTING BUILDING PARAPET. THE MODIFICATION PROPOSED IS THE RELOCATION OF THE EXISTING TWO (2) ANTENNAS ON THE WEST SIDE OF THE BUILDING TO THE EAST SIDE OF THE BUILDING WITH THE ADDITION OF ONE (1) ANTENNA, WHICH WILL BE SCREENED TOTAL OF 1 ANTENNAS. RADIO EQUIPMENT IS LOCATED WITHIN THE INTERIOR SPACE OF EXISTING BUILDING. THIS PROJECT IS DESIGNED TO BE A STEALTHED FACILITY. THIS PROPOSED FACILITY WILL BE UNMANNED, OPERATING 24 HOURS A DAY.



SITE PLAN

PREPARED BY:
NAME: BOOTH & SUAREZ
ARCHITECTURE AND PLANNING
ADDRESS: P.O. BOX 4531
CARLSBAD, CA 92018
(760) 434-8674
(760) 434-8588 FAX

PROJECT ADDRESS:
3780 HANCOCK STREET
SAN DIEGO, CA 92110
PROJECT NAME:
SPORTS ARENA

SHEET NO:
T-1

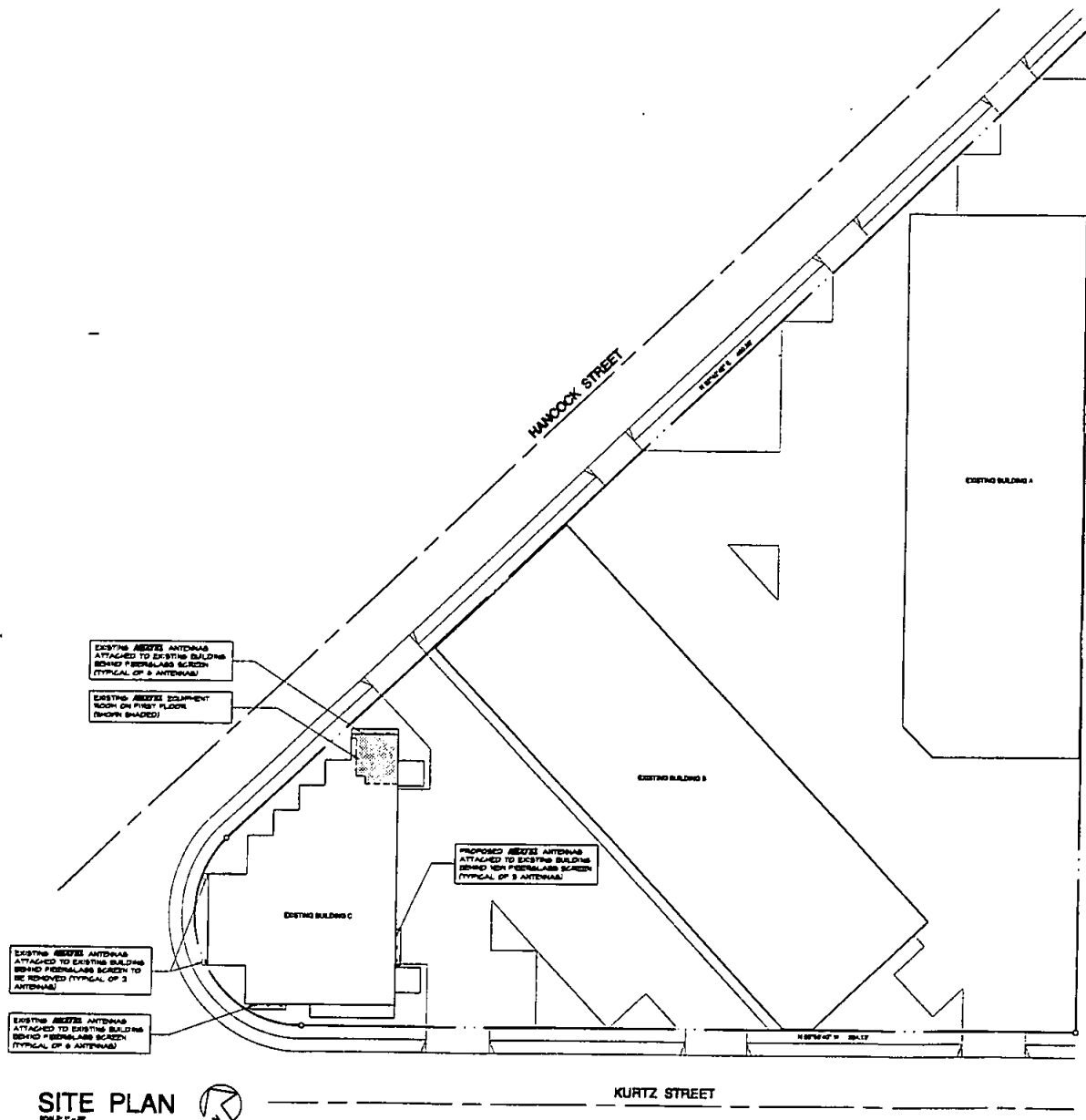
SHEET DESCRIPTION:
TITLE SHEET
PROJECT INFORMATION

REVISION 14: _____
REVISION 13: _____
REVISION 12: _____
REVISION 11: _____
REVISION 10: _____
REVISION 9: _____
REVISION 8: _____
REVISION 7: _____
REVISION 6: _____
REVISION 5: _____
REVISION 4: _____
REVISION 3: _____
REVISION 2: _____
REVISION 1: 12/16/98 RPS
ORIGINAL DATE: 7/21/98 RPS
DTP: J

Booth & Suarez
ARCHITECTURE & PLANNING
P.O. BOX 4531 CARLSBAD, CA 92018 PHONE: (760) 434-8674

NEXTEL
SPORTS ARENA
SAN DIEGO, CA 92110

LANDMARK 'A'



SITE PLAN

KURTZ STREET

SITE PLAN

PREPARED BY:
 NAME: BOOTH & SQUARTZ
 ARCHITECTURE AND PLANNING
 ADDRESS: P.O. BOX 4851
 CARLESDALE, CA 92018
 (760) 434-8474
 (760) 434-8356 FAX

PROJECT ADDRESS:
 3740 HANCOCK STREET
 SAN DIEGO, CA 92110

PROJECT NAME:
 SPORTS ARENA

SHEET NO:
 A-1

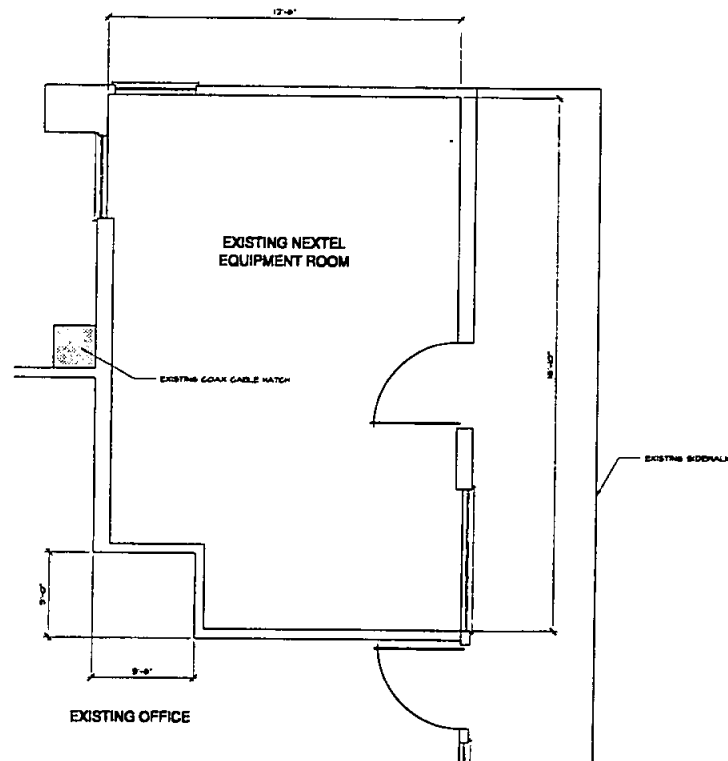
REVISION

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ORIGINAL DATE: 7/1/93
DESIGNER:

BOOTH & SQUARTZ
 ARCHITECTURE AND PLANNING
P.O. BOX 4851 CARLESDALE, CA 92018 (760) 434-8474 (760) 434-8356 FAX

NEXTEL
 SPORTS ARENA
 SAN DIEGO, CA 92110

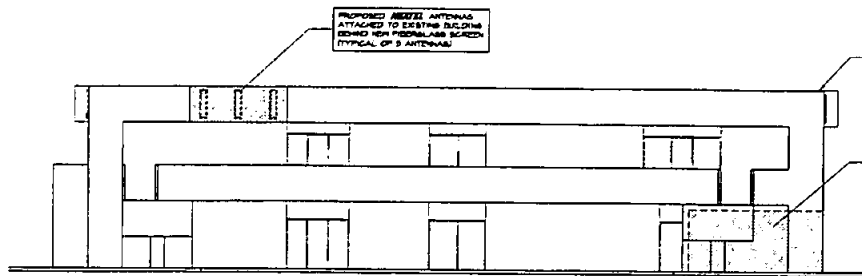


FLOOR PLAN

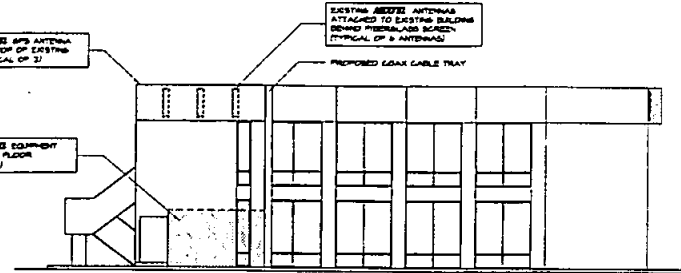
SCALE 1/8" = 1'-0"

EXHIBIT 'A'

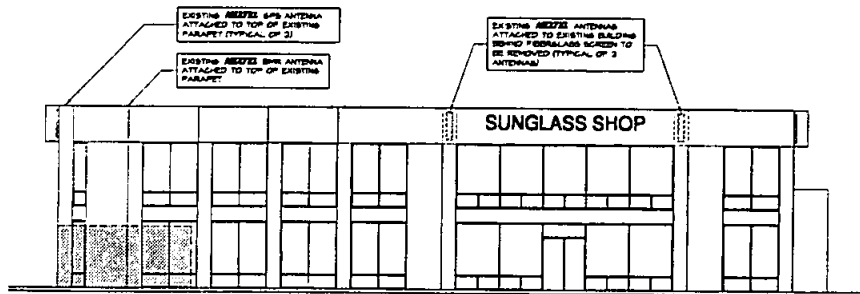
SITE PLAN	
PREPARED BY: NAME: BOOTH & SUAREZ ARCHITECTURE AND PLANNING ADDRESS: P.O. BOX 11531 CARLSBAD, CA 92018 (760) 434-8474 (760) 434-8584 FAX	REVISION 14: _____ REVISION 13: _____ REVISION 12: _____ REVISION 11: _____ REVISION 10: _____ REVISION 9: _____ REVISION 8: _____ REVISION 7: _____ REVISION 6: _____ REVISION 5: _____ REVISION 4: _____ REVISION 3: _____ REVISION 2: _____ REVISION 1: 12/14/98 DTS
PROJECT ADDRESS: 3700 HANCOCK STREET SAN DIEGO, CA 92110	ORIGINAL DATE: 7/1/98 DTS
PROJECT NAME: SPORTS ARENA	DEF. #
SHEET NO: A-2	SHEET DESCRIPTION: FLOOR PLAN
Booth & Suarez ARCHITECTURE AND PLANNING P.O. BOX 11531 CARLSBAD, CA 92018 (760) 434-8474	NEXTEL SPORTS ARENA SAN DIEGO, CA 92110
DATE: 7/1/98	3 OF 5



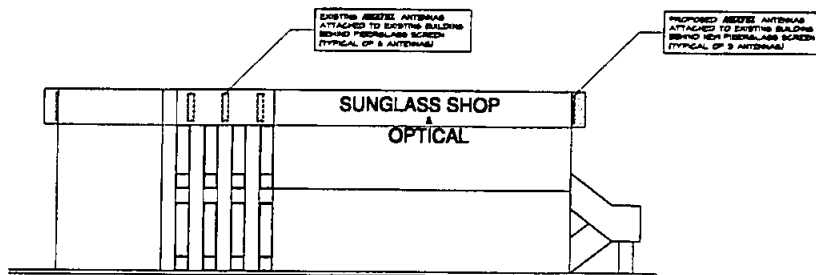
EAST ELEVATION
SCALE 1/4" = 1'-0"



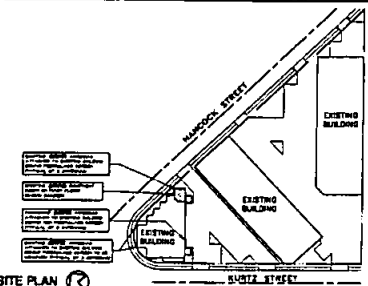
NORTH ELEVATION
SCALE 1/4" = 1'-0"



WEST ELEVATION
SCALE 1/4" = 1'-0"



SOUTH ELEVATION
SCALE 1/4" = 1'-0"



SITE PLAN

PREPARED BY:
NAME: BOOTH & SANCHEZ
ARCHITECTURE AND PLANNING
ADDRESS: P.O. BOX 4451
CARLSBAD, CA 92010
(760) 431-8474
(760) 431-8584 FAX

PROJECT ADDRESS:
3783 HANCOCK STREET
SAN DIEGO, CA 92110

PROJECT NAME:
SPORTS ARENA

SHEET NO:
A-4

SHEET DESCRIPTION:
EXTERIOR ELEVATIONS

REVISION 1A:	
REVISION 1B:	
REVISION 1C:	
REVISION 1D:	
REVISION 1E:	
REVISION 1F:	
REVISION 1G:	
REVISION 1H:	
REVISION 1I:	
REVISION 1J:	
REVISION 1K:	
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REVISION 1Z:	

Booth & Sanchez
ARCHITECTURE AND PLANNING
P.O. BOX 4451 CARLSBAD, CA 92010 (760) 431-8474

NEXTEL
SPORTS ARENA
SAN DIEGO, CA 92110

COMMUNICATIONS SITE SUBLEASE AGREEMENT (BUILDING)

This Communications Site Sublease Agreement (Building) ["Agreement"] is entered into this 30th day of June, 1998, between NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a Nextel Communications ("Sublessee"), and MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992 ("Sublessor").

For good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Premises.

(a) Sublessor currently leases a parcel of land (the "Land") and building thereon (the "Building") located in the City of San Diego, County of San Diego, State of California, commonly known as 3780 Hancock (the Building and the Land are collectively, the "Property"). The Land is more particularly described in Exhibit A annexed hereto. Sublessor hereby leases to Sublessee and Sublessee leases from Sublessor approximately Two Hundred and Fifty (250) square feet of interior space in the Building and space either adjacent to or on the roof of the Building and all access and utility easements, if any, (collectively, the "Premises") as described in Exhibit B annexed hereto.

(b) The Premises are a part of the same Property leased to the Sublessor under that certain lease between THE CITY OF SAN DIEGO, a municipal corporation, as Landlord, and Sublessor, as Tenant, dated as of October 25, 1978 (the "Prime Lease"), which is attached hereto and made a part hereof as Exhibit 1. Except as otherwise expressly provided herein or except as the terms of the Prime Lease may be in conflict with or inconsistent with the terms provided herein, all of the terms, covenants, and provisions in the Prime Lease are hereby incorporated into and made a part of this Agreement as if fully set forth herein; the Sublessor herein being substituted for the Landlord named in the Prime Lease, and the Sublessee herein being substituted for the Tenant named in the Prime Lease. To the extent that the provisions of the Prime Lease are not incorporated herein, the provisions above as to the respective substitution of the Sublessor and Sublessee for the Landlord and the Tenant named in the Prime Lease shall not apply.

2. Use. The Premises may be used by Sublessee for any activity in connection with the provision of communications services. Sublessor agrees to cooperate, and to obtain Landlord's cooperation, with Sublessee, at Sublessee's expense, in making application for and obtaining all licenses, permits and any and all other necessary approvals that may be required for Sublessee's intended use of the Premises.

3. Tests and Construction. Sublessee shall have the right at any time following the full execution of this Agreement to enter upon the Property for the purpose of making appropriate engineering and boundary surveys, inspections, soil test borings, other reasonably necessary tests and constructing the Sublessee Facilities (as defined in Paragraph 6(a) below). Sublessee acknowledges that the Property is used by the Sublessor as an office building, and Sublessee shall coordinate its construction with Sublessor in order to lessen the inconvenience to other lessees.

4. Term. The term of this Agreement shall be five (5) years commencing on the date Sublessee begins construction of the Sublessee Facilities (as defined in Paragraph 6(a) below) or no later than eight (8) months following the full execution of this Agreement, whichever first occurs ("Commencement Date") and terminating on the fifth anniversary of the Commencement Date ("Term") unless otherwise terminated as provided in Paragraph 10. Sublessee shall have the right to extend the Term for four (4) successive five (5) year periods (the "Renewal Terms") on the same terms and conditions as set forth herein. Sublessor shall give Sublessee one hundred eighty (180) days written notice of its intention not to exercise any renewal option(s) which may be available to it under the Prime Lease.

5. Rent. Within fifteen (15) business days of the Commencement Date and on the first day of each month thereafter, Sublessee shall pay to Sublessor as rent ONE THOUSAND and 00/100 Dollars (\$1000.00) per month ("Rent"). Rent shall increase on each anniversary of the Commencement Date by an amount equal to three percent (3%) of the Rent for the previous year. Rent for any fractional month at the beginning or at the end of the Term shall be prorated. Rent shall be payable to Sublessor at Gerson Property Management 990 Highland Drive, Suite 212, Solana Beach, CA 92075; Attention: Strauss Family Trust.

6. Facilities; Utilities; Access.

(a) Sublessee has the right to erect, maintain and operate on the Premises radio communications facilities, including without limitation an air conditioned equipment room in the Building, utility lines, transmission lines, electronic equipment, radio transmitting and receiving antennas and supporting equipment and structures thereto ("Sublessee Facilities"). In connection therewith, Sublessee has the right to do all work necessary to prepare, maintain and alter the Premises for Sublessee's business operations and to install transmission lines connecting the antennas to the transmitters and receivers. The antennas shall be on the sides of the building and shall be screened. Lessee shall also install runway pads on the roof to prevent damage to the roof. All of Sublessee's construction and installation work shall be performed at Sublessee's sole cost and expense and in a good and workmanlike manner. Title to the Sublessee Facilities shall be held by Sublessee. All of Sublessee Facilities shall remain Sublessee's personal property and are not fixtures. Sublessee has the right to remove all Sublessee Facilities at its sole expense on or before the expiration or earlier termination of the Agreement; provided, Sublessee repairs any damage to the Premises caused by such removal.

(b) Prior to commencing construction and to the submission of the zoning application, Sublessee shall obtain Sublessor's approval of Sublessee's construction plans and specifications, which approval shall not be unreasonably withheld. Sublessor shall give such approval or provide Sublessee with its requests for changes within five (5) business days of Sublessor's receipt of Sublessee's plans. If Sublessor does not provide such approval or request for changes within such five (5) business day period, it shall be deemed to have approved the plans. Sublessor shall not be entitled to receive any additional consideration in exchange for giving its approval of Sublessee's plans.

(c) Sublessee shall pay for the electricity it consumes in its operations at the rate charged by the servicing utility company. Sublessee shall have the right to draw electricity and other utilities from the existing utilities on the Property or obtain separate utility service from any utility company that will provide service to the Property (including a standby power generator for Sublessee's exclusive use). If Sublessee draws electricity or other utilities from the existing utilities on the Property, Sublessee shall separately meter such utility service. Sublessor agrees to sign such documents or easements as may be required by said utility companies to provide such service to the Premises, including the grant to Sublessee or to the servicing utility company at no cost to the Sublessee, of an easement in, over, across or through the Property as required by such servicing utility company to provide utility services as provided herein. Any easement necessary for such power or other utilities will be at a location acceptable to Sublessor and the servicing utility company.

(d) Sublessee, Sublessee's employees, agents, subcontractors, lenders, and invitees shall have access to the Premises without notice to either Landlord or Sublessor twenty-four (24) hours a day, seven (7) days a week, at no charge. Sublessor grants to Sublessee, and its agents, employees, contractors, guests and invitees, a non-exclusive right and easement for pedestrian and vehicular ingress and egress across that portion of the Property described in Exhibit B.

7. Interference.

(a) Sublessee shall operate the Sublessee Facilities in a manner that will not cause interference to Sublessor and other lessees or licensees of the Property, provided that their installations predate that of the Sublessee Facilities. All operations by Sublessee shall be in compliance with all Federal Communications Commission ("FCC") requirements.

(b) Subsequent to the installation of the Sublessee Facilities, Sublessor shall not permit itself, its lessees or licensees to install new equipment on the Property or property contiguous thereto owned or controlled by Sublessor if such equipment is likely to cause interference with Sublessee's operations. Such interference shall be deemed a material breach by Sublessor. In the event interference occurs, Sublessor agrees to take all action necessary to eliminate such interference, in a reasonable time period. In the event Sublessor fails to comply with this paragraph, Sublessee may terminate this Agreement and/or pursue any other remedies available under this Agreement, at law, and/or at equity.

(c) Sublessor may require Sublessee to perform tests in order to confirm that Sublessee is in compliance with FCC requirements

8. **Taxes.** If personal property taxes are assessed, Sublessee shall pay any portion of such taxes directly attributable to the Sublessee Facilities. Except as provided immediately below, Sublessor shall pay all real property taxes, assessments and/or deferred taxes on the Property. Sublessee shall reimburse Sublessor for any increases in real property taxes which are assessed as a direct result of Sublessee's improvements to the Land. As a condition of Sublessee's obligation to pay such tax increases, Sublessor shall provide to Sublessee the documentation from the taxing authority, reasonably acceptable to Sublessee, indicating the increase is due to Sublessee's improvements.

9. **Waiver of Sublessor's Lien.**

(a) Sublessor waives any lien rights it may have concerning the Sublessee Facilities which are deemed Sublessee's personal property and not fixtures, and Sublessee has the right to remove the same at any time without Sublessor's consent.

(b) Sublessor acknowledges that Sublessee has entered into a financing arrangement including promissory notes and financial and security agreements for the financing of the Sublessee Facilities (the "Collateral") with a third party financing entity (and may in the future enter into additional financing arrangements with other financing entities). In connection therewith, Sublessor (i) consents to the installation of the Collateral; (ii) disclaims any interest in the Collateral, as fixtures or otherwise; and (iii) agrees that the Collateral shall be exempt from execution, foreclosure, sale, levy, attachment, or distress for any Rent due or to become due and that such Collateral may be removed at any time without recourse to legal proceedings.

10. **Termination.** This Agreement may be terminated without further liability on thirty (30) days prior written notice as follows: (i) by either party upon a default of any covenant or term hereof by the other party, which default is not cured within sixty (60) days of receipt of written notice of default, provided that the grace period for any monetary default is ten (10) days from receipt of notice; or (ii) by Sublessee for any reason or for no reason, provided Sublessee delivers written notice of early termination to Sublessor no later than thirty (30) days prior to the Commencement Date; or (iii) by Sublessee if it does not obtain or maintain, through no fault of Sublessee or failure to diligently pursue, any license, permit or other approval necessary for the construction and operation of the Sublessee Facilities; or (iv) by Sublessee if Sublessee is unable to occupy and utilize the Premises due to an action of the FCC, not caused by or the result of any action of Sublessee, including without limitation, a take back of channels or change in frequencies; or (v) by Sublessee if Sublessee determines that the Premises are not appropriate for its operations for technological reasons, including, without limitation, signal interference.

11. **Destruction or Condemnation.** If the Premises or Sublessee Facilities are damaged, destroyed, condemned or transferred in lieu of condemnation, Sublessee may elect to terminate this Agreement as of the date of the damage, destruction, condemnation or transfer in lieu of condemnation by giving notice to Sublessor no more than forty-five (45) days following the date of such damage, destruction, condemnation or transfer in lieu of condemnation. If Sublessee chooses not to terminate this Agreement, Rent shall be reduced or abated in proportion to the actual reduction or abatement of use of the Premises.

12. **Insurance.** Sublessee, at Sublessee's sole cost and expense, shall procure and maintain on the Premises and on the Sublessee Facilities, bodily injury and property damage insurance with a combined single limit of at least One Million and 00/100 Dollars (\$1,000,000.00) per occurrence. Such insurance shall insure, on an occurrence basis, against liability of Sublessee, its employees and agents arising out of or in connection with Sublessee's use of the Premises, all as provided for herein. Sublessor, at Sublessor's sole cost and expense, shall procure and maintain on the Property, bodily injury and property damage insurance with a combined single limit of at least One Million and 00/100 Dollars (\$1,000,000.00) per occurrence. Such insurance shall insure, on an occurrence basis, against liability of Sublessor, its employees and agents arising out of or in connection with Sublessor's use, occupancy and maintenance of the Property. Each party shall be named as an additional insured on the other's policy. Each party shall provide to the other a certificate of insurance evidencing the coverage required by this paragraph within thirty (30) days of the Commencement Date.

13. **Waiver of Subrogation.** Sublessor and Sublessee release each other and their respective principals, employees, representatives and agents, from any claims for damage to any person or to the Premises or to the Sublessee Facilities thereon caused by, or that result from, risks insured against under any insurance policies carried by the parties and in force at the time of any such damage. Sublessor and Sublessee shall cause each insurance policy obtained by them to provide that the insurance company waives all right of recovery by way of subrogation against the other in connection with any damage covered by any policy. Neither Sublessor nor Sublessee shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by Paragraph 12.

14. **Assignment and Subletting.** Sublessee may not assign, or otherwise transfer all or any part of its interest in this Agreement or in the Premises without the prior written consent of Sublessor; provided, however, that Sublessee may assign its interest to its parent company, any subsidiary or affiliate or to any successor-in-interest or entity acquiring fifty-one percent (51%) or more of its stock or assets, subject to any financing entity's interest, if any, in this Agreement as set forth in Paragraph 9 above. Sublessor may assign this Agreement upon written notice to Sublessee, subject to the assignee assuming all of Sublessor's obligations herein, including but not limited to, those set forth in Paragraph 9 above. Sublessee may sublet or license all or any portion of the Premises to one or more entities for communications uses only, with Sublessor's consent, which shall not be unreasonably withheld. Should Sublessee sublet or license all or any portion of the Premises, Sublessee shall remit to Sublessor, within thirty (30) days of receipt by Sublessee, one hundred percent (100%) of that portion of the sum that Sublessee receives as a result of such subletting or licensing that is greater than the amount of Rent that Sublessee is paying to Sublessor. Notwithstanding anything to the contrary contained in this Agreement, Sublessee may assign, mortgage, pledge, hypothecate or otherwise transfer without consent its interest in this Agreement to any financing entity, or agent on behalf of any financing entity to whom Sublessee (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof.

15. **Warranty of Title and Quiet Enjoyment.** Sublessor warrants that: (i) Sublessor leases the Property and has rights of access thereto; (ii) Sublessor has full right to make and perform this Agreement; and (iii) Sublessor covenants and agrees with Sublessee that upon Sublessee paying the Rent and observing and performing all the terms, covenants and conditions on Sublessee's part to be observed and performed, Sublessee may peacefully and quietly enjoy the Premises. Sublessor agrees to indemnify and hold harmless Sublessee from any and all claims on Sublessee's leasehold interest.

16. **Repairs.** Sublessee shall keep the Premises in good condition and repair. Sublessee shall be responsible for repairing damage to the roof caused by Sublessee's use. Except as set forth in Paragraph 6(a) above, upon expiration or termination hereof, Sublessee shall restore the Premises to the condition in which it existed upon execution hereof, reasonable wear and tear and loss by casualty or other causes beyond Sublessee's control excepted.

17. **Hazardous Substances.** Sublessee agrees that it will not use, generate, store or dispose of any Hazardous Material on, under, about or within the Property in violation of any law or regulation. Sublessor represents, warrants and agrees (1) that neither Sublessor nor, to Sublessor's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any Hazardous Material on, under, about or within the Property in violation of any law or regulation, and (2) that Sublessor will not, and will not permit any third party to use, generate, store or dispose of any Hazardous Material on, under, about or within the Property in violation of any law or regulation. Sublessor and Sublessee each agree to defend, indemnify and hold harmless the other and the other's partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including reasonable attorneys' fees and costs) arising from any breach of any representation, warranty or agreement contained in this paragraph. As used in this paragraph, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the state in which the Property is located to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. This paragraph shall survive the termination of this Agreement.

18. **Liability and Indemnity.** Sublessee shall indemnify and hold Sublessor harmless from all claims (including attorneys' fees, costs and expenses of defending against such claims) arising from the negligence or willful misconduct of Sublessee or Sublessee's agents, employees, licensees, invitees or contractors in or about the Property. Sublessor shall indemnify and hold Sublessee harmless from all claims (including attorneys' fees, costs and expenses of defending against such claims) arising or alleged to arise from the negligence, or willful misconduct of Sublessor or Sublessor's agents,

employees, licensees, invitees, contractors or other tenants occurring in or about the Property. The duties described in this Paragraph 18 shall survive termination of this Agreement.

19. **Miscellaneous.**

(a) This Agreement constitutes the entire agreement and understanding between the parties, and supersedes all offers, negotiations and other agreements concerning the subject matter contained herein. Any amendments to this Agreement must be in writing and executed by both parties.

(b) If any provision of this Agreement is invalid or unenforceable with respect to any party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(c) This Agreement shall be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

(d) Any notice or demand required to be given herein shall be made by certified or registered mail, return receipt requested, or reliable overnight courier to the address of the respective parties set forth below:

Sublessor: MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS
11975 El Camino Real, Suite 103
San Diego, CA 92130

Sublessee: NEXTEL OF CALIFORNIA, INC.
17275 Derian Avenue, Suite 100
Irvine, CA 92614
Attn.: Property Manager

With a copy to: Nextel Communications, Inc.
1505 Farm Credit Drive, Suite 100
McLean, Virginia 22102
Attn.: Legal Dept., Contracts Manager

Sublessor or Sublessee may from time to time designate any other address for this purpose by written notice to the other party. All notices hereunder shall be deemed received upon actual receipt.

(e) This Agreement shall be governed by the laws of the State of California.

(f) Sublessor acknowledges that a Memorandum of Agreement in the form annexed hereto as Exhibit C will be recorded by Sublessee in the official records of the County where the Property is located. In the event the Property is encumbered by a mortgage or deed of trust, Sublessor agrees to assist Sublessee in obtaining a non-disturbance and attornment instrument for each such mortgage or deed of trust.

(g) Sublessee may obtain title insurance on its interest in the Premises. Sublessor shall cooperate by obtaining Landlord's signature on and/or executing documentation required by the title insurance company.

(h) In any case where the approval or consent of one party hereto is required, requested or otherwise to be given under this Agreement, such party shall not unreasonably delay or withhold its approval or consent.

(i) If any action at law or in equity is necessary to enforce the terms of this Agreement, the prevailing party will be entitled to reasonable attorney, accountant and other professional fees, costs and expenses in addition to any other relief to which such prevailing party may be entitled.

(j) All Riders and Exhibits annexed hereto form material parts of this Agreement.

(k) This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original.

(l) Sublessee acknowledges that Gerson Property Management is the broker for Sublessor

20. **Nondisturbance and Attornment.** Sublessor represents and warrants that it is the Grantor under that certain trust document dated June 5, 1992. Grantor, by its execution and acceptance of this Agreement, agrees that in the event Grantor takes possession of the Property by revocation of the trust or other action or proceeding, not to affect or disturb Sublessee's right to possession of the Premises in the exercise of Grantor's rights so long as this Agreement has not expired by its terms, and Sublessee has not been determined by a court of competent jurisdiction to be in default under any of the material terms, covenants or conditions of this Agreement. In the event that Grantor or any other party succeeds to the interest of Sublessor under this Agreement by revocation of the trust, or other action or proceeding taken under the trust by Grantor, Sublessee hereby agrees to be bound to Grantor or such other party under all of the terms, covenants and conditions of this Agreement; and Sublessee agrees that it shall be liable to and recognize Grantor or such other party as Sublessee's new landlord for the balance of the Term or any Renewal Term of this Agreement upon and subject to all the terms and conditions thereof, and Sublessor and Sublessee both agree that the Agreement and the rights of Sublessee thereunder, including such rights to the easements, shall continue in full force and effect as a direct lease between Sublessee and Grantor or such other party upon all the terms, covenants and conditions set out in this Agreement, and the rights of Sublessee thereunder shall not be terminated or disturbed except in accordance with the terms and provisions of this Agreement and Sublessee shall thereafter make the rental payments set out in this Agreement as instructed by written notice by Grantor or such other party, forwarded to Sublessee by certified mail, return receipt requested or registered mail, postage prepaid. Such non-disturbance and attornment shall be effective and self-operative without the execution of any further instrument by Grantor and Sublessee immediately upon the succession by Grantor or such other party to the interest of Sublessor under this Agreement; and the respective rights and obligations of Sublessee and Grantor upon such attornment, to the extent of the then remaining balance of any term of this Agreement and any extension or renewal permitted thereby, shall be and are the same as are now set forth in this Agreement or as it may have been modified with Grantor's consent, if required.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SUBLESSOR

MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and, as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992

By: [Signature]

Name: Matthew C. Strauss

Title: Trustee and Grantor

Date: 6/30/98

Tax ID# 554-44-2854

SUBLESSEE

NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a/ Nextel Communications

By: [Signature]

Name: John W. Combs

Title: President Southwest Area

Date: 8/17/98

EXHIBIT A

DESCRIPTION OF LAND

to the Agreement dated _____, 1998, by and between MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992, as Sublessor, and NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a Nextel Communications, as Sublessee.

The Land is described and/or depicted as follows:

THAT PORTION OF PUEBLO LOT 259 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY AND KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF HANCOCK STREET, AS DESCRIBED IN PARCEL NO. 1 OF RESOLUTION NO. 197563 OF THE CITY OF SAN DIEGO, A CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED JULY 30, 1969 AS DOCUMENT NO. 137836 OF OFFICIAL RECORDS IN THE COUNTY RECORDER'S OFFICE, SAID POINT BEING THE INTERSECTION OF SAID SOUTHERLY LINE WITH THE SOUTHEASTERLY LINE OF P. L. 259 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1970, A COPY OF WHICH MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1921, AS MISCELLANEOUS MAP NO. 36, THENCE ALONG SAID SOUTHERLY LINE, SOUTH 82° 11' 53" WEST 460.92 FEET (RECORD SOUTH 82° 42' 42" WEST 460.91 FEET) TO POINT "A" OF SAID PARCEL NO. 1, SAID POINT BEING ON THE NORTHEASTERLY LINE OF KURTZ STREET, AS DESCRIBED IN PARCEL NO. 2 OF SAID RESOLUTION NO. 197563 OF OFFICIAL RECORDS; THENCE ALONG SAID NORTHEASTERLY LINE ON A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 40 FEET THROUGH AN ANGLE OF 136° 07' 53" AN ARC DISTANCE OF 95.04 FEET (RECORD 95.06 FEET); THENCE ALONG THE NORTHEASTERLY LINE OF SAID KURTZ STREET, SOUTH 53° 56' 00" EAST 304.02 FEET TO THE SOUTHEASTERLY LINE OF SAID P. L. 259; THENCE ALONG SAID SOUTHEASTERLY LINE, NORTH 36° 08' 53" EAST 388.26 FEET TO THE POINT OF BEGINNING.

INITIALS

and otherwise known as: 3780 Hancock

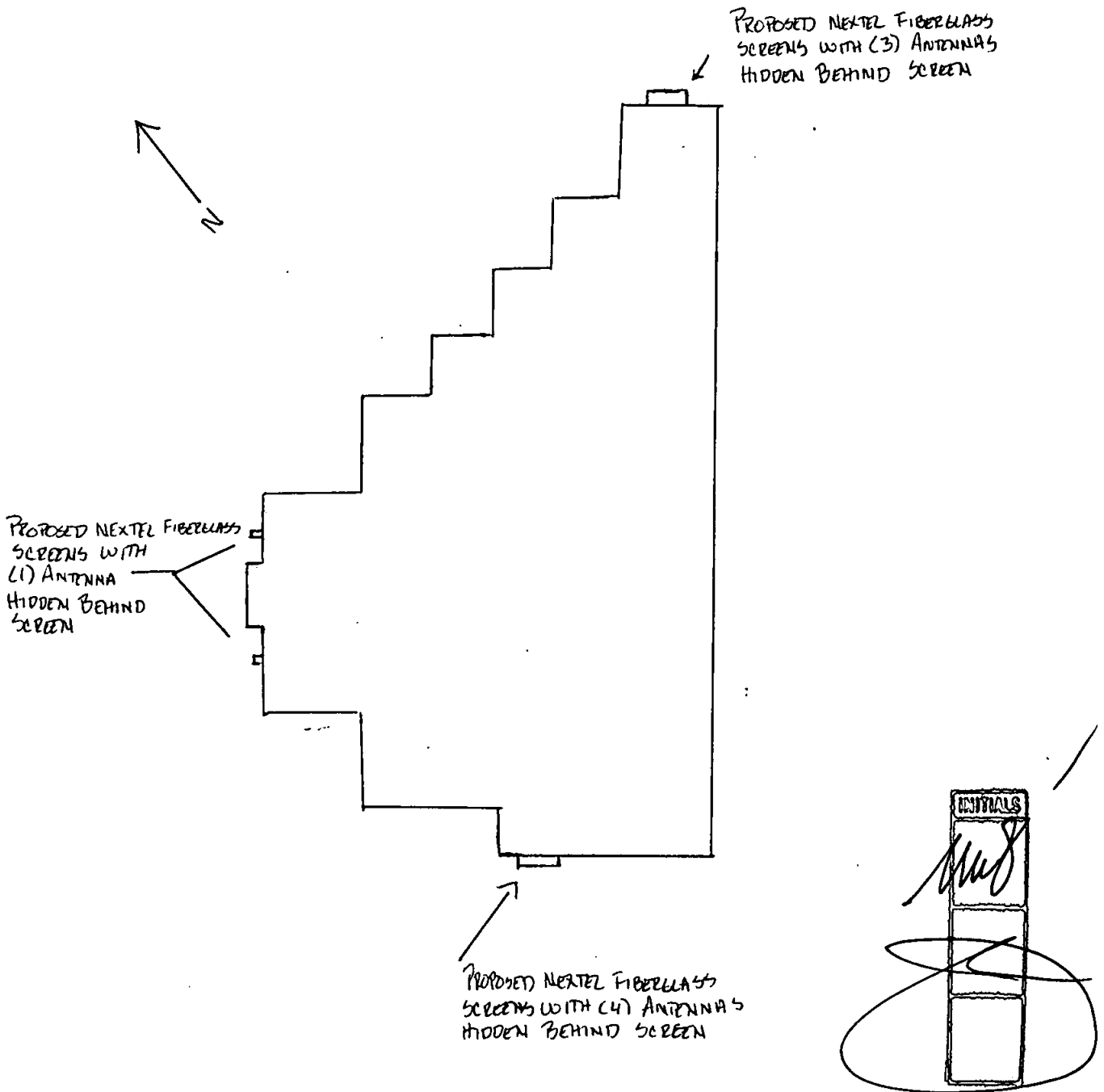
APN: _____

EXHIBIT B

DESCRIPTION OF PREMISES

to the Agreement dated _____, 1998, by and between MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992, as Sublessor, and NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a Nextel Communications, as Sublessee.

The Premises are described and/or depicted as follows:

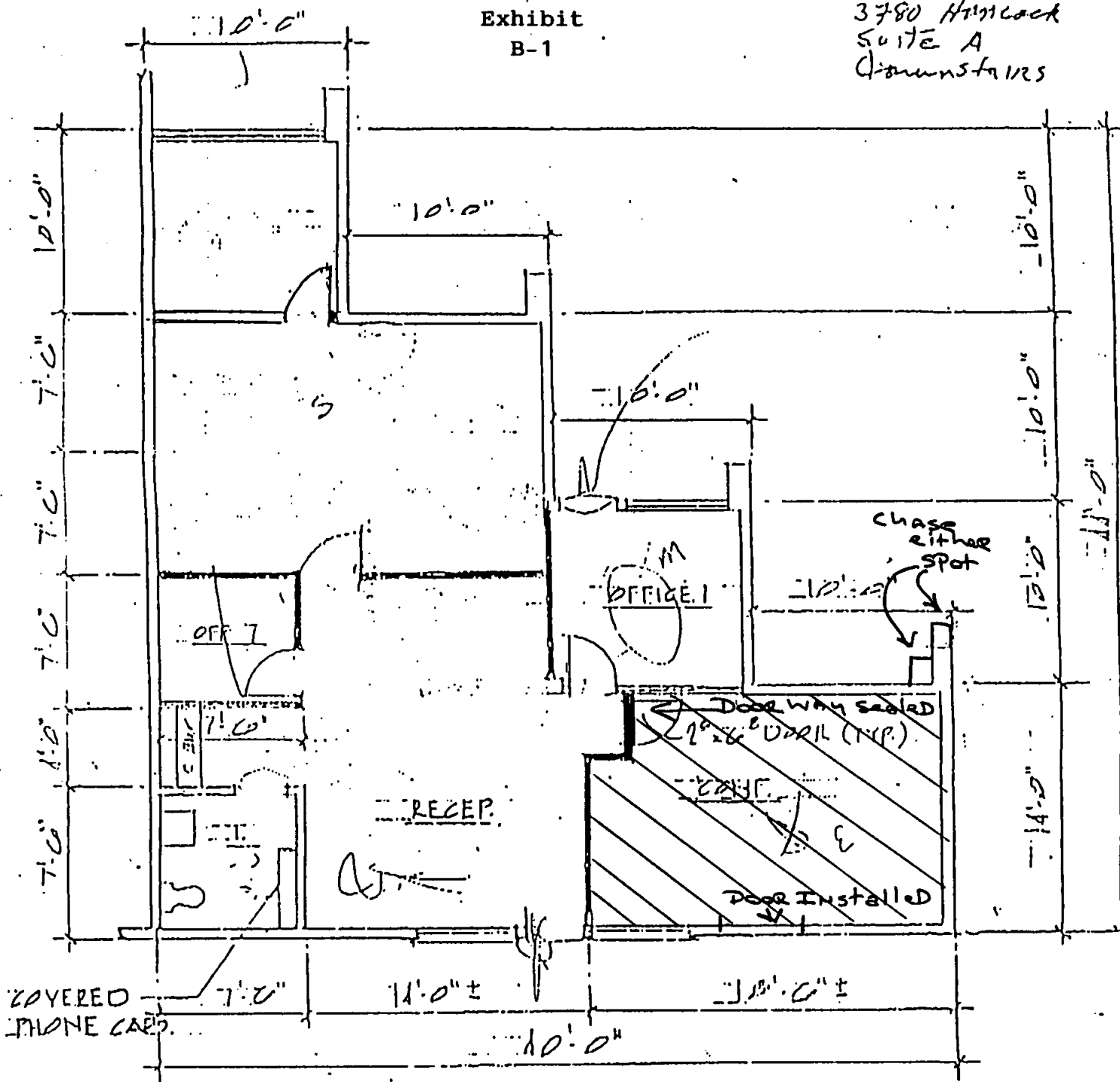


Notes:

1. This Exhibit may be replaced by a land survey of the Premises once it is received by Sublessee.
2. Setback of the Premises from the Land's boundaries shall be the distance required by the applicable governmental authorities.
3. Width of access road shall be the width required by the applicable governmental authorities, including police and fire departments.
4. The type, number and mounting positions and locations of antennas and transmission lines are illustrative-only. Actual types, numbers, mounting positions may vary from what is shown above.

Exhibit
B-1

3780 Hancock
Suite A
Downstairs



FLOOR PLAN

1/8" = 1'-0"

NOT TO SCALE

ROY JOHNSON A.I.A.
7777 ALVARADO RD. SUITE 319
La Mesa, Cal. 92041
462-8860

TENANT IMPROVEMENTS
SUITE A, 3780 HANCOCK ST.

show

Top

Initial

Initial

EXHIBIT C

MEMORANDUM OF AGREEMENT

CLERK: Please return this document to: NEXTEL OF CALIFORNIA, INC.
17275 Derian Avenue, Suite 100
Irvine, CA 92614
Attn.: Property Manager

This Memorandum of Agreement is entered into on this ____ day of _____, 199____, by and between MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992, with an office at 11975 El Camino Real, Suite 103, San Diego, CA 92130 (hereinafter referred to as "Sublessor"), and NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a Nextel Communications, with an office at 17275 Derian Avenue, Suite 100, Irvine, CA 92614 (hereinafter referred to as "Sublessee").

1. Sublessor and Sublessee entered into a Communications Site Sublease Agreement ("Agreement") on the ____ day of _____, 199____, for the purpose of installing, operating and maintaining a radio communications facility and other improvements. All of the foregoing are set forth in the Agreement.
2. The term of the Agreement is for five (5) years commencing on _____, 199____, and ending on _____ with four (4) successive five (5) year options to renew.
3. The Land which is the subject of the Agreement is described in Exhibit A annexed hereto. The portion of the Property being leased to Sublessee (the "Premises") is described in Exhibit B annexed hereto.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement as of the day and year first above written.

SUBLESSOR

MATTHEW C. STRAUSS AND IRIS LYNN STRAUSS, as individuals and, as co-trustees of the Strauss Family Trust UDT Dated June 5, 1992

By: _____
Name: Matthew C. Strauss
Title: Trustee and Grantor
Date: _____
Tax ID# _____

SUBLESSEE

NEXTEL OF CALIFORNIA, INC., a Delaware corporation, d/b/a/ Nextel Communications

By: _____
Name: John W. Combs
Title: President, Southwest Area
Date: _____

By: _____
Name: Iris Lynn Strauss
Title: Trustee and Grantor
Date: _____

STATE OF _____
COUNTY OF _____

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

Notary Public

My commission expires: _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public (SEAL)
My commission expires: _____

MKT: San Diego
SITE #:CA5-890L/Sports Arena

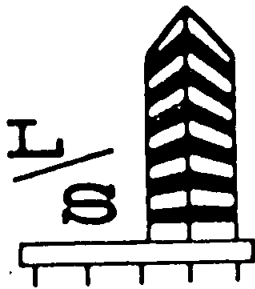
EXHIBIT 1

PRIME LEASE

to the Agreement dated _____, 1998, by and between _____, as
Sublessor, and NEXTEL OF CALIFORNIA, INC., as Sublessee.

The Prime Lease is attached hereto.

INITIALS
WHS
[Signature]



LEEDS & STRAUSS ENTERPRISES

creative real estate

SHOPPING CENTER LEASE AGREEMENT INDEX

PARAGRAPH NO.	SUBJECT
1.	Premises
2.	Construction and Improvements
3.	Purpose
4.	Term
5.	Use
6.	Rental (Includes Cost of Living, Gross Sales and Records)
7.	Advance Payments
8.	Obligations Constituting Additional Rent
9.	Expenditures by Landlord
10.	Notices and Payments
11.	Alterations
12.	Fixtures and Personal Property
13.	Possession
14.	Utilities
15.	Repairs and Maintenance
16.	Insurance
17.	Taxes
18.	Parking and Common Areas
19.	Merchant's Association
20.	Signs and Advertising and Auctions
21.	Condemnation
22.	Insolvency
23.	Damage or Destruction
24.	Assignment and Subletting
25.	Attorney's Fees
26.	Tenants Default
27.	Liens
28.	Indemnification of Landlord
29.	Subordination, Estoppel Certificate and Attornment
30.	Right of Access
31.	Holding Over
32.	Option to Extend Term
33.	Miscellaneous
	A. Amendment
	B. Application of Law and Recording
	C. Captions and Pronouns
	D. Cancellation Not Merger
	E. Conveyance by Landlord
	F. Changes and Additions to Center
	G. Disclaimer of Joint Venture
	H. Dispute or Delay
	I. Employee Parking
	J. Entire Agreement
	K. Execution of Instruments
	L. Financial Approval of Tenant
	M. Force Majeure
	N. Partial Invalidity
	O. Performance Bond for Tenant Improvements
	P. Successors and Assigns
	Q. Tenant As A Corporation
	R. Tenant's Quitclaim
	S. Waiver
	T. Waiver of Rights of Redemption
	U. Time of Essence
	V. Non-Proportional Expenditures
	W. Landlords Default
	X. Termination of Former Lease

SHOPPING CENTER LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "lease") is made as of September 29, 1992
by and between M.C. STRAUSS COMPANY
(hereinafter referred to as "Landlord"), and GARY YOUNG & LESZEK KIK
(hereinafter referred to as "Tenant"), who agrees as follows:

1. PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents, hires, and takes of and from Landlord for the term and upon the terms and conditions hereinafter set forth, those certain premises, together with all improvements now or hereinafter constructed thereon (all of which are hereinafter referred to as the "Demised Premises"), and designated and described on Exhibit "A" attached hereto and incorporated herein by this reference. The common address of the Demised Premises is 3770 Hancock Street, Suite E, San Diego, CA 92110

The Demised Premises shall contain a total of approximately 2100 square feet of gross floor area (hereinafter referred to as "Gross Floor Area") with measurements of 30' by 70'. (Subject measurements are to the exterior of outside walls and to the center of party walls.) The Demised Premises constitute a portion of that certain real property (hereinafter referred to as the "Center") situated in the City of San Diego County of San Diego

and commonly known as: Sports Arena Business Park
and further described in Exhibit "A-1" (if necessary) attached hereto and incorporated herein by this reference, and more particularly described as follows: (Insert Legal Description below)

A. That portion of Pueblo Lot 259 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to map thereof made by James Pascoe, a copy of which said map was filed in the Office of County Recorder of San Diego County and known as Miscellaneous Map #36, set forth in Title Insurance and Trust Policy of Title Insurance #1092092 dated April 23, 1982.

B. That subject lease is subject to City of San Diego Master Lease and the provisions thereof are on file as Document #764813 filed 10/25/78. County Recorder, City of San Diego, Ca. the term of said lease is 55 years, commencing 10/25/78. The Assignee-lessee of said lease ever since January 15, 1982, has been and now is Matthew C. Strauss.

2. CONSTRUCTION AND IMPROVEMENTS

A. **Landlord's Work:** Landlord shall, at its sole cost and expense, construct for and/or furnish to Tenant the improvements particularly described in Exhibit "B" attached hereto and incorporated herein by this reference. Tenant shall, within fifteen (15) days after written demand therefore is made by Landlord, at Tenant's sole cost and expense, prepare and furnish to Landlord's architect preliminary drawings (hereinafter referred to as "Tenant's Plans") setting forth the location of and specifications for all utilities, outlets, partitions and other matters affecting the final interior construction of the Demised Premises. Tenant's Plans shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, and to such changes as may thereafter be required by applicable public authorities. If Landlord does not disapprove of Tenant's Plans within fifteen (15) days after Landlord receives the same, Tenant's Plans shall be deemed approved. If Landlord shall disapprove of any part of Tenant's Plans, Landlord shall give to Tenant within said fifteen (15) day period, written notice of such disapproval setting forth the particular item or items disapproved and the reasons therefore. Landlord and Tenant thereupon shall attempt to agree upon appropriate modifications to Tenant's Plans with reference to the items thereof which Landlord has disapproved. If no agreement can be reached within thirty (30) days after receipt by Tenant of Landlord's notice of disapproval, Landlord shall thereupon have the right to cancel and terminate this lease by written notice to tenant, in which event neither party shall have any further liability to the other hereunder.

B. **Tenant's Work:** All items of construction and/or improvement, other than those set forth in the attached Exhibit "B," required or requested by Tenant in the Demised Premises shall be at Tenant's sole cost and expense and Tenant shall, upon Landlord's demand reimburse Landlord for all costs and expenses of whatsoever kind or nature incurred by Landlord for the construction and/or improvement of items required or requested by Tenant.

C. **Completion of Landlord's Work:** Landlord shall commence performance of Landlord's work within reasonable time after Landlord's approval of Tenant's Plans and shall use reasonable efforts to complete Landlord's Work on or before

Completed Space. It is understood and agreed, however, that if Landlord is unable to complete Landlord's Work by said date, Landlord shall not be liable to Tenant for any damage caused to Tenant thereby and this lease, nonetheless, shall continue in full force and effect; provided, however that if Landlord's Work is not completed, for any reason, by Completed Space, this lease may be cancelled and terminated by either party hereto by delivery of written notice of cancellation by the terminating party to the other party at any time prior to completion of Landlord's Work. In the event of such cancellation, neither party shall have any further obligation of liability to the other party hereunder.

D. **Entry by Tenant:** Tenant or its agents shall have the right to enter the Demised Premises prior to completion of Landlord's Work for the purpose of installing furniture, fixtures, and equipment therein; provided, however, that performance of work in connection therewith shall not unreasonably interfere with the construction activities of Landlord or of any contractor or general contractor engaged by Landlord. Landlord shall have no liability or responsibility to Tenant for the loss of or damage to any of said furniture, fixtures or equipment and Tenant shall hold Landlord and the Demised Premises free and harmless of and from any and all liens or claims of lien or demands or obligations of any kind arising by reason of Tenant's entry or the performance of such work.

E. **Construction Cooperation:** Landlord and Tenant shall cooperate with one another in the procurement of such approvals or permits as may be required by applicable authorities and in the performance of Landlord's and/or Tenant's Work.

F. **Acceptance of Premises:** Tenant shall, by entering into and occupying the Demised Premises, be conclusively deemed to have accepted the same and to have acknowledged that said Demised Premises are in good order, condition and repair and in all respects constructed and/or improved in accordance with the provisions of the attached Exhibit "B."

3. PURPOSE

The Demised Premises are leased to Tenant solely for the purpose of conduction therein _____
car repair

and tenant shall not use or suffer to be used the Demised Premises or any portion thereof for any other purpose without Landlord's written consent first had and obtained. The advertised name of the business operated in the Demised Premises

shall be _____ "AUTOHAUS MUNICH"
and Tenant agrees not to change said advertised name without Landlord's written permission.

4. TERM

A. **Duration of Term:** The term of this lease shall be for a period of one (1) years commencing on the first day of the calendar month next succeeding the Commencement Date, as that term is hereinafter defined (if the Commencement Date is other than the first day of a calendar month), plus any partial calendar month from the Commencement Date to the first day of the next succeeding calendar month.

B. **Commencement Date:** As used herein the term, "Commencement Date", shall mean the see below () day after completion of Landlord's Work or the date Tenant commences to do business in the Demised Premises, whichever date shall first occur. Landlord's Work shall be deemed completed when Landlord actually completes the same and gives to Tenant written notice of the completion thereof. Immediately upon ascertainment of the Commencement Date as hereinabove provided, the parties hereto shall execute a Memorandum acknowledging the Commencement Date and attach the same to the lease as an exhibit hereto, which exhibit shall become part of this lease.

C. **Existing Store:** If Landlord has completed construction of the Demised Premises or is leasing or releasing an existing store area, the Commencement Date shall be November 01, 1992

5. USE

A. **Rules & Regulations:** Tenant shall at all times in its use of the Demised Premises and at its sole cost and expenses comply with the hereinafter rules and regulations. Tenant shall promptly comply with all laws, ordinances, and regulations of any governmental, regulatory, or public utility authority, now or hereafter in effect, pertaining to the Demised Premises and its cleanliness, safety, occupation and use. Tenant shall not do or permit anything to be done in or about the Demised Premises that may injure the building or bring or keep anything in the Demised Premises that will in any way, increase the rate of fire insurance upon the bulding of which the Demised Premises are a part, and in the event Tenant shall cause an increase in the rate of any such price Tenant shall pay Landlord the full amount of such increase. Tenant shall keep the Demised Premises, walkways adjacent thereto, loading and service areas allocated for the use of Tenant, in a clean, sanitary and orderly condition, and arrange for the regular pickup of its trash and garbage. Tenant shall not burn any trash or garbage in or about the Demised Premises or Center. Tenant shall store and stock in the Demised Premises only such merchandise as the Tenant intends to offer for sale. Tenant shall use only such space in the Demised Premises for office, clerical or other non-selling purposes as is reasonably required for Tenant's business, and Tenant shall not perform any such functions in the Demised Premises for any other store or any affiliate of Tenant. Tenant shall refrain from committing or suffering to be committed any waste upon the Demised Premises, or any nuisance or unreasonable annoyance or thing which may disturb the quiet enjoyment of any other Tenant, customer or invitee in the Center. Without Landlord's consent, Tenant shall not operate or permit to be operated in Demised Premises any coin or token-operated machine or similar devise for sale of merchandise, food and beverages or services, or keep, display or sell any merchandise or other object on any portion of the sidewalk or other portion of the common facilities of the Center. Tenant and its employees and agents shall not solicit business in the parking or other Common Areas, nor shall Tenant distribute any handbills or other advertising matter in automobiles parked in the parking area or in other common areas. In addition to the foregoing, Tenant shall at all times in its use of the Demised Premises comply with all other reasonable rules and regulations, now or hereafter in effect, established by Landlord concerning the use of the Demised Premises and parking and Common Areas and facilities of the Center.

B. **Fitness of the Demised Premises:** Tenant acknowledges that Landlord makes no representation as to the present or future condition of the Demised Premises, or as to the fitness, desirability or zoning thereof for any particular purpose, and Landlord shall not be liable for any changes therein or additions thereto required by any public authority. Any permits or requirements of any kind pertaining to the operation of Tenant's business will be Tenant's responsibility and any construction or special equipment required by public authority to enable Tenant to conduct his business shall likewise be Tenant's sole cost and responsibility.

C. **Continuous Operations:** Tenant shall keep the Demised Premises open for business either during the hours uniformly determined by Landlord for stores in the Center or in lieu of such determination, during all hours customarily maintained by business similar to Tenant's business in the trading area in which the Demised Premises are located. At all such times Tenant shall have upon the Demised Premises a sufficient number of employees and a sufficient stock of merchandise to adequately serve the patrons thereof. Tenant shall actively conduct its business in the Demised Premises and exert its best efforts to obtain and maintain the highest volume of Gross Sales obtainable. For purposes of computing Percentage Rent, the Gross Sales for any time when Tenant does not continuously conduct its business as required herein shall be deemed to be the greater of the Gross Sales during such period or during the corresponding period of the preceding Lease Year.

D. **Special Tenant Requirements:** Tenant agrees as a condition of occupancy to the following additional requirements such as but not limited to:

- (1) All automotive work shall be self contained within the premises.
- (2) Exclude bodywork and painting.
- (3) Maintain control over noise of cars and machinery so as not to disturb Co-tenants.
- (4) Control and disposal of Liquid Waste at Tenants own expense, and in his containers and prevention of said Waste from building and or soiling the Premises.

6. RENTAL

A. Guaranteed Minimum Monthly Rental: The Tenant agrees to pay as rental for the use and occupancy of the Demised Premises a Guaranteed Minimum Monthly Rental on or before the first day of each month in advance, without any prior demand therefor, and without any deduction or offset whatsoever, and shall be as follows:

Year 1: \$1890.00 per month*

*see additional rent below

(1) Prorating of Rent: If The Commencement Date is a day other than the first day of a calendar month, The Guaranteed Minimum Monthly Rental shall be prorated on a daily basis.

(2) Cost of Living Adjustments: The Guaranteed Minimum Monthly Rental is subject to adjustment, upward only, at the end of each —0— () year increment during the term and any extension or renewal hereof by reference to the

Consumer Price Index, all items, for _____ as computed by the U.S. Department of Labor (Base Year 1967 = 100). If said Consumer Price Index has increased since the Commencement Date or the nearest date prior thereto that such figures are available, the rent to be paid by Tenant shall be increased over the Guaranteed Minimum Monthly Rental Set forth above in proportion to the percentage increase as reflected in said Consumer Price Index since said date. In the event the Consumer Price Index above specified ceases to be published, then the all items index published by the Department of Labor for the geographic area including the Country in which the demised premises are located shall be substituted.

(a) The Base Date shall be (month & year) _____ The first incremental increase shall be _____

B. Percentage Rental: In addition to the Guaranteed Minimum Monthly Rental, Tenant shall pay to Landlord in the manner hereinafter set forth as a Percental Rental for each calendar month during the term hereof a sum equal to _____ percent (—0— %) of Tenant's Gross Sales (as the term "Gross Sales" is hereinafter defined) made during the particular month in question less the Guaranteed Minimum Monthly Rental paid by Tenant to the Landlord as provided herein.

(1) Payment of Percentage Rent: On or before the twentieth (20th) day of each calendar month during the term and any extensions or renewal of the term of this lease, Tenant shall deliver to Landlord a written statement signed and certified by Tenant as being true and correct setting forth the amount of Tenant's Gross Sales during the calendar month immediately preceding, and shall concurrently therewith pay to Landlord the amount of Percentage Rental due thereon, if any, as provided herein. It is understood and agreed that any authorized deductions from Percentage Rental provided for herein shall be noncumulative and that a computation and payment of the Percentage Rental shall be made separately with respect to each calendar month during the term of this lease without regard to Tenant's Gross Sales or Percentage Rental payments in connection with any other calendar month during the term and any extension or renewal of the term hereof.

(2) Gross Sales: The term "Gross Sales" is hereby defined to be the aggregate selling price of all merchandise and/or services sold or, ordered in, upon or from the Demised Premises by Tenant its subtenants, licenses and concessionaires, personally by catalog, by phone or from any vending or other coin- or token-operated device, whether for cash or on credit, excluding therefrom only the following: (a) Goods returned to suppliers or which are delivered to another store or warehouse of Tenant or to other retailers without profit to Tenant, where such deliveries are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale made in, upon or from the Demised Premises; (b) Sums and credits received by Tenant in settlement of claims for loss of or damage to merchandise; (c) The amount of cash refunded or credit allowed on merchandise returned by customers and accepted by Tenant, or the amount of cash refunded or credit allowed thereon in lieu of Tenant's acceptance thereof; provided, however, in no event shall the cost or value of any trading stamps, premium, discount coupons, advertising or other promotional device be deducted or excluded from Tenant's Gross Sales; (d) Sales taxes, so-called luxury taxes, consumer excise taxes and other similar taxes are added separately to the selling price thereof and collected from customers. All sales or orders originating from, through, at or upon the Demised Premises shall be included in Tenant's Gross Sales even though bookkeeping and payment of the account therefor may be transferred to another place for collection and even though actual filing of sale or order or actual delivery of the merchandise may be made from a place other than the Demised Premises.

(3) Accounting Records of Tenant: Tenant shall keep and maintain, at the Demised Premises and/or such other office of Tenant as Landlord may approve in writing, a full, permanent and accurate set of books and records kept in accordance with generally accepted accounting principles consistently applied relating to all sales of merchandise and all revenue derived from the conduct of business upon the Demised Premises from which Gross Sales can be determined. Tenant shall keep such books and records including cash register receipts, at least thirty-six months after the expiration of the calendar month to which such books and records pertain. Tenant shall maintain, at all times cash registers with locked-in totals and all Gross Sales above defined shall be recorded through said cash registers. If Tenant shall have an independent audit made of its books and records, it shall furnish a copy of the same, without expense, to Landlord. Landlord or its designated accountant, annually, may cause an audit to be made, at Landlord's expense, of the books and records of Tenant, but if such audit shows that Tenant's report of Gross Sales for any calendar month is understated by two percent or more, Tenant immediately shall pay the cost of such audit and correct the deficiency by prompt payment to Landlord. Landlord or its designated agent may, from time to time at reasonable hours throughout the term hereof, inspect and make copies of the books and all related financial records of Tenant, including, but not limited to, governmental reports and any other financial records. Tenant shall furnish Landlord upon request all sales tax returns made by Tenant to any governmental agency.

C. Additional Rent: Tenant shall pay to Landlord such additional rental as follows:

rent + cam = \$1890.00 + 110 = \$2000.00 per month.
cap on CAM @ .05 psf first year only.

7. ADVANCE PAYMENTS

A. **Advance Rent:** Upon execution of this lease, Tenant shall pay Landlord the sum of (\$ 4000.00) Dollars \$1890 + \$110 = \$2000.⁰⁰₈₀ as payment of the first and _____ month's Guaranteed Minimum Monthly Rent. The last month's Guaranteed Minimum Monthly Rental is subject to any adjustment for cost of living increase, if any, and shall be payable upon demand.

B. **Security Deposit:** Concurrently with the execution of this lease, Tenant shall deposit with Landlord as a Security Deposit the sum of (\$ 2000.00) Dollars. Said Security Deposit shall be held by Landlord, without liability for interest thereon, as security for the full, faithful and complete performance by Tenant of all the terms, covenants and agreements on the part of Tenant to be kept and performed thereunder. In the event Tenant fails to pay any rental or other charge hereunder or to perform any of its other obligations hereunder, Landlord may at his option appropriate and apply any portion of said Security Deposit to the payment of any such rent or other charge and/or to the cost of fulfilling such other covenant or obligation of Tenant. Should all or any portion of said Security Deposit be so appropriated and applied by Landlord against any default or failure to Tenant hereunder, Tenant shall pay to Landlord upon demand a sufficient sum to restore the same to the amount originally deposited. Upon the expiration or any sooner termination of the term hereof, if Tenant shall not be in default of any of the provisions of this lease, Landlord shall refund to Tenant any unappropriated balance remaining of the said Security Deposit.

C. **Miscellaneous Payments:** Upon commencement of this lease term and each month thereafter or as billed by Landlord, Tenant shall pay to Landlord Tenant's prorata share of taxes, insurance, common area maintenance and like items for the current period, as applicable.

8. OBLIGATIONS CONSTITUTING ADDITIONAL RENT

The obligations of Tenant to pay or reimburse to Landlord parking and common area charges, taxes and assessments, insurance premiums and any sums other than the Guaranteed Minimum Monthly Rent and Percentage Rent, which Tenant is required to pay or reimburse to Landlord hereunder, shall constitute an obligation to pay additional rent under this lease. If Tenant shall fail to pay the Guaranteed Minimum Monthly Rent or the Percentage Rent or to pay or reimburse to Landlord the other sums which Tenant is required to pay or reimburse to Landlord hereunder within ten (10) days after the same are due and payable, a late payment charge, which shall be deemed to be an obligation to pay additional rent hereunder, in an amount equal to ten (10) percent of the sum to be paid shall be payable to Landlord.

9. EXPENDITURES BY LANDLORD

Whenever under any provision of this lease Tenant shall be obligated to make any payment or expenditure, or to do any act or thing, or to incur any liability whatsoever, Landlord shall be entitled but not obligated to enter upon the Demised Premises, if necessary, and to make any such payment or expenditure and/or to do any such act or thing and/or incur any such liability, all on behalf and at the cost and for the account of Tenant, and in such event the amount thereof with interest thereon as hereinafter provided, shall be deemed additional rental hereunder and shall be added to and deemed a part of any installment of rental thereafter becoming due from Tenant to Landlord hereunder. All such amounts shall bear interest at the rate of ten percent (10%) per annum until repayment by Tenant in full.

10. NOTICES AND PAYMENTS

A. **Service of Notices:** All notices, statements, demands, requests, consents, approvals, authorizations or designations to be given or served under this lease by either party to the other shall be in writing and shall be postage prepaid and addressed as follows:

To Landlord At: M.C. STRAUSS COMPANY
11975 El Camino Real, Suite 103
San Diego, CA 92130-2541

PHONE: 619/792-7500

To Lessee At: GARY YOUNG
1538 Reed Ave., #A
San Diego, CA 92109
619/270-9159

LESZEK KIK
4181 Florida Street, #1
San Diego, CA 92104
619/297-3185

or at such other places as the parties may from time to time designate in writing.

B. **Place of Payment:** All rentals and other monies required to be paid to Tenant hereunder shall be paid to Landlord in lawful money of the United States of America at the herein above designated address or at such other place as Landlord may from time to time designate in writing.

11. ALTERATIONS

Except as otherwise hereinafter provided, Tenant shall not make or suffer to be made any structural changes, alterations, additions or improvements to the Demised Premises without the written consent of Landlord first had and obtained. Any changes, alterations, additions, or improvements to the Demised Premises shall be at Tenant's sole cost and expense and, except for movable trade fixtures, equipment and furnishings, shall become at once a part of the realty and be the sole property of the Landlord. As used herein the term structure changes shall include but shall not be limited to any changes to the store front, exterior walls and roof (including penetration thereof) of the Demised Premises.

12. FIXTURES AND PERSONAL PROPERTY

A. General Requirements: Tenant shall at its sole cost and expense furnish and maintain in the Demised Premises all fixtures, equipment and furnishings reasonably necessary for the operation of Tenant's business. All fixtures and personal property installed by Tenant shall be new or completely reconditioned and kept in good order, condition and repair. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed shall remain the property of the Tenant and Landlord agrees that Tenant shall have the right, provided the Tenant be not in default under the terms of this lease, at any time, and from time, to remove any and all of its movable trade fixtures, signs and other personal property from the Demised Premises, however, nothing herein contained shall be deemed or construed to permit or allow the Tenant to remove so much of such personal property without the immediate replacement thereof with similar personal property of comparable or superior quality, as to render the Demised Premises unsuitable for conducting the type of business specified herein. All improvements to the Demised Premises by the Tenant including but not limited to light fixtures, floor coverings, partitions and other items, but excluding trade fixtures, signs and personal property, shall become the property of Landlord, at its option, upon expiration or earlier termination of this lease.

B. Personal Property and Condition of Premises: Tenant shall hereunto equitably and in good order and condition all trade fixtures, equipment and other personal property of any nature located upon the Demised Premises at the time of the expiration of this lease. Tenant shall be deemed to have accepted the Demised Premises "as is" and to have acknowledged that the same are as represented by Landlord and in good order, condition and repair. Tenant acknowledges that it has reviewed and examined the Demised Premises prior to the execution hereof to its complete satisfaction.

13. POSSESSION

A. Acceptance of Demised Premises: Except as may be otherwise herein provided, Tenant shall by entering into and occupying the Demised Premises be deemed to have accepted the Demised Premises "as is" and to have acknowledged that the same are as represented by Landlord and in good order, condition and repair. Tenant acknowledges that it has reviewed and examined the Demised Premises prior to the execution hereof to its complete satisfaction.

B. Surrender of Demised Premises: Upon the expiration or sooner termination to the leasehold interest created hereby and subject to Landlord's lien rights set forth herein, Tenant shall remove its interior and exterior signs and all of its movable trade fixtures, equipment, and personal property from the Demised Premises and fully repair and/or restore for all damage thereto resulting from such removal, and Tenant shall thereupon surrender the Demised Premises in the same condition as they were on the Commencement Date, reasonable wear and tear excepted. Tenant shall, upon such surrender, furnish a certification by a qualified company that all mechanical equipment in the Demised Premises is in good working condition. All property of any kind not removed from the Demised Premises shall be deemed abandoned by Tenant. If the Demised Premises are not surrendered at the end of the lease term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in surrendering the Demised Premises including but not limited to any loss arising from any claim made by any succeeding Tenant founded on such delay.

C. Abandonment: Tenant shall not at any time during the term hereof vacate, abandon or discontinue its business in the Demised Premises. If Tenant shall vacate, abandon, or otherwise surrender the Demised Premises, or be dispossessed thereof by process of law or otherwise, or discontinue its business therein, the same shall constitute a default of this lease and, in addition to any other remedy available to Landlord, any trade fixtures, equipment, signs or personal property belonging to Tenant and left in, upon or about the Demised Premises shall be deemed to be abandoned and shall become the property of Landlord.

14. UTILITIES

Tenant shall pay before delinquency all charges for water, sewer, gas heat, electricity, power, telephone service and all and any other services or utilities used in, upon or about the Demised Premises by Tenant or any of its subtenants, licensees or concessionaries; provided, however, if any such services or utilities shall be billed to Landlord and not separately metered to the Demised Premises the amount thereof shall be prorated and Tenant shall pay to Landlord upon demand as additional rental hereunder an amount equal to that proportion of the total charges therefore which the number of square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores then rented as of the date of the utility bill served in the area and/or buildings covered by such combined charges. With respect to gas and electric service, which is not separately metered, Landlord may, at Landlord's option, in lieu of prorating on the foregoing basis, determine the amount of use of such services by Tenant on the basis of Tenant's estimated usage as determined by the utility company servicing the Demised Premises, or, if such company ceases providing such service, by a qualified electrical contractor selected by Landlord.

15. REPAIRS AND MAINTENANCE

A. Landlord's Obligation: Landlord shall keep and maintain in good condition and repair the foundations, roof, exterior walls and structural portions of the improvements now or hereafter constructed on Demised Premises, except where the necessity for such repairs or maintenance shall be occasioned by the Tenant, its subtenants, licensees, agents, repairmen employed by Tenant. In the event of any of the equipment required to be maintained by Tenant necessitates or interferes with Landlord's repairs, Tenant shall pay for such repairs. Landlord shall not be obligated to make any repairs hereunder, or be otherwise liable to Tenant for any loss or damage in connection therewith, unless Tenant shall first give Landlord written notice of the necessity therefore and Landlord shall fail to make or commence said repairs within a reasonable time thereafter.

B. Tenant's Obligation: Tenant shall pay to Landlord an additional rental hereunder, at the times and in the manner designated by Landlord, Tenant's prorata share of all expenses incurred by Landlord for repairs and maintenance of the roof of the building of which the Demised Premises is part of and any exterior painting and decorating of the Demised Premises. Tenant's prorata share of expenses shall be that portion of all such expenses which is equal to the proportion thereof which the number of square feet of the Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the building to which the repairs and maintenance are made. Tenant shall, except as otherwise hereinabove provided, at its sole cost and expense, at all times during the term and any extension or renewal of the term hereof, keep and maintain the Demised Premises, the improvements thereon and every part thereof, including but not limited to store fronts, signs, entrances and exits, interior walls, ceilings and floors, plate glass, glazing and skylights, electrical and plumbing services and pipes, reasonable periodic painting as determined by Landlord, plumbing and other fixtures, fire sprinklers, heating and air conditioning and other equipment and appliances, in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto. In addition, Landlord may, at its option, perform preventive maintenance for the heating and air conditioning and water heating and fire sprinkler equipment serving the Demised Premises and other premises in addition to the Demised Premises, but this shall in no way relieve Tenant of any of its obligations hereunder. The costs of any such preventive maintenance attributable to the Demised Premises shall be paid by Tenant as additional rent hereunder.

16. INSURANCE

A. Landlord's Insurance: Landlord shall maintain in force insurance covering all buildings and improvements from time to time located in the Center insuring against loss or damage by fire and such other risks as are now or hereafter included in any extended coverage enforcement in common use for commercial structures including vandalism and malicious mischief. The amount of the insurance shall be the full replacement cost (including inflation guard provision) excluding costs of replacing excavations and foundations but including loss of income insurance. Tenant shall not carry any insurance the effect of which would be to reduce the protection or payment to Landlord under any insurance which Landlord is obligated to carry. Tenant shall reimburse to the Landlord that proportion of the premiums paid by Landlord for the foregoing insurance which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursement shall be made immediately upon receipt by Tenant of receipts or duplicate receipts for such premiums showing the same as having been paid, or Landlord, at its option, shall have the right to estimate the amount of insurance next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated insurance obligation.

B. Tenant's Insurance: Tenant shall maintain in force for the joint protection of Landlord and Tenant public liability insurance under which Landlord and Tenant shall be named as coinsured and under the terms of which each shall be indemnified against liability for damage for bodily injury to or death of any licensee or invitee of Tenant or any other person entering upon or using the Demised Premises and arising from the use and occupancy thereof. Such insurance shall be maintained on a minimum basis of (\$ 250,000.00) per person and (\$ 500,000.00) per occurrence for bodily injury or death and (\$ 100,000.00) for property damage. If in the considered opinion of Landlord the amount of such coverage is not adequate, Tenant shall increase the coverage to such amounts as Landlord shall reasonably deem adequate. (Tenant shall not be required at the commencement of the term hereof to procure plate glass insurance coverage on exterior plate glass in the Demised Premises, but in the event during the term of this lease Landlord, at its sole discretion, shall determine that performance of Tenant's obligation to repair and replace such plate glass is not adequately secured, Landlord may require, by written notice to Tenant, that Tenant procure and maintain such insurance.) Tenant shall maintain in force on all its fixtures, equipment and personal property in the Demised Premises a policy or policies of fire insurance with standard extended coverage endorsement to the extent of their full replacement value. The proceeds from any such policies shall be used for the repair or replacement of the fixtures, equipment and personal property so insured. Subject to Landlord's lien rights herein Landlord shall have no interest in such insurance and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant.

C. Miscellaneous: Landlord and Tenant each agrees that it will not subrogate to its insurance carrier any right of action which it has or may have against the other for any loss covered by insurance. Landlord and Tenant agree to notify their respective insurance carriers of these provisions. All insurance required to be maintained by Tenant herein shall be obtained from responsible carriers acceptable to Landlord, which acceptance shall not be unreasonably withheld. Tenant shall provide to Landlord policies for or certificates evidencing the insurance to be procured and maintained by Tenant, which policies or certificates shall specify that the insurance evidenced thereby will not be cancelled except after thirty (30) days prior written notice to Landlord. Such policies or certificates shall be delivered to Landlord prior to the time coverage is required to commence. Any renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of any policy term.

17. TAXES

A. Personal Property Taxes: Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which became payable during the term of this lease upon Tenant's merchandise, furniture, appliances and personal property located in the Demised Premises.

B. Real Property Taxes: Landlord shall, in the first instance, pay before delinquency all real property taxes, assessments, impositions, and all other charges levied or assessed against the Center (including parking and common areas) and improvements thereon during the term of this lease, and Tenant shall reimburse to Landlord that proportion of said real property taxes, and assessments (including a prorata amount of such proportion for the years in which this lease commences and terminates) which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursements shall be made to Landlord immediately upon delivery to Tenant of receipts or duplicate receipts showing such taxes, assessments and impositions as having been paid, or Landlord, at its option, shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligations. Such taxes, assessments, and impositions shall include any tax or excise on rents (including so-called gross receipts tax on rent) or any other tax, however described, levied or assessed by the United States or the state in which the Demised Premises are located or by any political subdivision thereof against Landlord on account of rent provided in this lease and Tenant shall reimburse to Landlord its proportionate amount of any such tax or assessment to the extent that is assessed or imposed as a direct result of Landlord's interest in the Demised Premises or of rentals accruing under this lease, but this provision shall not be construed in any manner so as to require Tenant to pay any income tax of Landlord as income taxes are understood at the time of execution hereof.

18. PARKING AND COMMON AREAS

A. Definition: The term "Common Areas" refers to all areas within the exterior boundaries of the Center which are now or hereafter made available for general use, convenience and benefit of Landlord and other persons entitled to use or occupy the Center or any part thereof, including, without limiting the generality of the foregoing, automobile parking areas, service areas, driveways, entrances and exits, sidewalks, pedestrian ways, open and enclosed courts and malls, landscaped and planted areas.

B. General Provisions: During the term of this lease, Landlord shall operate, manage and maintain all parking and Common Areas and facilities within the Center. The manner in which such areas and facilities shall be maintained and the expenditures for maintenance shall be at the sole discretion of Landlord and the use of such areas and facilities shall be subject to such reasonable regulations and changes as Landlord shall make from time to time. In addition to the Guaranteed Minimum Monthly Rental and the Percentage Rental payable hereunder, Tenant shall pay upon demand, but not more often than once each calendar quarter, Tenant's proportionate share of all costs and expenses of maintaining and operating the parking and Common Areas and facilities. Tenant's share shall be that proportion of such costs and expenses which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the Center and open for business as of the commencement of each calendar quarter. Operating and maintenance costs shall include all costs and expenses of operating and maintaining such areas and facilities in such manner as Landlord may from time to time deem appropriate and for the best interest of the Tenants of the Center including, without limitation, labor, compensation insurance, payroll taxes, administrative costs, security costs, materials, supplies and all other costs of operating, repairing, lighting, cleaning, painting, restriping, removing of rubbish or debris, gardening, policing, inspecting and janitorial services; casualty and other insurance in amounts and covering hazards deemed appropriate by Landlord; any governmental parking lot tax or imposition or surcharge imposed against the Landlord or levied against the parking and common areas not covered as "Taxes" in Paragraph 17 herein; all cost of repairing, maintaining or replacing paving, curbs, walkways, walls, bumpers, markers, directional signs, Center signs, landscaping, sprinklers, drainage, fire protection systems, lighting facilities, and common area items not covered in Paragraph 15 herein; sewer, water, gas, electric, phone and other utility lines, storm drains, roads and approaches servicing the Center generally; and any other items that Landlord deems necessary and appropriate.

C. Billing and Collection: Tenant shall pay a sum to Landlord for accounting, management and collection of the expenses in connection with said Common Areas in an amount equal to TEN percent (10%) of Tenant's prorata share of the total of the aforementioned expenses (common areas, insurance and taxes) for each calendar year. Tenant's share of such costs and expenses shall be estimated by Landlord subject to adjustment in the future billings to Tenant. On or before April 1 of each year, Landlord shall determine (and furnish to Tenant a statement showing in reasonable detail) such costs and expenses during the preceding Lease Year to the extent that Tenant's proportionate share of such costs and expenses is greater or less than the sum actually billed to and paid by Tenant during the preceding year, the difference shall be billed to and paid by Tenant or refunded to Tenant as the case may be.

19. MERCHANT'S ASSOCIATION:

At Landlord's option and with the concurrence of 50% of the Tenants, there shall be formed a nonprofit organization (if designated by Landlord) incorporated or otherwise (hereinafter referred to as the "Merchant's Association"). Tenant covenants and agrees during the term and any extension or renewal of the term of this lease to become and remain an "Active Member" in good standing in such Association and pay its proper assessments thereto promptly, and to abide by all the Articles of Incorporation By-Laws, rules and regulations of said Merchant's Association as any of the same may be amended from time to time. The Merchant's Association shall be organized for and devoted to encouraging its members to deal fairly and courteously with their customers, to adhere to ethical business practices, to undertake Centerwide advertising and sales promotions and otherwise to maintain and improve the general business welfare of the Center and merchants doing business therein.

20. SIGNS, ADVERTISING AND AUCTIONS

A. **Signs:** Tenant shall not place or suffer to be placed on the exterior of any door, roof, wall or window of the Demised Premises any sign, awning, canopy, marquee, advertising matter, decoration, lettering or other thing of any kind without the written consent of Landlord first had and obtained. No free-standing signs shall be permitted without the written consent of Landlord first had and obtained. Tenant shall obtain Landlord's written approval of the plans and specifications of any proposed signs as well as the maker of the signs and the consent of any governmental body having jurisdiction over signs in the Center. Tenant further agrees at its own expense, to install a detachable type store sign on the exterior of the Demised Premises in strict conformance with Landlord's sign criteria as to design, material, color, size and location. Tenant shall furnish Landlord a detailed drawing of proposed sign by a sign fabricator for written approval prior to manufacture of same. Except as otherwise hereinafter provided, Tenant shall upon request of Landlord immediately remove any sign, advertisement, decoration, lettering or notice which Tenant has placed or permitted to be placed in, upon, above or about the Demised Premises and which Landlord reasonably deems objectionable or offensive, and if Tenant fails or refuses to do so Landlord may enter upon the Demised Premises and remove the same. Tenant acknowledges that the Demised Premises are a part of an integrated Center and that control of all signs by Landlord is essential to the maintenance of uniformity, propriety and aesthetic values in said Center. ~~In the event Landlord at his sole option and expense (except for sign taking) installs a common area pole or pyramid sign for the Center, Tenant agrees to become included in a sign rental program and Tenant's cost for same shall be determined by Landlord provided however that such cost shall not be greater than that which would be charged to any other tenant in the Center.~~

A.1: See sign criteria per Exhibit "C" attached hereto and made a part hereof by this reference.

B. **Advertising and Auctions:** Except as otherwise hereinafter provided, Tenant shall not use any advertising or promotional media which can be heard, seen, or experienced outside the Demised Premises, including, but not limited to searchlights, loud speakers or phonographs, without the written consent of Landlord first had and obtained. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Demised Premises, whether said auction by voluntary, involuntary pursuant to any assignment for the benefit of creditors or pursuant to any bankruptcy or other proceeding.

21. CONDEMNATION

The following definitions shall apply with respect to the provisions of this paragraph:

A. "Taking" means the taking or damaging, including without limitation severance damage, resulting from the exercise of the power of eminent domain for public and quasi-public use under any law. The transfer of title may be either a transfer resulting from a final judgment in condemnation or a voluntary transfer to the condemning agency under threat of condemnation, and taking shall be deemed to occur as of the date actual physical possession is taken by the condemnor.

B. "Total taking" means the taking of the fee title to the Demised Premises and the improvements located on the Demised Premises.

C. "Substantial taking" means the taking of so much of the Demised Premises and improvements that it is no longer economically or physically practical to continue to operate the business then conducted on the Demised Premises or the remaining portion of the Demised Premises. The taking of thirty-three and one third percent (33-1/3%) of the total floor area of the Demised Premises shall conclusively be deemed a substantial taking.

D. "Partial taking" means any taking that is not a total or substantial taking. In the event of a total or substantial taking, the lease shall terminate upon such taking and the award resulting from the taking shall be the sole property of Landlord except that Tenant shall be entitled to that portion, if any, of the award directly attributed to the Tenant's trade fixtures, moving expenses, or loss of business. In the event of a partial taking, the lease shall not terminate; the award shall be the sole property of Landlord; and there shall be an equitable reduction of rent. In such event, however, Landlord shall at its own costs and expense make all necessary repairs or alterations to the building in which the Demised Premises are located so as to constitute the portion of the building not taken a complete architectural unit and the remainder of the Demised Premises a complete merchandising unit.

22. INSOLVENCY

The filing of any petition in bankruptcy, or the adjudication of Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Tenant, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any State or Federal insolvency or bankruptcy act, and the continuance of any of the same for a period of ten (10) days, shall constitute a breach and default of this lease by Tenant and in such event Landlord may at its option terminate this lease upon written notice to Tenant, or without notice whatsoever, shall have and may exercise all the rights and remedies available to Landlord in the event of any other default provided for herein. It is understood and agreed that neither this lease, nor any estate created hereby, shall pass by operation of law under the State or Federal insolvency or bankruptcy act to any trustee, receiver, assignee for the benefit of creditors or any other person whatsoever without the express written consent of Landlord first had and obtained.

23. DAMAGE OR DESTRUCTION:

A. Insured Casualty: If at any time after the execution hereof the Demised Premises or any portion thereof should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policies maintained by Landlord, Landlord, shall, except as otherwise hereinafter provided and subject to any unavoidable delay, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage or destruction. Tenant shall have no interest in or claim to any portion of the proceeds of any fire and extended coverage insurance policies carried by Landlord. Anything herein contained to the contrary notwithstanding, if during the last two (2) years of the term hereof the Demised Premises should by reason of any casualty insured by Landlord be damaged or destroyed to the extent of fifty percent (50%) or more of the then replacement value thereof, Landlord may elect to terminate this lease by giving at least fifteen (15) days written notice of its said election to Tenant within thirty (30) days after the date of such damage or destruction, provided, however, regardless of such notice of termination, this lease shall not be terminated if Tenant shall within ten (10) days after receipt of such notice give written notice to Landlord extending the term hereof for a period of not less than five (5) years in accordance with any option or right to do so which Tenant may have hereunder in which event Landlord shall repair, reconstruct and/or restore the Demised Premises in accordance with the provisions of Subparagraph A. above.

B. Uninsured Casualty: If the Demised Premises should be damaged to an extent of less than thirty percent (30%) of their then replacement value by a casualty not covered by any standard form fire and extended coverage insurance, then Landlord shall, at its sole cost and expense, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage. If the Demised Premises should be damaged or destroyed to an extent of thirty percent (30%) or more of their then replacement value by any casualty not covered by a standard form fire and extended coverage insurance, then Landlord shall be entitled to elect either to cancel and terminate this lease, or to repair, reconstruct and/or restore the Demised Premises, by giving written notice of its said election to Tenant within forty-five (45) days after the date of such damage or destruction.

C. Non-Abatement of Rent: It is understood and agreed that Tenant's Guaranteed Minimum Monthly Rental and other monetary obligations under this lease shall not be abated unless the time required to complete repair or reconstruction shall extend beyond six (6) months from the date of damage or destruction, in which event said Guaranteed Minimum Monthly Rental and other monetary obligations shall abate from the expiration of said six (6) month period to the actual completion of repairs or reconstruction in an amount equal to the proportion thereof which the number of usable square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of Gross Floor Area in the Demised Premises immediately prior to such damage or destruction. Tenant's liability hereunder will be reduced by any applicable insurance coverage pursuant to Paragraph 16 hereof.

24. ASSIGNMENT AND SUBLETTING:

A. Consent To Be In Writing: Tenant shall not assign, mortgage, pledge, hypothecate or encumber this lease or the leasehold interest created hereby or any interest herein or sublet the Demised Premises or any portion thereof, or license the use of all or any portion of the Demised Premises, without the written consent of Landlord first had and obtained. Without in any way limiting any other rights available to the Landlord at the time of any proposed assignment or subletting, Landlord expressly reserves the right to adjust the Guaranteed Minimum Monthly Rental to an amount derived by multiplying said guaranteed minimum monthly rental times a number equal to the percentage by which the Bureau of Labor Statistics, United

States Department of Labor, for L.A. & ORANGE COUNTY under the heading of "All Items", for the month in which the date of such assignment or subletting occurs has increased over the same Cost Of Living Index figure for the month in which the Commencement Date under this lease occurs (i.e., if the percentage of such increase is thirty percent (30%), then the guaranteed minimum monthly rental will be multiplied times 130). In the absence of an express agreement in writing to the contrary, no assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license hereof or hereunder shall act as a release of Tenant from any of the obligations and agreements on its part to be kept and performed hereunder. Any assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license of this lease, the leasehold estate created hereby, or the Demised Premises or any part thereof, either voluntary or involuntary, whether by operation of law or otherwise, without the prior written consent of Landlord shall be null and void and shall, at the option of Landlord, terminate this lease. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this lease or a consent to the assignment or subletting of the Demised Premises. In the event of any assignment or transfer of Landlord's leasehold and/or reversionary interest hereunder, Landlord herein named (or in case of any subsequent assignment or transfer hereof, the then grantor or assignor in the particular case) shall from and after the date of such assignment or transfer be automatically relieved of all further liability as respects the performance of any covenants or obligations on the part of Landlord to be kept and performed hereunder, it being the intention of the parties that this lease shall be binding on any particular Landlord, his successors and assigns, only during his respective period of tenure. Tenant agrees to pay Landlord an administrative fee of \$100 and to reimburse Landlord for Landlord's reasonable attorney fees incurred in conjunction with the processing and documentation of any such requested transfer, assignment, subletting, licensing or concession agreement, change of ownership or hypothecation of this lease or Tenant's interest in and to the Demised Premises.

B. Assignment or Transfer To A Corporation: Notwithstanding anything to the contrary set forth herein, Tenant may assign this lease, without the consent of Landlord, to a corporation or other entity not less than fifty percent (50%) of the voting stock or controlling interest of which is owned by Tenant; provided that Tenant shall at all times remain liable for performance hereunder; and provided, further, that any transfer by Tenant of the controlling stock or interest in such corporation or other entity shall be a prohibited assignment hereunder.

C. Consent To Assignment or Subletting Shall Not be Unreasonably Withheld: Subject to a compatible and noncompetitive business use with respect to the other businesses in the Center and sufficient financial statement and credit record of assignee, Landlord's consent to assign or sublet this lease shall not be unreasonably withheld provided, however, that Tenant shall not be in default and/or if Tenant shall have previously breached or otherwise failed to perform under this lease since its inception, and Tenant did not cure that breach, Landlord, at its sole discretion, may declare this Subparagraph null and void. Any such assignment or subleasing, even with the approval of the Landlord, shall not relieve the Tenant from liability for payment of the rental herein provided or from the obligation to keep and be bound by the terms, conditions and covenants of this lease.

25. ATTORNEY'S FEES:

In the event either party hereto shall commence any action or proceeding against the other by reason of any breach or claimed breach in the performance of any of the terms, covenants or conditions of this lease or to seek a judicial declaration of rights hereunder, the prevailing party in such action or proceeding shall be entitled to reasonable attorney's fees to be fixed by the Trial Court.

26. DEFAULT

In the event Tenant shall fail to pay any sum required to be paid hereunder, or in the event of breach by Tenant of any covenant, agreement or obligation to be performed by Tenant hereunder, then Tenant shall be deemed to be in default and thereafter Landlord shall, at its option, in addition to all other rights and remedies it may have hereunder or as provided by law, have the following rights and remedies:

A. Even though Tenant has breached this lease and abandoned the Demised Premises, this lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises; and, Landlord may enforce all its rights and remedies hereunder, including the right to recover the rent as it becomes due. After the occurrence of the acts of default and abandonment by Tenant, and for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises, Tenant shall have the right to assign its interest in the lease and/or to sublet upon prior written consent which Landlord shall not unreasonably withhold. Landlord shall not be deemed to have elected to terminate Tenant's right to possession of the Demised Premises unless Landlord gives Tenant written notice of such election to terminate; and, in no event shall Landlord's acts of maintenance or preservation of the Demised Premises, or the appointment of a receiver upon initiative of Landlord to protect its interest under this lease be deemed to constitute termination of Tenant's right to possession.

B. Landlord may elect, by written notice to Tenant, to terminate this lease at any time after a default; and, in such event Landlord may, at Landlord's option, declare this lease and Tenant's right to possession terminated, reenter the Demised Premises, remove Tenant's property there from and store it for Tenant's account and at Tenant's expense and risk, eject all persons from the property and recover damages from Tenant as hereafter provided. Any such reentry shall be permitted by Tenant without hindrance; and, Landlord shall not thereby be liable for or guilty of trespass, forceable entry or unlawful detainer.

C. In the event Landlord elects to terminate this lease and Tenant's right to possession in accordance with the foregoing Subparagraph B, or the same are terminated by operations of law. Landlord may recover as damages from Tenant the following:

(1) The worth at the time of award of the unpaid rent and other sums due hereunder which had been earned at the time of termination of the lease;

(2) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder which would have been earned after the date of termination of this lease until the time of award exceeds the amount of such loss of rent and other sums due that Tenant proves could have been reasonably avoided;

(3) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder for the balance of the term after the time of award exceeds the amount of the loss of such rent and other sums that Tenant proves could be reasonably avoided;

(4) Any other amount, including attorney's fees and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform his obligations under the lease, or which in the ordinary courses of things would be likely to result therefrom.

D. The "worth at the time of award" of the amounts referred to in Subparagraph C. (1) and C. (2), above, is computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of award" of the amount referred to in Subparagraph C. (3), above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

E. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this lease do not waive Landlord's right to recover damages under the foregoing provisions.

F. Nothing in Paragraph B through G affects the right of Landlord to indemnification against liability arising prior to the termination of this lease for personal injuries or property damage, or against mechanic's liens or other loss, claims and/or expense as may be provided elsewhere in this lease.

G. The foregoing remedies of Landlord shall not be exclusive, but shall be cumulative and in addition to all rights and remedies now or hereafter provided or allowed by law.

27. LIENS

Tenant shall at all times indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any claims, liens, demands, charges, encumbrances and/or litigation arising directly or indirectly out of any use, occupancy or activity of Tenant, or out any work performed, material furnished or obligations incurred by Tenant, in upon, about or otherwise in connection with the Demised Premises. Tenant shall, within fifteen (15) days after the filing of any lien for record, fully pay and satisfy the same, and Tenant shall reimburse Landlord upon demand for any and all loss, damage and expense, including attorney's fees, which Landlord may suffer or be put to by reason thereof. However, nothing herein shall be construed to prevent either Tenant, or Landlord at the cost and for the account of Tenant, from satisfying such lien or from obtaining and filing a bond to secure the payment of such lien or incumbrance in the event Tenant fails or refuses to satisfy the same within such fifteen (15) day period. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of applicable notices of non responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Demised Premises.

28. INDEMNIFICATION OF LANDLORD

Tenant hereby covenants and agrees to indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any and all liability, loss, costs, charges, penalties, obligations, expenses, attorney's fees, litigation, judgments, damages, claims and demands of any kind whatsoever in connection with, arising out of or by any violation of law, ordinance or regulation by Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees or by reason of any injury or damage however occurring to any person or persons whomever (including Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees), from any cause or causes whatsoever while in, upon, about or in any way connected with the Demised Premises or any part thereof. Landlord shall not be liable to Tenant or to any other person whatsoever for any damage occasioned by plumbing, gas, water, steam, sprinkler or other pipe and sewage system or by the bursting, running or leaking of any tank, wash stand, closet, waste or other pipes in or about the Demised Premises or the building of which the Demised Premises are a part or for any damage occasioned by water being upon or coming through the roof, vents or otherwise, or for any acts or neglect of cotenants or other occupants of the Center or of adjacent property or the public.

29. SUBORDINATION, ESTOPPEL CERTIFICATE AND ATTORNMEN

A. Subordination: Tenant agrees that this lease is, and shall be, subordinate to a bona fide mortgage, deed or trust, or any other hypothecation of security which has been or which may hereafter be placed upon the Demised Premises provided that such subordination shall not adversely affect the Tenant's right of use and occupancy under this lease in the event of foreclosure if Tenant is not in default. Tenant agrees to execute any documents which may be requested by Landlord, in addition to this lease, which may be required to effectuate such subordination and if Tenant fails to do so within the ten (10) days after written demand from Landlord, Tenant does hereby make, constitute and appoint Landlord as Tenant's attorney in fact to do so. If Landlord shall assign this lease to a mortgagee as additional security for said mortgage then, during the continuance in effect of such assignment Tenant will not by reason of any default of Landlord, hereunder, exercise any of Tenant's remedies under this lease if the mortgage, within sixty (60) days after receipt of written notice from Tenant of Tenant's intent to terminate this lease for such default, if such default can be cured by the payment of money; or, if such is not the case, shall undertake in writing to perform and shall thereafter perform with respect to the Demised Premises all of the covenants of this lease capable of performance by the mortgagee until such time as the Demised Premises shall be sold upon the foreclosure of said mortgage.

B. Estoppel Certificate: Tenant shall at any time, and from time to time, upon not less than ten (10) days prior written request by Landlord execute, acknowledge, and deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or, if there shall have been modifications, that the lease is unmodified and in full force and effect as modified and stating the modifications) and the dates to which the fixed rent and any other charges or payments have been paid in advance. It is expressly understood and agreed that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord or any prospective purchaser, mortgagee, assignee of any mortgagee, or the trustee or beneficiary of any deed of trust placed upon the Demised Premises or the real property of which the Demised Premises are a part.

C. Attornment: In the event of any deed in lieu of foreclosure, or the exercise of any power of sale, or the foreclosure under, any deed of trust or mortgage now or hereunder placed by Landlord against all or any portion of the Demised Premises, Tenant shall attorn to the grantee of such deed of the purchaser upon any such foreclosure or sale and recognize such grantee or purchaser as the Landlord under this lease.

30. RIGHT OF ACCESS

Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of serving, posting or keeping posted thereon notices provided for hereunder, or by any applicable law, rule or regulation now or hereafter in effect in the state in which the Demised Premises are located, or such other notices as Landlord may deem necessary or appropriate for the protection of Landlord, its interest or the Demised Premises; and/or for the purpose of inspection the Demised Premises; and/or the purpose of making any necessary repairs to the Demised Premises, or at anytime when Landlord may deem necessary to prevent waste, loss, damage or deterioration to or in connection with the Demised Premises. Nothing herein shall imply any duty upon the part of landlord to do any work or repair or maintenance which under provision of this lease may be required on the part of Tenant to be performed, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of exhibiting the same to prospective purchasers and, during the final six (6) months of the term hereof, Landlord shall be entitled to exhibit the Demised Premises for hire and/or for sale and to display thereon in such manner as will not unreasonably interfere with Tenant's business the usual "For Sale" or "For Lease" signs, and such signs shall remain unmolested on the Demised Premises.

31. HOLDING OVER

Should Tenant occupy said Demised Premises after the expiration date of this lease, without consent of the Landlord, expressed or implied, such possession shall be construed to be a tenancy from month-to-month and Tenant shall pay Landlord for said Demised Premises a fixed rental of 125% of the current rent per month and the same Percentage Rental, if any, as provided herein and shall otherwise be upon the same terms and conditions as are herein provided, and thereafter Tenant shall not terminate such month to month tenancy without giving Landlord thirty (30) days written notice.

32. OPTION TO EXTEND TERM

A. **Option Conditions:** Tenant shall have the option to extend the term of this lease for 2 additional 1 year periods commencing upon the expiration of the initial 1 year term hereof. Each option shall lapse and terminate unless Tenant shall deliver to Landlord written notice of the exercise thereof not less than six (6) months prior to the expiration of the initial 1 year term of this lease and the expiration of each 1 year option term thereafter. In addition to the foregoing, each option shall lapse and terminate if Tenant shall be in default hereunder on the date of commencement of any of said 1 year extension periods and/or if Tenant shall have previously breached or otherwise failed to perform under the lease since its inception; Landlord at his sole discretion, may declare any option to extend null and void.

B. Option Terms: In the event Tenant shall exercise its option to extend the term of this lease, as hereinabove provided, all covenants, conditions and provisions of this lease shall be and remain in full force and effect except that the Guaranteed Minimum Monthly Rent which Tenant shall pay to Landlord during each of said extension periods shall be the greater of:

- (1) The sum of _____ per month; or Option Year 1: \$.95 per sq. ft. \$1995.00
Option Year 2: \$1.00 per sq. ft. \$2100.00
- (2) A monthly sum derived by multiplying _____ times a number equal to the percentage by which the Bureau of Labor Statistics, United States Department of Labor for the _____ under the heading of "All Items," for the first month of each said extension period has increased over the same Cost of Living Index figure for the _____ month of the initial _____ year lease term plus 100. (For example if the percentage of such increase is 30%, then \$ _____ would be multiplied times 130 resulting in a monthly rental of _____). In no event shall the Guaranteed Minimum Monthly Rent for said extension period be less than the Guaranteed Minimum Monthly Rent, for the last month of the initial term or the previous extension period, whichever is applicable. In the event the Consumer Price Index above specified ceases to be published, then the "All Items Index" published by the Department of Labor for the geographic area including _____ shall be substituted.

33. MISCELLANEOUS

A. **Amendment:** This lease cannot be added to, altered, changed, modified or amended in any respect except by a writing duly signed and executed by both Landlord and Tenant.

B. Application of Law and Recording: This lease shall be construed according to the laws of the State in which the Center is located. Upon the request of either party, the other party will in good faith cooperate in the preparation and execution of a recordable instrument describing the parties, the Demised Premises, the basic terms of this lease and such other portions hereof as either party may desire to be included in such instrument.

C. Captions and Pronouns: The captions by which the various numbered paragraphs and subparagraphs of this lease are titled are for convenience and identification only and shall not be deemed to limit, expand or define the contents of the respective paragraphs and subparagraphs to which they pertain. Masculine and/or feminine pronouns shall be substituted for the neuter form and/or vice versa, and the plural shall be substituted for the singular form and/or vice versa, in any place or places herein in which the context requires such substitution or substitutions.

D. Cancellation Not Merger: The voluntary or other surrender of this lease by Tenant, or a mutual cancellation thereof, or the termination thereof by Landlord under any provision herein contained, shall not work a merger, but shall at the option of Landlord either terminate any or all existing subleases or subtenancies under Tenant, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

E. Conveyance by Landlord: If during the term of this lease Landlord shall sell its interest in the Center or the Demised Premises, then from and after the effective date of sale, Landlord shall be released and discharged from any and all obligations and responsibilities under this lease except those which have already accrued.

F. Changes and Additions to Center: Landlord hereby reserves the right at any time, to adjust the site plan, to vary the Common Area, to make changes, alterations or additions to, and to construct other buildings or improvements in and to the Center, provided, however, in so doing Landlord shall not unreasonably interfere with Tenant's use the occupancy of the Demised Premises..

G. Disclaimer of Joint Venture: Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or a partnership or a joint venture by the parties hereto. It being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties, shall be deemed to create any relationship between them other than the relationship of Landlord and Tenant.

H. Dispute or Delay: In the event of any dispute between the parties concerning the time of actual completion of Landlord's Work or Tenant's Work or any claimed excuse for delay in performance or non-performance thereof or whether such work has been adequately performed in a good and workmanlike manner and is satisfactory for the use intended, such dispute shall be referred to Landlord's architect whose determination with regard thereto shall be final and conclusive upon the parties.

Employee and Tenant Parking: Landlord shall have the exclusive right to restrict parking by Tenants, its agents and employees to employee parking areas, to enforce parking charges (by operation of meters or otherwise), with the appropriate provisions for free parking ticket validating by Tenants, to discourage non-customer parking, to require Tenants, its agents and employees to park outside of the boundaries of the common area facilities, and to do and perform such other acts, in the use of good business judgment, that Landlord shall determine to be advisable for the improvement and use of the Common Areas and facilities by customers.

J. Entire Agreement: The parties hereby agree that this lease contains all the terms, covenants, conditions and agreements between Landlord and Tenant relating in any way to the use, occupancy or rental of the Demised Premises, and that there are no collateral or oral agreements or understandings in connection therewith. All prior agreements or understandings or brochures pertaining to the same, if any, whether oral or written, are hereby revoked and mutually declared to be null and void, and none of said prior agreements or understandings shall be of any further force or effect whatsoever. Tenant acknowledges, represents and warrants that Tenant has entered into this lease by virtue of Tenant's own independent investigation and was not induced to enter into this lease on account or by reason of any representation, inducement or understanding whatsoever made, stated or represented by or on behalf of Landlord except as set forth expressly herein.

K. Execution of Instruments: Tenant agrees to execute and deliver any instruments of documents which shall be necessary to carry out any agreement, term, condition or assurance in this lease whenever occasion shall arise and request for such instruments shall be made of Tenant by Landlord, or which may be requested by the mortgage, lender furnishing financing to the Landlord.

L. Financial Approval of Tenant: Landlord requires a credit report and financial statement on Tenant which is subject to Landlord's approval to his sole satisfaction prior to occupancy and in the event Landlord disapproves of same, Tenant's deposit shall be refunded and this lease shall be terminated without further liability between the parties hereto.

M. Force Majeure: Whenever either party hereto shall be prevented from or hindered in the performance of any act or obligation on the part of such party to be performed hereunder by reason of acts of God, war, riot, civil commotion or insurrection; strikes, walkouts, lock-outs, labor disturbances, governmental action, fire or like casualty, shortage of necessary materials, equipment or labor, or restrictions in or limits on the use thereof, delays in transportation, or any other matter or matters beyond the control of the party required to perform such act or obligation, the time for performance shall be extended for a period equivalent to the period such party could not perform such acts or obligations; provided, however, that nothing herein set forth shall excuse Tenant from the prompt payment of all rentals or other monies required to be paid by Tenant under this lease.

N. Partial Invalidity: If any term, provision, covenant or condition of the lease should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this lease shall continue in full force and effect and in no way shall be affected, impaired or invalidated thereby.

O. Performance Bond for Tenant Improvements: Landlord, at his discretion, may require Tenant to furnish a performance bond for Tenant's work in excess of \$ -0- guaranteeing the completion thereof.

P. Successors and Assigns: The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter be supplemented, modified or amended, shall apply to, bind and inure to the benefit of the parties hereto and their heirs, executors, administrators, legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one (1) person, firm or corporation, then and in such event all such persons, firms and/or corporations shall be jointly and severally liable as parties hereunder.

Q. Tenant As A Corporation: In the event the Tenant hereunder shall be a corporation, the parties executing this lease on behalf of the Tenant hereby covenant and warrant that the Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in the state in which the Demised Premises are located; all franchise and corporate taxes have been paid to date; and all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due. The lease must be executed by the president or the vice-president and the secretary or assistant secretary, unless the by-laws or a resolution of the board of directors shall otherwise provide, in which event, the by-laws or a certified copy of the resolution, as the case may be, must be furnished. Also, the appropriate corporate seal must be affixed.

R. Tenant's Quitclaim: At the expiration or earlier termination of this lease, Tenant shall execute, acknowledge, and deliver to Landlord, within five (5) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this lease from the real property upon which the Demised Premises are situated.

S. Waiver: One or more waivers by Landlord of any breach by Tenant of any term, covenant or condition hereof shall not be construed as a waiver of a subsequent breach of the same or any other term, covenant or condition. Landlord's consent to or approval or any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

T. Waiver of Rights of Redemption: Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises by reason of the violation by Tenant of any of the covenants and conditions of this lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

U. Time of Essence: Time is of the essence with respect to the performance of each and every term, covenant and condition contained in this agreement.

V. Non-proportionate Expenditures: In the event Tenant is required under this lease to reimburse to Landlord, on a proportionate basis, any expenditures for taxes, insurance, repairs, maintenance, or like items, and Landlord, for any reason, is not required to pay, in the first instance, one hundred percent (100%) of such expenditures, then Tenant shall reimburse to Landlord only that proportion of the amount actually paid by Landlord which the Gross Floor Area of the Demised Premises bear to the Gross Floor Area, in the aggregate, of all stores rentable in the buildings affected by such expenditures.

W. **Landlord's Default:** In the event of any default by Landlord hereunder, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting to Tenant a lien upon the property of Landlord and/or upon the rent due Landlord), but prior to any such action Tenant shall give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have a reasonable period, but in no event less than thirty (30) days in which to commence to cure any such default. Unless and until Landlord fails to so commence to cure any default after such notice, or having so commenced thereafter fails to exercise reasonable diligence to complete such curing. Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Center and not thereafter.

X. **Termination of Former Lease:** (If applicable). The present lease agreement on the Demised Premises by and between.

DOES NOT APPLY dated _____
(hereinafter called "Previous Lease") shall be terminated and superseded by this lease agreement upon the Commencement Date hereof. However, it is understood and agreed that Tenant shall hold Landlord harmless from any liability or claim under Previous Lease with respect to said lease, and Tenant shall assume the responsibility for payment to Landlord (through escrow or otherwise) of all past due rents, taxes, common area charges, and any other lawful charges due Landlord under Previous Lease and prior to the effective date of this lease agreement.

Y. **MINIMUM STANDARD SUBLEASE CONDITIONS:** The following five (5) provisions, required by the City of San Diego, shall be attached hereto and incorporated herein by this reference as Exhibit A-1 of the Lease (herein referred to as sublease), shall supercede any inconsistent provisions of the Sublease Paragraphs 1 through 33 hereof.

This Agreement Consists of 14 Pages and Exhibit(s) A, A-1, B, B-1, & C

Dated this 29th Day of Sept 19 92

TENANT

By: GARY YOUNG
By: LESZEK KIK

LANDLORD

By: M.C. STRAUSS
By: _____

(Y)

s.s.#. 120-60-1350
l.l.# U5134852
l.o.b. 10-29-59

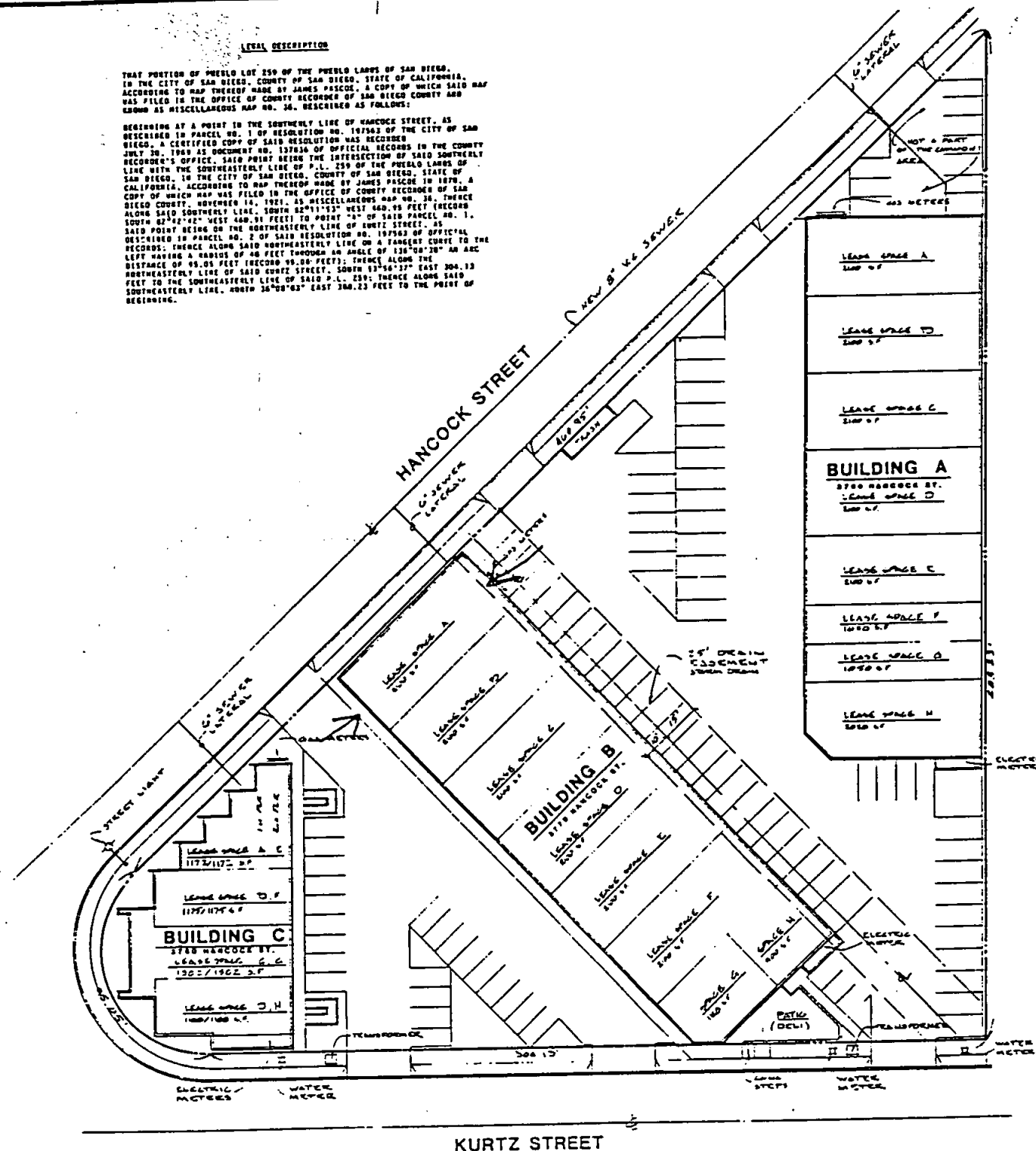
(K)

614-30-6316
A7178450
07-14-66

Credit report and "Bank Letter" shall be attached.

THAT PORTION OF PUEBLO LOT 250 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PRISCO, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY AND KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF HAMMOCK STREET, AS
BEFOREIN, AND TO PARCEL NO. 1 OF RESOLUTION NO. 17543 OF THE CITY OF SAN
DIEGO, CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED
JULY 30, 1909 AS DOCUMENT NO. 137836 OF OFFICIAL RECORDS IN THE COUNTY
RECORDER'S OFFICE, SAN DIEGO, BEING THE INTERSECTION OF SAID SOUTHERLY
LINE OF HAMMOCK STREET WITH THE EASTERLY LINE OF P.L. 250 OF THE PUEBLO LANDS OF
SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF
CALIFORNIA, ACCORDING TO THE SAID THEODORE W. HARRIS, SURVEYOR, A
CORNER OF SAID SOUTHERLY LINE OF HAMMOCK STREET, IN THE CITY OF SAN
DIEGO COUNTY, NOVEMBER 14, 1921, AS DISSEALATIONS WERE NO. 38, THERE
BEING NO. 42-43, WEST 1/4 OF SECTION 15, TOWNSHIP 37 NORTH, RANGE 12
EAST, SAID SOUTHERLY LINE, SOUTH 88°11'51" WEST 100.00 FEET TO A POINT
1/4 MILE SOUTH OF THE NORTHEASTERLY LINE OF EUNIZ STREET, AS
BEFOREIN, AND TO PARCEL NO. 2 OF SAID RESOLUTION NO. 17543 OF OFFICIAL
RECORDS; THENCE ALONG SAID NORTHEASTERLY LINE OF EUNIZ STREET, CURVE TO THE
SOUTHWEST, ANGLE OF 133°00'10" NORTH, AN ARC OF 133°00'10" AN ARC
DISTANCE OF 98.05 FEET (RECORD 98.06 FEET); THENCE ALONG SAID
NORTHEASTERLY LINE OF SAID EUNIZ STREET, SOUTHWEST, ANGLE OF 133°00'10"
NORTH, AN ARC DISTANCE OF 100.00 FEET; THENCE ALONG SAID
SOUTHWEST LINE, NORTH 34°08'23" EAST 300.23 FEET TO THE POINT OF
BEGINNING.



LEADING SPACES		ISSUING POST OFFICE		SPACES FOLLOWING POST OFFICE	
PLC "A" COMMERCIAL STOCK					
A	2100	6 F.	5.34		
B	2100	6 F.	5.34		
C	2100	6 F.	5.34		
D	2100	6 F.	5.34		
E	2100	6 F.	5.34		
F	1070	2 F.	2.67		
G	1070	2 F.	2.67		
H	2283	2 F.	5.10		
A	2100	6 F.	5.34		
D	2100	6 F.	5.34		
C	2100	6 F.	5.34		
D	2100	6 F.	5.34		
E	2100	6 F.	5.34		
F	2100	6 F.	5.34		
G	1180	6 F.	2.87		
H	200	6 F.	2.29		
SEC CO. Bldg C					
A	1st FLE	1172	6 F.	2.98	
D	1st FLE	1175	6 F.	2.98	
E	1st FLE	1502	6 F.	3.82	
D	1st FLE	1180	6 F.	3.02	
E	2nd FLE	1172	6 F.	2.98	
E	2nd FLE	1175	6 F.	2.98	
G	2nd FLE	1502	6 F.	3.82	
H	2nd FLE	1180	6 F.	3.02	
TOTALS					
				100.00%	

**OWNER
DEVELOPER
LEASING AGENT
M. C. STRAUSS CO.
591 CAMINO DE LA REINA
SUITE 1001
SAN DIEGO CA. 92108
PHONE (714) 289-6222**

TRUCK	SWITCHES	A - 4	3700	INCREASE	OF, SAN	92110
TRUCK	SWITCHES	A - 4 <td>3710 <td>INCREASE</td> <td>OF, SAN <td>92110</td> </td></td>	3710 <td>INCREASE</td> <td>OF, SAN <td>92110</td> </td>	INCREASE	OF, SAN <td>92110</td>	92110
TRUCK	SWITCHES	A - 4 <td>3700 <td>INCREASE</td> <td>OF, SAN <td>92110</td> </td></td>	3700 <td>INCREASE</td> <td>OF, SAN <td>92110</td> </td>	INCREASE	OF, SAN <td>92110</td>	92110

4004 WID MAN _____ 70,249 sq.
1st CONCRETE
BUILDINGS _____ 34,895 sq (1400)

BLANK	A	14 418 00
BLANK	B	14 418 00
BLANK	C	14 474 00
		39,330 00

1. Special File # 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888,

10. $2000000 \times 0.6 = 1200000$
15. $2000000 \times 0.7 = 1400000$
5. $2000000 \times 0.25 = 500000$
0.5. $2000000 \times 0.25 = 500000$

[illegible]

SITE PLAN

SPORTS ARENA
BUSINESS PARK

DRAWN BY		
DATE		
CHECKED BY		
ARCHITECT		
BY C. JOHNSON C 1972		
REVISIONS		
NO	DATE	DESCRIPTION

SHEET TITLE
LEASE PLAT

EXHIBIT A

EXHIBIT

EXHIBIT A-1 TO LEASE (SUBLEASE)

MINIMUM STANDARD SUBLEASE CONDITIONS

- 33.Y (1) ASSIGNMENT AND SUBLEASING: Sublessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessee and the City of San Diego, hereinafter, "City." An assignment by operation of law shall automatically terminate this lease.
- 33.Y (2) HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and save harmless Lessee and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of Sublessee, its agents and invitees.
- 33.Y (3) INSURANCE: Sublessee shall be insured by an insurance carrier acceptable to the Lessee and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be as set forth in Paragraph 16.B hereof. A copy of the policy of insurance shall be filed with City and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.
- 33.Y (4) LEGAL PROCEEDINGS: Should it become necessary to Lessee or City to commence legal Proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees that the prevailing party shall be entitled to all legal costs in connection therewith, including a reasonable sum as attorney's fees.
- 33.Y (5) SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated September 13, 1977, as amended between the sublessor herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereto contrary to or in conflict with said agreement.

TEENANTS INITIALS

LANDLORDS INITIALS

EXHIBIT A-1

EXHIBIT "B" (For Buildings A & B, Commercial)

Landlord will furnish the following below listed items only per Landlord's Plans and Specifications and Tenant's Plans which Tenant agrees to have prepared at its expense and to be submitted to and subject to Landlord's approval pursuant to Paragraph 2.A. of the lease.

1. Roof and suspended accoustical ceiling in office portion only, and rill up garage door in warehouse
2. Glass and aluminum store front with 1 entry door(s) in office portion only.
3. Exterior walls and party walls only (exclude interior partitions); the exterior walls to be covered with succo and/or masonry or wood siding, and the interior walls to be covered with succo and/or drywall to be taped and sprayed with a textured finish ready for paint (exclude painting and decorating except for toiletroom(s) only).
4. Concrete slab floor (exclude floor covering and wall covering except for toiletroom(s) only).
5. Recessed interior ceiling lighting fixtures and toiletroom fixtures (exclude decorative lighting fixtures) in office part only.
6. Complete 1 toiletroom(s) (including finish) and rough-in plumbing only for -0- toiletroom(s).
7. Heating and air conditioning system for 3 tons of air conditioning.
8. Basic electrical with service panel of 100 AMPS, wall and ceiling outlets, circuit for Tenant's neon sign, phone conduit stub-out, and Tenant requested (Landlord approved) rough-ins only for additional electrical and phone outlets.
9. Basic plumbing with 1 inch water service, 3 inch sewer service, 1½ inch gas service; rough-ins only for Tenant's water heater and Tenant requested (Landlord approved) rough-ins only for additional water, sewer, and gas outlets.
10. Basic rough carpentry including cutting and framing for Tenant required (Landlord approved) vents and exhaust fans, if any, (exclude all sheelmetal, ventillating (except required bath fan), finish carpentry, etc.)
11. The floor plan of the premises is set forth on Exhibit B-1 attached hereto and incorporated herein by this agreement.

TENANT'S INITIALS

LANDLORD'S INITIALS

EXHIBIT B

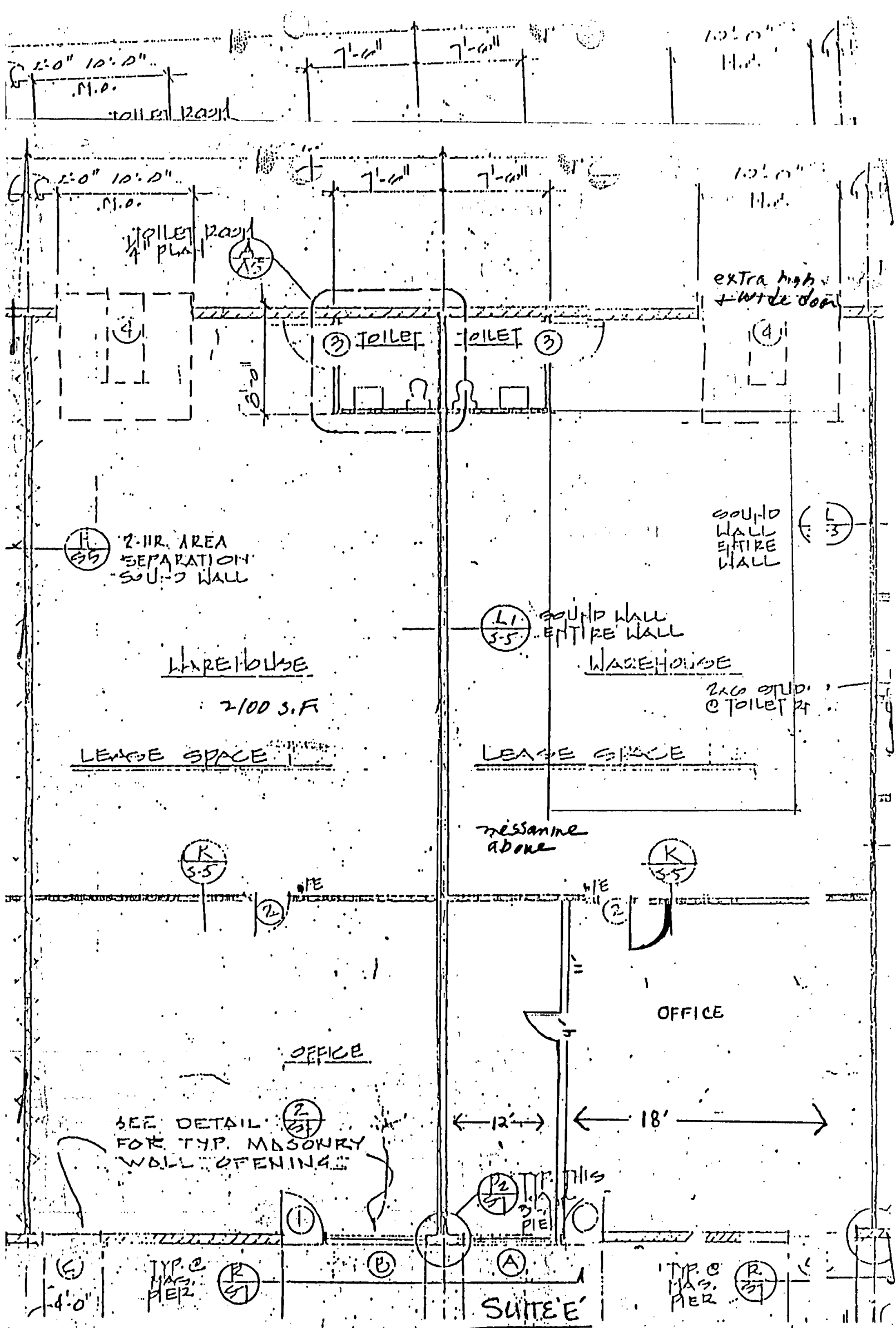
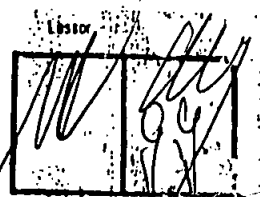
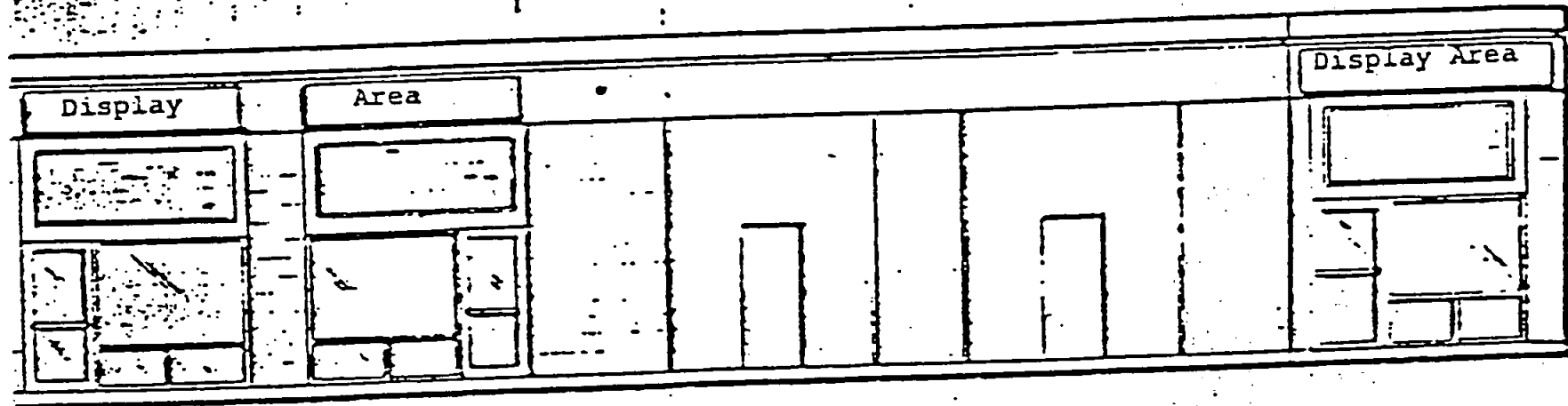
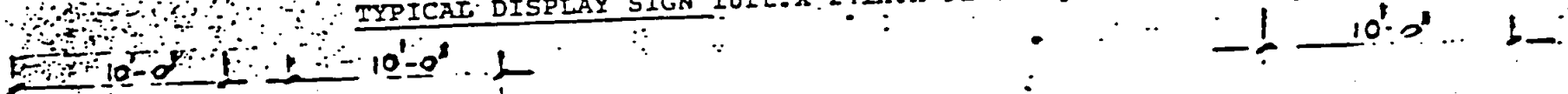


EXHIBIT B-1



TYPICAL TENANT DISPLAY

TYPICAL DISPLAY SIGN 10ft.X 24in.X 9in. depth



TYPICAL TENANT DISPLAYS

EXHIBIT



BASIC SIGN CRITERIA
SPORTS ARENA BUSINESS PARK

Tenants will be required to provide and install new signs designed to conform with the following criteria:

Signs for tenants shall be lighted signs composed of individual cans conforming to the following.

- a. Location-Building A&B install on fascia; Bldg. C install on West elevation.
- b. Height-Bldg. A&B shall be 24 inches; Bldg. C shall be 18 inches.
- c. Maximum Overall Length-Bldg. A&B 10 ft.; Bldg C 8 ft.
- d. Vertical Position-See sign criteria elevation.
- e. Horizontal Position-See sign criteria elevation.
- f. Letter Color-Any harmonious color.
- g. Illumination Color-White fluorescent.
- h. Letter Style-Block or block and script.
- i. Can- 9 inch depth, Aluminum, Dark Bronze Color.
- j. Plastic Tenant Panels-Background color; Ivory.

Only lighted signs will be permitted on graphics band. No signs or graphics on building roof or above graphics band. Special graphics, colors other than harmonious, logos, or supplemental informational data, shall not be permitted, unless approved by owner.

The intent of these guidelines is to provide a reasonably uniform, attractive, and acceptable format that will be compatible with architectural and aesthetic image of the center. Each tenants sign and the sign criteria, provided herein, shall be subject to Landlords formal approval in each instance. Notwithstanding anything herein mentioned in said Exhibit C, it is specifically understood that paragraph 20(Signs) of the lease, shall take precedence in all instances.

A typical Sign Graphics is provided in the attached sheets for your reference.

NOTE: Tenant will connect its signs directly to the electrical panel in the leased premises

EXHIBIT C
1 of 2

Lessor	Initial
	

Addendum #3

This is an addendum to that certain Lease dated January 1, 1989 by and between M.C. Strauss Company, as Landlord and Ian Gill as Tenant.

Whereas Landlord seeks to simplify the accounting of the business park and cap the common area expenses the Tenant up to now has been paying quarterly; both parties agree to the following:

1. Effective August 1, 1995 Tenant no longer pays his proportionate share of property tax, fire and common area liability insurance, nor common area maintenance expenses with the exception of utilities.
2. 16.A "Landlord's Insurance" Landlord agrees to pay Tenant's share.
3. 17.B "Real Property Taxes" Landlord agrees to pay Tenant's share.
4. 18 "Parking and Common Areas" Landlord agrees to pay Tenant's share.
5. Effective August 1, 1995 rent will be \$2210.00 per month.
Year 8 of Lease \$2310.00 per month.
Year 9 of Lease \$2410.00 per month.
6. All other terms and conditions of the Lease and Addendums shall stay in full force and effect.

Landlord:

M.C. Strauss Company

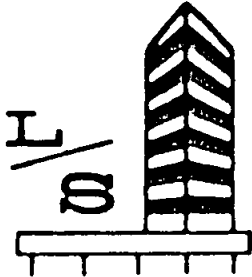
As:

Date:

Tenant:

Ian Gill

9/28/95



LEEDS & STRAUSS ENTERPRISES

creative real estate

ADDENDUM TO LEASE

THIS ADDENDUM, made and entered into this 19th day of October 1994, by and between M.C. STRAUSS COMPANY, as Landlord, and September, 1992, by and between the above named parties.

The parties hereto agree as follows:

1. That the Term per paragraph 4A of the Lease shall be extended one additional year expiring 10/31/95.
2. That the Monthly Rental per paragraph 6A of the Lease shall be \$1890 and shall include CAM (paragraph 18), Taxes (paragraph 17-B), & Insurance (paragraph 16-A), which shall be deemed included in the rent.
3. That all other terms of the Lease Agreement shall remain the same.

TENANT

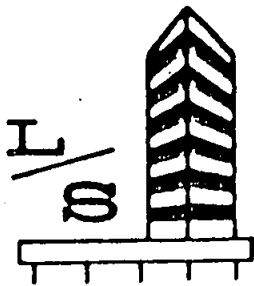
GARY YOUNG

LESZEK KIK

LANDLORD

M.C. STRAUSS COMPANY

MATTHEW C. STRAUSS



LEEDS & STRAUSS ENTERPRISES
creative real estate

ADDENDUM TO LEASE

THIS ADDENDUM, made and entered into this 20th day of October
19 93, by and between M.C. STRAUSS COMPANY, as Landlord,
and GARY YOUNG & LESZEK KIK, as Tenant,
does hereby supplement, modify and amend that certain Lease Agreement made and entered into on the 29th day
of September, 1992, by and between the above named parties.

The parties hereto agree as follows:

1. That the Term per paragraph 4A of the Lease shall be extended one additional year expiring 10/31/94.
2. That the Guaranteed Minimum Monthly Rental per paragraph 6A of the Lease shall be \$2190.00 (\$1890 rent + \$300 CAM, Taxes & Insurance) per month effective November 01, 1993. The CAM, Taxes & Insurance will be adjusted to actual expenses as per paragraph 18 C of the Lease or semi annually as required and Tenant will be billed for difference (if any) and/or Landlord adjust monthly estimated payment accordingly.
3. That all other terms of the Lease Agreement shall remain the same.

TENANT

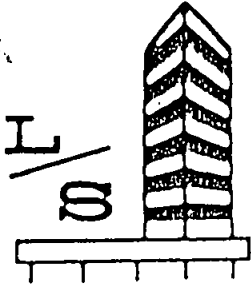
GARY YOUNG

LESZEK KIK

LANDLORD

M.C. STRAUSS COMPANY

MATTHEW C. STRAUSS



LEEDS & STRAUSS ENTERPRISES
creative real estate

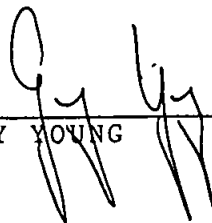
ADDENDUM TO LEASE

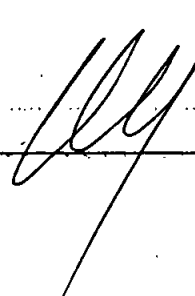
THIS ADDENDUM, made and entered into this 19th day of October 1994, by and between M.C. STRAUSS COMPANY, as Landlord, and September, 1992, by and between the above named parties.

The parties hereto agree as follows:

1. That the Term per paragraph 4A of the Lease shall be extended one additional year expiring 10/31/96.
2. That the Monthly Rental per paragraph 6A of the Lease shall be \$1890 and shall include CAM (paragraph 18), Taxes (paragraph 17-B), & Insurance (paragraph 16-A), which shall be deemed included in the rent.
3. That all other terms of the Lease Agreement shall remain the same.

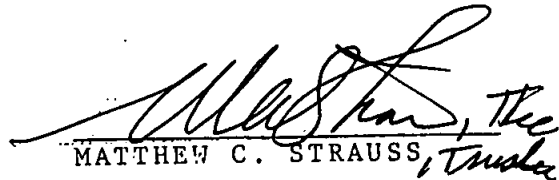
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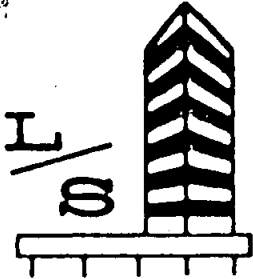

GARY YOUNG


LESZEK KIK

LANDLORD

M.C. STRAUSS COMPANY


MATTHEW C. STRAUSS, *Trustee*



LEEDS & STRAUSS ENTERPRISES

creative real estate

SHOPPING CENTER LEASE AGREEMENT INDEX

Handwritten signature: David L. Strauss

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4.	Term
5.	Use
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7.	Advance Payments
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9.	Expenditures by Landlord
10.	Notices and Payments
11.	Alterations
12.	Fixtures and Personal Property
13.	Possession
14.	Utilities
15.	Repairs and Maintenance
16.	Insurance
17.	Taxes
18.	Parking and Common Areas
19.	Merchant's Association
20.	Signs and Advertising and Auctions
21.	Condemnation
22.	Insolvency
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SHOPPING CENTER LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "lease") is made as of April 1, 1991

by and between M.C. Strauss Company

(hereinafter referred to as "Landlord",) and Michele Holt

(hereinafter referred to as "Tenant"), who agrees as follows:

1. PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents, hires, and takes of and from Landlord for the term and upon the terms and conditions hereinafter set forth, those certain premises, together with all improvements now or hereinafter constructed thereon (all of which are hereinafter referred to as the "Demised Premises"), and designated and described on Exhibit "A" attached hereto and incorporated herein by this reference. The common address of the Demised Premises is

3780 Hancock Street, Suite H, San Diego, CA 92110

The Demised Premises shall contain a total of approximately 1200 square feet of gross floor area (hereinafter referred to as "Gross Floor Area") with measurements of 22 by 54½. (Subject measurements are to the exterior

of outside walls and to the center of party walls.) The Demised Premises constitute a portion of that certain real property

(hereinafter referred to as the "Center") situated in the City of San Diego County of San Diego

and commonly known as: Sports Arena Business Park

and further described in Exhibit "A-1" (if necessary) attached hereto and incorporated herein by this reference, and more particularly described as follows: (Insert Legal Description below).

a. That portion of Pueblo Lot 239 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to map thereof made by James Pascoe, a copy of said map was filed in the office of County Recorder of San Diego and known as miscellaneous map no. 36 set forth in Title Insurance and Trust Policy of Title Insurance No. 1092090 dated 04/23/82.

b. That subject Lease subject to City of San Diego, Master Lease and the provisions thereof are on file as Document #762813 filed 10/25/78. County Recorder, City of San Diego, Ca., the term of said Lease is 55 years commencing 10/25/78. The Assignee-Lessee of said lease ever since 01/15/82, has been and now is Matthew C. Strauss.

2. CONSTRUCTION AND IMPROVEMENTS

[illegible]

B. Tenant's Work: All items of construction and/or improvement, other than those set forth in the attached Exhibit "B," required or requested by Tenant in the Demised Premises shall be at Tenant's sole cost and expense and Tenant shall, upon Landlord's demand reimburse Landlord for all costs and expenses of whatsoever kind or nature incurred by Landlord for the construction and/or improvement of items required or requested by Tenant.

[illegible]

XXXXXXXXXXXXXXXXXXXXX TIME AND EFFORT AND AGREES TO WAIVE ANY RIGHT TO INDEMNITY FROM THE LANDLORD'S WORK BY AND
date of and work shall not be liable in tort or contract or otherwise caused by the work and this lease shall be null and void
continue in full force and effect provided however that if Landlord's Work is not completed for any reason by XXXXXXXXXXXXXXXX
this lease may be cancelled and terminated by either party hereto by delivery of written notice of cancellation by the ter-
minating party to the other party at any time prior to completion of Landlord's Work. In the event of such cancellation neither
party shall have any further obligation or liability to the other party hereunder.

D. Entry by Tenant: Tenant or its agents shall have the right to enter the Demised Premises prior to completion of Landlord's Work for the purpose of installing furniture, fixtures, and equipment therein; provided, however, that performance of work in connection therewith shall not unreasonably interfere with the construction activities of Landlord or of any contractor or general contractor engaged by Landlord. Landlord shall have no liability or responsibility to Tenant for the loss of or damage to any of said furniture, fixtures or equipment and Tenant shall hold Landlord and the Demised Premises free and harmless of and from any and all liens or claims of lien or demands or obligations of any kind arising by reason of Tenant's entry or the performance of such work.

E. Construction Cooperation: Landlord and Tenant shall cooperate with one another in the procurement of such approvals or permits as may be required by applicable authorities and in the performance of Landlord's and/or Tenant's Work.

F. Acceptance of Premises: Tenant shall, by entering into and occupying the Demised Premises, be conclusively deemed to have accepted the same and to have acknowledged that said Demised Premises are in good order, condition and repair and in all respects constructed and/or improved in accordance with the provisions of the attached Exhibit "B."

with the exceptions noted on Schedule B to be repaired by Landlord.

3. PURPOSE

The Demised Premises are leased to Tenant solely for the purpose of conduction therein Administrative Offices

Tax Preparation and Services

and tenant shall not use or suffer to be used the Demised Premises or any portion thereof for any other purpose without Landlord's written consent first had and obtained. The advertised name of the business operated in the Demised Premises

shall be DBA "Tax and Financial Service Company"

~~and Tenant agrees not to change said advertised name without Landlord's written permission.~~

4. TERM

A. Duration of Term: The term of this lease shall be for a period of two (2) years commencing on the first day of the calendar month next succeeding the Commencement Date, as that term is hereinafter defined (If the Commencement Date is other than the first day of a calendar month), plus any partial calendar month from the Commencement Date to the first day of the next succeeding calendar month.

B. Commencement Date: As used herein the term, "Commencement Date", shall mean the see below () day after completion of Landlord's Work or the date Tenant commences to do business in the Demised Premises, whichever date shall first occur. Landlord's Work shall be deemed completed when Landlord actually completes the same and gives to Tenant written notice of the completion thereof. Immediately upon ascertainment of the Commencement Date as hereinabove provided, the parties hereto shall execute a Memorandum acknowledging the Commencement Date and attach the same to the lease as an exhibit hereto, which exhibit shall become part of this lease.

C. Existing Store: If Landlord has completed construction of the Demised Premises or is leasing or releasing an existing store area, the Commencement Date shall be April 15, 1991

C.1.: Tenant may occupy upon signing of the Lease and payment of the monies required per Par. 6. herein.

5. USE

A. Rules & Regulations: Tenant shall at all times in its use of the Demised Premises and at its sole cost and expenses comply with the hereinafter rules and regulations. Tenant shall promptly comply with all laws, ordinances, and regulations of any governmental, regulatory, or public utility authority, now or hereafter in effect, pertaining to the Demised Premises and its cleanliness, safety, occupation and use. Tenant shall not do or permit anything to be done in or about the Demised Premises that may injure the building or bring or keep anything in the Demised Premises that will in any way, increase the rate of fire insurance upon the bulding of which the Demised Premises are a part, and in the event Tenant shall cause an increase in the rate of any such price Tenant shall pay Landlord the full amount of such increase. Tenant shall keep the Demised Premises, walkways adjacent thereto, loading and service areas allocated for the use of Tenant, in a clean, sanitary and orderly condition, and arrange for the regular pickup of its trash and garbage. Tenant shall not burn any trash or garbage in or about the Demised Premises or Center. Tenant shall store and stock in the Demised Premises only such merchandise as the Tenant intends to offer for sale. Tenant shall use only such space in the Demised Premises for office, clerical or other non-selling purposes as is reasonably required for Tenant's business, and Tenant shall not perform any such functions in the Demised Premises for any other store or any affiliate of Tenant. Tenant shall refrain from committing or suffering to be committed any waste upon the Demised Premises, or any nuisance or unreasonable annoyance or thing which may disturb the quiet enjoyment of any other Tenant, customer or invitee in the Center. Without Landlord's consent, Tenant shall not operate or permit to be operated in Demised Premises any coin or token-operated machine or similar devise for sale of merchandise, food and beverages or services, or keep, display or sell any merchandise or other object on any portion of the sidewalk or other portion of the common facilities of the Center. Tenant and its employees and agents shall not solicit business in the parking or other Common Areas, nor shall Tenant distribute any handbills or other advertising matter in automobiles parked in the parking area or in other common areas. In addition to the foregoing, Tenant shall at all times in its use of the Demised Premises comply with all other reasonable rules and regulations, now or hereafter in effect, established by Landlord concerning the use of the Demised Premises and parking and Common Areas and facilities of the Center.

B. Fitness of the Demised Premises: Tenant acknowledges that Landlord makes no representation as to the present or future condition of the Demised Premises, or as to the fitness, desirability or zoning thereof for any particular purpose, and Landlord shall not be liable for any changes therein or additions thereto required by any public authority. Any permits or requirements of any kind pertaining to the operation of Tenant's business will be Tenant's responsibility and any construction or special equipment required by public authority to enable Tenant to conduct his business shall likewise be Tenant's sole cost and responsibility.

~~**C. Continuous Operations:** Tenant shall keep the Demised Premises open for business either during the hours uniformly determined by Landlord for stores in the Center or in lieu of such determination, during all hours customarily maintained by business similar to Tenant's business in the trading area in which the Demised Premises are located. At all such times Tenant shall have upon the Demised Premises a sufficient number of employees and a sufficient stock of merchandise to adequately serve the patrons thereof. Tenant shall actively conduct its business in the Demised Premises and exert its best efforts to obtain and maintain the highest volume of Gross Sales obtainable. For purposes of computing Percentage Rent, the Gross Sales for any time when Tenant does not continuously conduct its business as required herein shall be deemed to be the greater of the Gross Sales during such period or during the corresponding period of the preceding Lease Year.~~

6. RENTAL

A. Guaranteed Minimum Monthly Rental: The Tenant agrees to pay as rental for the use and occupancy of the Demised Premises a Guaranteed Minimum Monthly Rental on or before the first day of each month in advance, without any prior demand therefor, and without any deduction or offset whatsoever, and shall be as follows:

Year 1: \$900.00 per month (.75¢psf)

*Additional rent see below.

Year 2: \$930.00 per month (.775¢psf)

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NOTE: The months of May and June are rent free. However, water charges shall be paid for May and June of \$50.00 and April shall be prorated at $\frac{1}{3}$ month \$300.00 plus 12.50 water charge or \$362.50. *mis*

(1) Prorating of Rent: If The Commencement Date is a day other than the first day of a calendar month, The Guaranteed Minimum Monthly Rental shall be prorated on a daily basis.

(2) Cost of Living Adjustments: The Guaranteed Minimum Monthly Rental is subject to adjustment, upward only, at the end of each none () year increment during the term and any extension or renewal hereof by reference to the

Consumer Price Index, all items, for _____ as computed by the U.S. Department of Labor (Base Year 1967 = 100). If said Consumer Price Index has increased since the Commencement Date or the nearest date prior thereto that such figures are available, the rent to be paid by Tenant shall be increased over the Guaranteed Minimum Monthly Rental Set forth above in proportion to the percentage increase as reflected in said Consumer Price Index since said date. In the event the Consumer Price Index above specified ceases to be published, then the all items index published by the Department of Labor for the geographic area including the Country in which the demised premises are located shall be substituted.

(a) The Base Date shall be (month & year) _____ The first incremental increase shall be _____

B. Percentage Rental: In addition to the Guaranteed Minimum Monthly Rental, Tenant shall pay to Landlord in the manner hereinafter set forth as a Percental Rental for each calendar month during the term hereof a sum equal to _____ percent (0 %) of Tenant's Gross Sales (as the term "Gross Sales" is hereinafter defined) made during the particular month in question less the Guaranteed Minimum Monthly Rental paid by Tenant to the Landlord as provided herein.

(1) Payment of Percentage Rent: On or before the twentieth (20th) day of each calendar month during the term and any extensions or renewal of the term of this lease, Tenant shall deliver to Landlord a written statement signed and certified by Tenant as being true and correct setting forth the amount of Tenant's Gross Sales during the calendar month immediately preceding, and shall concurrently therewith pay to Landlord the amount of Percentage Rental due thereon, if any, as provided herein. It is understood and agreed that any authorized deductions from Percentage Rental provided for herein shall be noncumulative and that a computation and payment of the Percentage Rental shall be made separately with respect to each calendar month during the term of this lease without regard to Tenant's Gross Sales or Percentage Rental payments in connection with any other calendar month during the term and any extension or renewal of the term hereof.

(2) Gross Sales: The term "Gross Sales" is hereby defined to be the aggregate selling price of all merchandise and/or services sold or, ordered in, upon or from the Demised Premises by Tenant its subtenants, licenses and concessionaires, personally by catalog, by phone or from any vending or other coin- or token-operated device, whether for cash or on credit, excluding therefrom only the following: (a) Goods returned to suppliers or which are delivered to another store or warehouse of Tenant or to other retailers without profit to Tenant, where such deliveries are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale made in, upon or from the Demised Premises; (b) Sums and credits received by Tenant in settlement of claims for loss of or damage to merchandise; (c) The amount of cash refunded or credit allowed on merchandise returned by customers and accepted by Tenant, or the amount of cash refunded or credit allowed thereon in lieu of Tenant's acceptance thereof; provided, however, in no event shall the cost or value of any trading stamps, premium, discount coupons, advertising or other promotional device be deducted or excluded from Tenant's Gross Sales; (d) Sales taxes, so-called luxury taxes, consumer excise taxes and other similar taxes are added separately to the selling price thereof and collected from customers. All sales or orders originating from, through, at or upon the Demised Premises shall be included in Tenant's Gross Sales even though bookkeeping and payment of the account therefor may be transferred to another place for collection and even though actual filing of sale or order or actual delivery of the merchandise may be made from a place other than the Demised Premises.

(3) Accounting Records of Tenant: Tenant shall keep and maintain, at the Demised Premises and/or such other office of Tenant as Landlord may approve in writing, a full, permanent and accurate set of books and records kept in accordance with generally accepted accounting principles consistently applied relating to all sales of merchandise and all revenue derived from the conduct of business upon the Demised Premises from which Gross Sales can be determined. Tenant shall keep such books and records including cash register receipts, at least thirty-six months after the expiration of the calendar month to which such books and records pertain. Tenant shall maintain, at all times cash registers with locked-in totals and all Gross Sales above defined shall be recorded through said cash registers. If Tenant shall have an independent audit made of its books and records, it shall furnish a copy of the same, without expense, to Landlord. Landlord or its designated accountant, annually, may cause an audit to be made, at Landlord's expense, of the books and records of Tenant, but if such audit shows that Tenant's report of Gross Sales for any calendar month is understated by two percent or more, Tenant immediately shall pay the cost of such audit and correct the deficiency by prompt payment to Landlord. Landlord or its designated agent may, from time to time at reasonable hours throughout the term hereof, inspect and make copies of the books and all related financial records of Tenant, including, but not limited to, governmental reports and any other financial records. Tenant shall furnish Landlord upon request all sales tax returns made by Tenant to any governmental agency.

C. Additional Rent: Tenant shall pay to Landlord such additional rental as follows:

+ \$25.00 per month water utility charge per Paragraph 14.1

Total rent & water charges Year 1 = (900 + \$25.00) = \$925.00 per month

PR,M Total rent & water charges Year 2 = (930 + \$25.00) = \$955.00 per month

7. ADVANCE PAYMENTS

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A. **Advance Rent:** Upon execution of this lease, Tenant shall pay Landlord the sum of (\$ ^{362.50} ~~462.50~~) Dollars as payment of the first and -0- month's Guaranteed Minimum Monthly Rent. ~~The last month's Guaranteed Minimum Monthly Rental is subject to any adjustment for cost of living increase, if any, and shall be payable upon demand.~~

B. **Security Deposit:** Concurrently with the execution of this lease, Tenant shall deposit with Landlord as a Security Deposit the sum of (\$ ^{800.00} ~~1,000.00~~) Dollars. Said Security Deposit shall be held by Landlord, without liability for interest thereon, as security for the full, faithful and complete performance by Tenant of all the terms, covenants and agreements on the part of Tenant to be kept and performed thereunder. In the event Tenant fails to pay any rental or other charge hereunder or to perform any of its other obligations hereunder, Landlord may at his option appropriate and apply any portion of said Security Deposit to the payment of any such rent or other charge and/or to the cost of fulfilling such other covenant or obligation of Tenant. Should all or any portion of said Security Deposit be so appropriated and applied by Landlord against any default or failure to Tenant hereunder, Tenant shall pay to Landlord upon demand a sufficient sum to restore the same to the amount originally deposited. Upon the expiration or any sooner termination of the term hereof, if Tenant shall not be in default of any of the provisions of this lease, Landlord shall refund to Tenant any unappropriated balance remaining of the said Security Deposit.

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C. **Miscellaneous Payments:** ~~Upon commencement of this lease term and each month thereafter or as billed by Landlord, Tenant shall pay to Landlord Tenant's prorata share of taxes, insurance, common area maintenance and like items for the current period, as applicable.~~

8. OBLIGATIONS CONSTITUTING ADDITIONAL RENT

The obligations of Tenant to pay or reimburse to Landlord parking and common area charges, taxes and assessments, insurance premiums and any sums other than the Guaranteed Minimum Monthly Rent and Percentage Rent, which Tenant is required to pay or reimburse to Landlord hereunder, shall constitute an obligation to pay additional rent under this lease. If Tenant shall fail to pay the Guaranteed Minimum Monthly Rent or the Percentage Rent or to pay or reimburse to Landlord the other sums which Tenant is required to pay or reimburse to Landlord hereunder within ten (10) days after the same are due and payable, a late payment charge, which shall be deemed to be an obligation to pay additional rent hereunder, in an amount equal to ten (10) percent of the sum to be paid shall be payable to Landlord.

9. EXPENDITURES BY LANDLORD

Whenever under any provision of this lease Tenant shall be obligated to make any payment or expenditure, or to do any act or thing, or to incur any liability whatsoever, Landlord shall be entitled but not obligated to enter upon the Demised Premises, if necessary, and to make any such payment or expenditure and/or to do any such act or thing and/or incur any such liability, all on behalf and at the cost and for the account of Tenant, and in such event the amount thereof with interest thereon as hereinafter provided, shall be deemed additional rental hereunder and shall be added to and deemed a part of any installment of rental thereafter becoming due from Tenant to Landlord hereunder. All such amounts shall bear interest at the rate of ten percent (10%) per annum until repayment by Tenant in full.

10. NOTICES AND PAYMENTS

A. **Service of Notices:** All notices, statements, demands, requests, consents, approvals, authorizations or designations to be given or served under this lease by either party to the other shall be in writing and shall be postage prepaid and addressed as follows:

To Landlord At: M.C. Strauss Company Phone (619) 792-7500
11975 El Camino Real, Ste.103
San Diego, CA 92130-2541

To Lessee At: PREMISES OR
Michele Holt Phone (619) 451-6246 (R)
17497 Ashburton Road
San Diego, CA 92128

or at such other places as the parties may from time to time designate in writing.

B. **Place of Payment:** All rentals and other monies required to be paid to Tenant hereunder shall be paid to Landlord in lawful money of the United States of America at the herein above designated address or at such other place as Landlord may from time to time designate in writing.

11. ALTERATIONS

Except as otherwise hereinafter provided, Tenant shall not make or suffer to be made any structural changes, alterations, additions or improvements to the Demised Premises without the written consent of Landlord first had and obtained. Any changes, alterations, additions, or improvements to the Demised Premises shall be at Tenant's sole cost and expense and, except for movable trade fixtures, equipment and furnishings, shall become at once a part of the realty and be the sole property of the Landlord. As used herein the term structure changes shall include but shall not be limited to any changes to the store front, exterior walls and roof (including penetration thereof) of the Demised Premises.

12. FIXTURES AND PERSONAL PROPERTY

A. General Requirements: Tenant shall at its sole cost and expense furnish and maintain in the Demised Premises all fixtures, equipment and furnishings reasonably necessary for the operation of Tenant's business. All fixtures and personal property installed by Tenant shall be new or completely reconditioned and kept in good order, condition and repair. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed shall remain the property of the Tenant and Landlord agrees that Tenant shall have the right, provided the Tenant be not in default under the terms of this lease, at any time, and from time to time, to remove any and all of its movable trade fixtures, signs and other personal property from the Demised Premises, however, nothing herein contained shall be deemed or construed to permit or allow the Tenant to remove so much of such personal property without the immediate replacement thereof with similar personal property of comparable or superior quality, as to render the Demised Premises unsuitable for conducting the type of business specified herein. All improvements to the Demised Premises by the Tenant including but not limited to light fixtures, floor coverings, partitions and other items, but excluding trade fixtures, signs and personal property, shall become the property of Landlord, at its option, upon expiration or earlier termination of this lease.

~~**B. Personal Property:** Tenant shall at its sole cost and expense furnish and maintain in the Demised Premises all fixtures, equipment and furnishings reasonably necessary for the operation of Tenant's business. All fixtures and personal property installed by Tenant shall be new or completely reconditioned and kept in good order, condition and repair. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed shall remain the property of the Tenant and Landlord agrees that Tenant shall have the right, provided the Tenant be not in default under the terms of this lease, at any time, and from time to time, to remove any and all of its movable trade fixtures, signs and other personal property from the Demised Premises, however, nothing herein contained shall be deemed or construed to permit or allow the Tenant to remove so much of such personal property without the immediate replacement thereof with similar personal property of comparable or superior quality, as to render the Demised Premises unsuitable for conducting the type of business specified herein. All improvements to the Demised Premises by the Tenant including but not limited to light fixtures, floor coverings, partitions and other items, but excluding trade fixtures, signs and personal property, shall become the property of Landlord, at its option, upon expiration or earlier termination of this lease.~~

13. POSSESSION

A. Acceptance of Demised Premises: Except as may be otherwise herein provided, Tenant shall by entering into and occupying the Demised Premises be deemed to have accepted the Demised Premises "as is" and to have acknowledged that the same are as represented by Landlord and in good order, condition and repair. Tenant acknowledges that it has reviewed and examined the Demised Premises prior to the execution hereof to its complete satisfaction.

on 12/18/18
B. Surrender of Demised Premises: Upon the expiration or sooner termination to the leasehold interest created hereby and subject to Landlord's lien rights set forth herein, Tenant shall remove its interior and exterior signs and all of its movable trade fixtures, equipment, and personal property from the Demised Premises and fully repair and/or restore for all damage thereto resulting from such removal, and Tenant shall thereupon surrender the Demised Premises in the same condition as they were on the Commencement Date, reasonable wear and tear excepted. ~~Tenant shall, upon such surrender, furnish a certification by a qualified company that all mechanical equipment in the Demised Premises is in good working condition.~~ All property of any kind not removed from the Demised Premises shall be deemed abandoned by Tenant. If the Demised Premises are not surrendered at the end of the lease term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in surrendering the Demised Premises including but not limited to any loss arising from any claim made by any succeeding Tenant founded on such delay.

C. Abandonment: Tenant shall not at any time during the term hereof vacate, abandon or discontinue its business in the Demised Premises. If Tenant shall vacate, abandon, or otherwise surrender the Demised Premises, or be dispossessed thereof by process of law or otherwise, or discontinue its business therein, the same shall constitute a default of this lease and, in addition to any other remedy available to Landlord, any trade fixtures, equipment, signs or personal property belonging to Tenant and left in, upon or about the Demised Premises shall be deemed to be abandoned and shall become the property of Landlord.

14. UTILITIES

Tenant shall pay before delinquency all charges for water, sewer, gas heat, electricity, power, telephone service and all and any other services or utilities used in, upon or about the Demised Premises by Tenant or any of its subtenants, licensees or concessionaries; provided, however, if any such services or utilities shall be billed to Landlord and not separately metered to the Demised Premises the amount thereof shall be prorated and Tenant shall pay to Landlord upon demand as additional rental hereunder an amount equal to that proportion of the total charges therefore which the number of square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores then rented as of the date of the utility bill served in the area and/or buildings covered by such combined charges. With respect to gas and electric service, which is not separately metered, Landlord may, at Landlord's option, in lieu of prorating on the foregoing basis, determine the amount of use of such services by Tenant on the basis of Tenant's estimated usage as determined by the utility company servicing the Demised Premises, or, if such company ceases providing such service, by a qualified electrical contractor selected by Landlord.

14.1. Water is furnished to the premises as part of the Common Area via a central meter.

Accordingly, Tenant will pay Landlord a flat water charge of \$25.00 a month (or as may be adjusted for use) as reimbursement for its share of the water for its premises.

15. REPAIRS AND MAINTENANCE

A. **Landlord's Obligation:** Landlord shall keep and maintain in good condition and repair the foundations, roof, exterior walls and structural portions of the improvements now or hereafter constructed on Demised Premises, except where the necessity for such repairs or maintenance shall be occasioned by the Tenant, its subtenants, licensees, agents, repairmen employed by Tenant. In the event of any of the equipment required to be maintained by Tenant necessitates or interferes with Landlord's repairs, Tenant shall pay for such repairs. Landlord shall not be obligated to make any repairs hereunder, or be otherwise liable to Tenant for any loss or damage in connection therewith, unless Tenant shall first give Landlord written notice of the necessity therefore and Landlord shall fail to make or commence said repairs within a reasonable time thereafter.

Reasonable time for repairs to be completed is designated as one week or less. If Landlord fails to comply, Tenant has the right to contract for said work and deduct expenses from rent.

B. **Tenant's Obligation:** Tenant shall pay to Landlord an additional rental hereunder, at the times and in the manner designated by Landlord, Tenant's prorata share of all expenses incurred by Landlord for repairs and maintenance of the roof of the building of which the Demised Premises is part of and any exterior painting and decorating of the Demised Premises. Tenant's prorata share of expenses shall be that portion of all such expenses which is equal to the proportion thereof which the number of square feet of the Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the building to which the repairs and maintenance are made. Tenant shall, except as otherwise hereinabove provided, at its sole cost and expense, at all times during the term and any extension or renewal of the term hereof, keep and maintain the Demised Premises, the improvements thereon and every part thereof, including but not limited to store fronts, signs, entrances and exits, interior walls, ceilings and floors, plate glass, glazing and skylights, electrical and plumbing services and pipes, reasonable periodic painting as determined by Landlord, plumbing and other fixtures, fire sprinklers, heating and air conditioning and other equipment and appliances, in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto. ~~Landlord shall not be responsible for the maintenance of the Demised Premises and other premises in addition to the Demised Premises, but this shall in no way relieve Tenant of any of its obligations hereunder. The cost of any such preventive maintenance attributable to the Demised Premises shall be paid by Tenant as additional rent hereunder.~~

B.1.: Landlord shall pay the cost of repairs of the roof, exterior walls and structural portions of the foundation.

16. INSURANCE

A. **Landlord's Insurance:** Landlord shall maintain in force insurance covering all buildings and improvements from time to time located in the Center insuring against loss or damage by fire and such other risks as are now or hereafter included in any extended coverage enforcement in common use for commercial structures including vandalism and malicious mischief. The amount of the insurance shall be the full replacement cost (including inflation guard provision) excluding costs of replacing excavations and foundations but including loss of income insurance. Tenant shall not carry any insurance the effect of which would be to reduce the protection or payment to Landlord under any insurance which Landlord is obligated to carry. Tenant shall reimburse to the Landlord that proportion of the premiums paid by Landlord for the foregoing insurance which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursement shall be made immediately upon receipt by Tenant of receipts or duplicate receipts for such premiums showing the same as having been paid, or Landlord, at its option, shall have the right to estimate the amount of insurance next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated insurance obligation.

A.1.: Landlord will pay Tenants portion of Landlord's Insurance.

B. **Tenant's Insurance:** Tenant shall maintain in force for the joint protection of Landlord and Tenant public liability insurance under which Landlord and Tenant shall be named as coinsured and under the terms of which each shall be indemnified against liability for damage for bodily injury to or death of any licensee or invitee of Tenant or any other person entering upon or using the Demised Premises and arising from the use and occupancy thereof. Such insurance shall be maintained

on a mininum basis of (\$ 250,000.00) per person and (\$ 500,000.00) per occurrence for bodily injury or death and (\$ 100,000.00) for property damage. If in the considered opinion of Landlord the amount of such coverage is not adequate, Tenant shall increase the coverage to such amounts as Landlord shall reasonably deem adequate. (Tenant shall not be required at the commencement of the term hereof to procure plate glass insurance coverage on exterior plate glass in the Demised Premises, but in the event during the term of this lease Landlord, at its sole discretion, shall determine that performance of Tenant's obligation to repair and replace such plate glass is not adequately secured, Landlord may require, by written notice to Tenant, that Tenant procure and maintain such insurance.) Tenant shall maintain in force on all its fixtures, equipment and personal property in the Demised Premises a policy or policies of fire insurance with standard extended coverage endorsement to the extent of their full replacement value. The proceeds from any such policies shall be used for the repair or replacement of the fixtures, equipment and personal property so insured. Subject to Landlord's lien rights herein Landlord shall have no interest in such insurance and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant.

C. **Miscellaneous:** Landlord and Tenant each agrees that it will not subrogate to its insurance carrier any right of action which it has or may have against the other for any loss covered by insurance. Landlord and Tenant agree to notify their respective insurance carriers of these provisions. All insurance required to be maintained by Tenant herein shall be obtained from responsible carriers acceptable to Landlord, which acceptance shall not be unreasonably withheld. Tenant shall provide to Landlord policies for or certificates evidencing the insurance to be procured and maintained by Tenant, which policies or certificates shall specify that the insurance evidenced thereby will not be cancelled except after thirty (30) days prior written notice to Landlord. Such policies or certificates shall be delivered to Landlord prior to the time coverage is required to commence. Any renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of any policy term.

17. TAXES

A. Personal Property Taxes: Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which became payable during the term of this lease upon Tenant's merchandise, furniture, appliances and personal property located in the Demised Premises.

B. Real Property Taxes: Landlord shall, in the first instance, pay before delinquency all real property taxes, assessments, impositions, and all other charges levied or assessed against the Center (including parking and common areas) and improvements thereon during the term of this lease, and Tenant shall reimburse to Landlord that proportion of said real property taxes, and assessments (including a prorata amount of such proportion for the years in which this lease commences and terminates) which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursements shall be made to Landlord immediately upon delivery to Tenant of receipts or duplicate receipts showing such taxes, assessments and impositions as having been paid, or Landlord, at its option, shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligations. Such taxes, assessments, and impositions shall include any tax or excise on rents (including so-called gross receipts tax on rent) or any other tax, however described, levied or assessed by the United States or the state in which the Demised Premises are located or by any political subdivision thereof against Landlord on account of rent provided in this lease and Tenant shall reimburse to Landlord its proportionate amount of any such tax or assessment to the extent that is assessed or imposed as a direct result of Landlord's interest in the Demised Premises or of rentals accruing under this lease, but this provision shall not be construed in any manner so as to require Tenant to pay any income tax of Landlord as income taxes are understood at the time of execution hereof.

B.1.: Landlord will pay Tenant's portion of Real Estate Taxes.

18. PARKING AND COMMON AREAS

A. Definition: The term "Common Areas" refers to all areas within the exterior boundaries of the Center which are now or hereafter made available for general use, convenience and benefit of Landlord and other persons entitled to use or occupy the Center or any part thereof, including, without limiting the generality of the foregoing, automobile parking areas, service areas, driveways, entrances and exits, sidewalks, pedestrian ways, open and enclosed courts and malls, landscaped and planted areas.

B. General Provisions: During the term of this lease, Landlord shall operate, manage and maintain all parking and Common Areas and facilities within the Center. The manner in which such areas and facilities shall be maintained and the expenditures for maintenance shall be at the sole discretion of Landlord and the use of such areas and facilities shall be subject to such reasonable regulations and changes as Landlord shall make from time to time. In addition to the Guaranteed Minimum Monthly Rental and the Percentage Rental payable hereunder, Tenant shall pay upon demand, but not more often than once each calendar quarter, Tenant's proportionate share of all costs and expenses of maintaining and operating the parking and Common Areas and facilities. Tenant's share shall be that proportion of such costs and expenses which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the Center and open for business as of the commencement of each calendar quarter. Operating and maintenance costs shall include all costs and expenses of operating and maintaining such areas and facilities in such manner as Landlord may from time to time deem appropriate and for the best interest of the Tenants of the Center including, without limitation, labor, compensation insurance, payroll taxes, administrative costs, security costs, materials, supplies and all other costs of operating, repairing, lighting, cleaning, painting, restriping, removing of rubbish or debris, gardening, policing, inspecting and janitorial services; casualty and other insurance in amounts and covering hazards deemed appropriate by Landlord; any governmental parking lot tax or imposition or surcharge imposed against the Landlord or levied against the parking and common areas not covered as "Taxes" in Paragraph 17 herein; all cost of repairing, maintaining or replacing paving, curbs, walkways, walls, bumpers, markers, directional signs, Center signs, landscaping, sprinklers, drainage, fire protection systems, lighting facilities, and common area items not covered in Paragraph 15 herein; sewer, water, gas, electric, phone and other utility lines, storm drains, roads and approaches servicing the Center generally; and any other items that Landlord deems necessary and appropriate.

B.1. Landlord will pay Tenants portion of Common Area Expenses.

C. Billing and Collection: Tenant shall pay a sum to Landlord for accounting, management and collection of the expenses in connection with said Common Areas in an amount equal to TEN percent (10%) of Tenant's prorata share of the total of the aforementioned expenses (common areas, insurance and taxes) for each calendar year. Tenant's share of such costs and expenses shall be estimated by Landlord subject to adjustment in the future billings to Tenant. On or before April 1 of each year, Landlord shall determine (and furnish to Tenant a statement showing in reasonable detail) such costs and expenses during the preceding Lease Year to the extent that Tenant's proportionate share of such costs and expenses is greater or less than the sum actually billed to and paid by Tenant during the preceding year, the difference shall be billed to and paid by Tenant or refunded to Tenant as the case may be.

C.1. Landlord will pay Tenants portion of Common Area Expenses.

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[illegible]

On 14 March It is understood that landlord will have the parking lot swept completely every week and that the plants will also be maintained weekly in a satisfactory condition.

It is understood that the landlord will designate assigned parking spaces if experience shows that the parking lot becomes fully occupied during business hours Monday through Saturday.

20. SIGNS, ADVERTISING AND AUCTIONS

A. **Signs:** Tenant shall not place or suffer to be placed on the exterior of any door, roof, wall or window of the Demised Premises any sign, awning, canopy, marquee, advertising matter, decoration, lettering or other thing of any kind without the written consent of Landlord first had and obtained. No free-standing signs shall be permitted without the written consent of Landlord first had and obtained. Tenant shall obtain Landlord's written approval of the plans and specifications of any proposed signs as well as the maker of the signs and the consent of any governmental body having jurisdiction over signs in the Center. Tenant further agrees at its own expense, to install a detachable type store sign on the exterior of the Demised Premises in strict conformance with Landlord's sign criteria as to design, material, color, size and location. Tenant shall furnish Landlord a detailed drawing of proposed sign by a sign fabricator for written approval prior to manufacture of same. Except as otherwise hereinafter provided, Tenant shall upon request of Landlord immediately remove any sign, advertisement, decoration, lettering or notice which Tenant has placed or permitted to be placed in, upon, above or about the Demised Premises and which Landlord reasonably deems objectionable or offensive, and if Tenant fails or refuses to do so Landlord may enter upon the Demised Premises and remove the same. Tenant acknowledges that the Demised Premises are a part of an integrated Center and that control of all signs by Landlord is essential to the maintenance of uniformity, propriety and aesthetic values in said Center. In the event Landlord, at his sole option and expense (except for sign lettering), installs a common area pole or pylon sign for the Center, Tenant agrees to become included in a sign rental program and Tenant's cost for same shall be determined by Landlord, provided however that such cost shall not be greater than that which would be charged by area sign companies.

A.1. See criteria per Exhibit C attached hereto & made a part hereof by this reference.

B. **Advertising and Auctions:** Except as otherwise hereinafter provided, Tenant shall not use any advertising or promotional media which can be heard, seen, or experienced outside the Demised Premises, including, but not limited to searchlights, loud speakers or phonographs, without the written consent of Landlord first had and obtained. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Demised Premises, whether said auction by voluntary, involuntary pursuant to any assignment for the benefit of creditors or pursuant to any bankruptcy or other proceeding.

21. CONDEMNATION

The following definitions shall apply with respect to the provisions of this paragraph:

A. "Taking" means the taking or damaging, including without limitation severance damage, resulting from the exercise of the power of eminent domain for public and quasi-public use under any law. The transfer of title may be either a transfer resulting from a final judgment in condemnation or a voluntary transfer to the condemning agency under threat of condemnation, and taking shall be deemed to occur as of the date actual physical possession is taken by the condemnor.

B. "Total taking" means the taking of the fee title to the Demised Premises and the improvements located on the Demised Premises.

C. "Substantial taking" means the taking of so much of the Demised Premises and improvements that it is no longer economically or physically practical to continue to operate the business then conducted on the Demised Premises or the remaining portion of the Demised Premises. The taking of thirty-three and one third percent (33-1/3%) of the total floor area of the Demised Premises shall conclusively be deemed a substantial taking.

D. "Partial taking" means any taking that is not a total or substantial taking. In the event of a total or substantial taking, the lease shall terminate upon such taking and the award resulting from the taking shall be the sole property of Landlord except that Tenant shall be entitled to that portion, if any, of the award directly attributed to the Tenant's trade fixtures, moving expenses, or loss of business. In the event of a partial taking, the lease shall not terminate; the award shall be the sole property of Landlord; and there shall be an equitable reduction of rent. In such event, however, Landlord shall at its own costs and expense make all necessary repairs or alterations to the building in which the Demised Premises are located so as to constitute the portion of the building not taken a complete architectural unit and the remainder of the Demised Premises a complete merchandising unit.

22. INSOLVENCY

The filing of any petition in bankruptcy, or the adjudication of Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Tenant, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any State or Federal insolvency or bankruptcy act, and the continuance of any of the same for a period of ten (10) days, shall constitute a breach and default of this lease by Tenant and in such event Landlord may at its option terminate this lease upon written notice to Tenant, or without notice whatsoever, shall have and may exercise all the rights and remedies available to Landlord in the event of any other default provided for herein. It is understood and agreed that neither this lease, nor any estate created hereby, shall pass by operation of law under the State or Federal insolvency or bankruptcy act to any trustee, receiver, assignee for the benefit of creditors or any other person whatsoever without the express written consent of Landlord first had and obtained.

23. DAMAGE OR DESTRUCTION:

A. Insured Casualty: If at any time after the execution hereof the Demised Premises or any portion thereof should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policies maintained by Landlord, Landlord, shall, except as otherwise hereinafter provided and subject to any unavoidable delay, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage or destruction. Tenant shall have no interest in or claim to any portion of the proceeds of any fire and extended coverage insurance policies carried by Landlord. Anything herein contained to the contrary notwithstanding, If during the last two (2) years of the term hereof the Demised Premises should by reason of any casualty insured by Landlord be damaged or destroyed to the extent of fifty percent (50%) or more of the then replacement value thereof, Landlord may elect to terminate this lease by giving at least fifteen (15) days written notice of its said election to Tenant within thirty(30) days after the date of such damage or destruction, provided, however, regardless of such notice of termination, this lease shall not be terminated if Tenant shall within ten (10) days after receipt of such notice give written notice to Landlord extending the term hereof for a period of not less than five (5) years in accordance with any option or right to do so which Tenant may have hereunder in which event Landlord shall repair, reconstruct and/or restore the Demised Premises in accordance with the provisions of Subparagraph A. above.

B. Uninsured Casualty: If the Demised Premises should be damaged to an extent of less than thirty percent (30%) of their then replacement value by a casualty not covered by any standard form fire and extended coverage insurance, then Landlord shall, at its sole cost and expense, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage. If the Demised Premises should be damaged or destroyed to an extent of thirty percent (30%) or more of their then replacement value by any casualty not covered by a standard form fire and extended coverage insurance, then Landlord shall be entitled to elect either to cancel and terminate this lease, or to repair, reconstruct and/or restore the Demised Premises, by giving written notice of its said election to Tenant within forty-five (45) days after the date of such damage or destruction.

C. Non-Abatement of Rent: It is understood and agreed that Tenant's Guaranteed Minimum Monthly Rental and other monetary obligations under this lease shall not be abated unless the time required to complete repair or reconstruction shall extend beyond six (6) months from the date of damage or destruction, in which event said Guaranteed Minimum Monthly Rental and other monetary obligations shall abate from the expiration of said six (6) month period to the actual completion of repairs or reconstruction in an amount equal to the proportion thereof which the number of usable square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of Gross Floor Area in the Demised Premises immediately prior to such damage or destruction. Tenant's liability hereunder will be reduced by any applicable insurance coverage pursuant to Paragraph 16 hereof.

C.1.: Landlord agrees to carry rent loss Insurance sufficient to cover Tenants 6 months responsibility hereunder.

24. ASSIGNMENT AND SUBLETTING:

A. Consent To Be In Writing: Tenant shall not assign, mortgage, pledge, hypothecate or encumber this lease or the leasehold interest created hereby or any interest herein or sublet the Demised Premises or any portion thereof, or license the use of all or any portion of the Demised Premises, without the written consent of Landlord first had and obtained. Without in any way limiting any other rights available to the Landlord at the time of any proposed assignment or subletting, Landlord expressly reserves the right to adjust the Guaranteed Minimum Monthly Rental to an amount derived by multiplying said guaranteed minimum monthly rental times a number equal to the percentage by which the Bureau of Labor Statistics, United

States Department of Labor, for L.A. & Orange County under the heading of "All Items", for the month in which the date of such assignment or subletting occurs has increased over the same Cost Of Living Index figure for the month in which the Commencement Date under this lease occurs (i.e., if the percentage of such increase is thirty percent (30%), then the guaranteed minimum monthly rental will be multiplied times 130). In the absence of an express agreement in writing to the contrary, no assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license hereof or hereunder shall act as a release of Tenant from any of the obligations and agreements on its part to be kept and performed hereunder. Any assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license of this lease, the leasehold estate created hereby, or the Demised Premises or any part thereof, either voluntary or involuntary, whether by operation of law or otherwise, without the prior written consent of Landlord shall be null and void and shall, at the option of Landlord, terminate this lease. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this lease or a consent to the assignment or subletting of the Demised Premises. In the event of any assignment or transfer of Landlord's leasehold and/or reversionary interest hereunder, Landlord herein named (or in case of any subsequent assignment or transfer hereof, the then grantor or assignor in the particular case) shall from and after the date of such assignment or transfer be automatically relieved of all further liability as respects the performance of any covenants or obligations on the part of Landlord to be kept and performed hereunder, it being the intention of the parties that this lease shall be binding on any particular Landlord, his successors and assigns, only during his respective period of tenure. Tenant agrees to pay Landlord an administrative fee of \$100 and to reimburse Landlord for Landlord's reasonable attorney fees incurred in conjunction with the processing and documentation of any such requested transfer, assignment, subletting, licensing or concession agreement, change of ownership or hypothecation of this lease or Tenant's interest in and to the Demised Premises. In the event of an Assignment or sublet, the Tenant will pay its portion of the Insurance, Taxes, and Common Area Maintenance per Par. 16, 17, 18, herein, & water in Par. 14.1 herein.

B. Assignment or Transfer To A Corporation: Notwithstanding anything to the contrary set forth herein, Tenant may assign this lease, without the consent of Landlord, to a corporation or other entity not less than fifty percent (50%) of the voting stock or controlling interest of which is owned by Tenant; provided that Tenant shall at all times remain liable for performance hereunder; and provided, further, that any transfer by Tenant of the controlling stock or interest in such corporation or other entity shall be a prohibited assignment hereunder.

C. Consent To Assignment or Subletting Shall Not be Unreasonably Withheld: Subject to a compatible and noncompetitive business use with respect to the other businesses in the Center and sufficient financial statement and credit record of assignee, Landlord's consent to assign or sublet this lease shall not be unreasonably withheld provided, however, that Tenant shall not be in default and/or if Tenant shall have previously breached or otherwise failed to perform under this lease since its inception, and Tenant did not cure that breach, Landlord, at its sole discretion, may declare this Subparagraph null and void. Any such assignment or subleasing, even with the approval of the Landlord, shall not relieve the Tenant from liability for payment of the rental herein provided or from the obligation to keep and be bound by the terms, conditions and covenants of this lease.

25. ATTORNEY'S FEES:

In the event either party hereto shall commence any action or proceeding against the other by reason of any breach or claimed breach in the performance of any of the terms, covenants or conditions of this lease or to seek a judicial declaration of rights hereunder, the prevailing party in such action or proceeding shall be entitled to reasonable attorney's fees to be fixed by the Trial Court.

26. DEFAULT

In the event Tenant shall fail to pay any sum required to be paid hereunder, or in the event of breach by Tenant of any covenant, agreement or obligation to be performed by Tenant hereunder, then Tenant shall be deemed to be in default and thereafter Landlord shall, at its option, in addition to all other rights and remedies it may have hereunder or as provided by law, have the following rights and remedies:

A. Even though Tenant has breached this lease and abandoned the Demised Premises, this lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises; and, Landlord may enforce all its rights and remedies hereunder, including the right to recover the rent as it becomes due. After the occurrence of the acts of default and abandonment by Tenant, and for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises, Tenant shall have the right to assign its interest in the lease and/or to sublet upon prior written consent which Landlord shall not unreasonably withhold, Landlord shall not be deemed to have elected to terminate Tenant's right to possession of the Demised Premises unless Landlord gives Tenant written notice of such election to terminate; and, in no event shall Landlord's acts of maintenance or preservation of the Demised Premises, or the appointment of a receiver upon initiative of Landlord to protect its interest under this lease be deemed to constitute termination of Tenant's right to possession.

B. Landlord may elect, by written notice to Tenant, to terminate this lease at any time after a default; and, in such event Landlord may, at Landlord's option, declare this lease and Tenant's right to possession terminated, reenter the Demised Premises, remove Tenant's property there from and store it for Tenant's account and at Tenant's expense and risk, eject all persons from the property and recover damages from Tenant as hereafter provided. Any such reentry shall be permitted by Tenant without hindrance; and, Landlord shall not thereby be liable for or guilty of trespass, forceable entry or unlawful detainer.

C. In the event Landlord elects to terminate this lease and Tenant's right to possession in accordance with the foregoing Subparagraph B, or the same are terminated by operations of law, Landlord may recover as damages from Tenant the following:

(1) The worth at the time of award of the unpaid rent and other sums due hereunder which had been earned at the time of termination of the lease;

(2) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder which would have been earned after the date of termination of this lease until the time of award exceeds the amount of such loss of rent and other sums due that Tenant proves could have been reasonably avoided;

(3) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder for the balance of the term after the time of award exceeds the amount of the loss of such rent and other sums that Tenant proves could be reasonably avoided;

(4) Any other amount, including attorney's fees and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform his obligations under the lease, or which in the ordinary courses of things would be likely to result therefrom.

D. The "worth at the time of award" of the amounts referred to in Subparagraph C. (1) and C. (2), above, is computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of award" of the amount referred to in Subparagraph C. (3), above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

E. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this lease do not waive Landlord's right to recover damages under the foregoing provisions.

F. Nothing in Paragraph B through G affects the right of Landlord to indemnification against liability arising prior to the termination of this lease for personal injuries or property damage, or against mechanic's liens or other loss, claims and/or expense as may be provided elsewhere in this lease.

G. The foregoing remedies of Landlord shall not be exclusive, but shall be cumulative and in addition to all rights and remedies now or hereafter provided or allowed by law.

27. LIENS

Tenant shall at all times indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any claims, liens, demands, charges, encumbrances and/or litigation arising directly or indirectly out of any use, occupancy or activity of Tenant, or out any work performed, material furnished or obligations incurred by Tenant, in upon, about or otherwise in connection with the Demised Premises. Tenant shall, within fifteen (15) days after the filing of any lien for record, fully pay and satisfy the same, and Tenant shall reimburse Landlord upon demand for any and all loss, damage and expense, including attorney's fees, which Landlord may suffer or be put to by reason thereof. However, nothing herein shall be construed to prevent either Tenant, or Landlord at the cost and for the account of Tenant, from satisfying such lien or from obtaining and filing a bond to secure the payment of such lien or incumbrance in the event Tenant fails or refuses to satisfy the same within such fifteen (15) day period. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of applicable notices of non responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Demised Premises.

28. INDEMNIFICATION OF LANDLORD

Tenant hereby covenants and agrees to indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any and all liability, loss, costs, charges, penalties, obligations, expenses, attorney's fees, litigation, judgments, damages, claims and demands of any kind whatsoever in connection with, arising out of or by any violation of law, ordinance or regulation by Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees or by reason of any injury or damage however occurring to any person or persons whomever (including Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees), from any cause or causes whatsoever while in, upon, about or in any way connected with the Demised Premises or any part thereof. Landlord shall not be liable to Tenant or to any other person whatsoever for any damage occasioned by plumbing, gas, water, steam, sprinkler or other pipe and sewage system or by the bursting, running or leaking of any tank, wash stand, closet, waste or other pipes in or about the Demised Premises or the building of which the Demised Premises are a part or for any damage occasioned by water being upon or coming through the roof, vents or otherwise, or for any acts or neglect of cotenants or other occupants of the Center or of adjacent property or the public.

29. SUBORDINATION, ESTOPPEL CERTIFICATE AND ATTORNMEN

A. **Subordination:** Tenant agrees that this lease is, and shall be, subordinate to a bona fide mortgage, deed or trust, or any other hypothecation of security which has been or which may hereafter be placed upon the Demised Premises provided that such subordination shall not adversely affect the Tenant's right of use and occupancy under this lease in the event of foreclosure if Tenant is not in default. Tenant agrees to execute any documents which may be requested by Landlord, in addition to this lease, which may be required to effectuate such subordination and if Tenant fails to do so within the ten (10) days after written demand from Landlord, Tenant does hereby make, constitute and appoint Landlord as Tenant's attorney in fact to do so. If Landlord shall assign this lease to a mortgagee as additional security for said mortgage then, during the continuance in effect of such assignment Tenant will not by reason of any default of Landlord, hereunder, exercise any of Tenant's remedies under this lease if the mortgage, within sixty (60) days after receipt of written notice from Tenant of Tenant's intent to terminate this lease for such default, if such default can be cured by the payment of money, or, if such is not the case, shall undertake in writing to perform and shall thereafter perform with respect to the Demised Premises all of the covenants of this lease capable of performance by the mortgagee until such time as the Demised Premises shall be sold upon the foreclosure of said mortgage.

B. **Estoppel Certificate:** Tenant shall at any time, and from time to time, upon not less than ten (10) days prior written request by Landlord execute, acknowledge, and deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or, if there shall have been modifications, that the lease is unmodified and in full force and effect as modified and stating the modifications) and the dates to which the fixed rent and any other charges or payments have been paid in advance. It is expressly understood and agreed that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord or any prospective purchaser, mortgagee, assignee of any mortgagee, or the trustee or beneficiary of any deed of trust placed upon the Demised Premises or the real property of which the Demised Premises are a part.

C. **Attornment:** In the event of any deed in lieu of foreclosure, or the exercise of any power of sale, or the foreclosure under, any deed of trust or mortgage now or hereunder placed by Landlord against all or any portion of the Demised Premises, Tenant shall attorn to the grantee of such deed of the purchaser upon any such foreclosure or sale and recognize such grantee or purchaser as the Landlord under this lease.

30. RIGHT OF ACCESS

Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of serving, posting or keeping posted thereon notices provided for hereunder, or by any applicable law, rule or regulation now or hereafter in effect in the state in which the Demised Premises are located, or such other notices as Landlord may deem necessary or appropriate for the protection of Landlord, its interest or the Demised Premises; and/or for the purpose of inspection the Demised Premises; and/or the purpose of making any necessary repairs to the Demised Premises, or at anytime when Landlord may deem necessary to prevent waste, loss, damage or deterioration to or in connection with thhe Demised Premises. Nothing herein shall imply any duty upon the part of landlord to do any work or repair or maintenance which under provision of this lease may be required on the part of Tenant to be performed, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of exhibiting the same to prospective purchasers and, durng the final six (6) months of the term hereof, Landlord shall be entitled to exhibit the Demised Premises for hire and/or for sale and to display thereon in such manner as will not unreasonably interfere with Tenant's business the usual "For Sale" or "For Lease" signs, and such signs shall remain unmolested on the Demised Premises.

31. HOLDING OVER

Should Tenant occupy said Demised Premises after the expiration date of this lease, without consent of the Landlord, expressed or implied, such possession shall be construed to be a tenancy from month-to-month and Tenant shall pay Landlord for said Demised Premises a fixed rental of 125% of the current rent per month and the same Percentage Rental, if any, as provided herein and shall otherwise be upon the same terms and conditions as are herein provided, and thereafter Tenant shall not terminate such month to month tenancy without giving Landlord thirty (30) days written notice.

32. OPTION TO EXTEND TERM

A. **Option Conditions:** Tenant shall have the option to extend the term of this lease for _____ additional _____ year periods commencing upon the expiration of the initial _____ year term hereof. Each option shall lapse and terminate unless Tenant shall deliver to Landlord written notice of the exercise thereof not less than six (6) months prior to the expiration of the initial _____ year term of this lease and the expiration of each _____ year option term thereafter. In addition to the foregoing, each option shall lapse and terminate if Tenant shall be in default hereunder on the date of commencement of any of said _____ year extension periods and/or if Tenant shall have previously breached or otherwise failed to perform under the lease since its inception; Landlord at his sole discretion, may declare any option to extend null and void.

B. **Option Terms:** In the event Tenant shall exercise its option to extend the term of this lease, as hereinabove provided, all covenants, conditions and provisions of this lease shall be and remain in full force and effect except that the Guaranteed Minimum Monthly Rent which Tenant shall pay to Landlord during each of said extension periods shall be the greater of:

(1) The sum of _____ per month; or

(2) A monthly sum derived by multiplying _____ times a number equal to the percentage by which the Bureau of Labor Statistics, United States Department of Labor for the _____ under the heading of "All Items," for the first month of each said extension period has increased over the same Cost of Living Index figure for the _____ month of the initial _____ year lease term plus 100. (For example if the percentage of such increase is 30%, then \$ _____ would be multiplied times 130 resulting in a monthly rental of _____). In no event shall the Guaranteed Minimum Monthly Rent for said extension period be less than the Guaranteed Minimum Monthly Rent, for the last month of the initial term or the previous extension period, whichever is applicable. In the event the Consumer Price Index above specified ceases to be published, then the "All Items Index" published by the Department of Labor for the geographic area including _____ shall be substituted.

33. MISCELLANEOUS

A. **Amendment:** This lease cannot be added to, altered, changed, modified or amended in any respect except by a writing duly signed and executed by both Landlord and Tenant.

B. **Application of Law and Recording:** This lease shall be construed according to the laws of the State in which the Center is located. Upon the request of either party, the other party will in good faith cooperate in the preparation and execution of a recordable instrument describing the parties, the Demised Premises, the basic terms of this lease and such other portions hereof as either party may desire to be included in such instrument.

C. **Captions and Pronouns:** The captions by which the various numbered paragraphs and subparagraphs of this lease are titled are for convenience and identification only and shall not be deemed to limit, expand or define the contents of the respective paragraphs and subparagraphs to which they pertain. Masculine and/or feminine pronouns shall be substituted for the neuter form and/or vice versa, and the plural shall be substituted for the singular form and/or vice versa, in any place or places herein in which the context requires such substitution or substitutions.

D. **Cancellation Not Merger:** The voluntary or other surrender of this lease by Tenant, or a mutual cancellation thereof, or the termination thereof by Landlord under any provision herein contained, shall not work a merger, but shall at the option of Landlord either terminate any or all existing subleases or subtenancies under Tenant, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

E. **Conveyance by Landlord:** If during the term of this lease Landlord shall sell its interest in the Center or the Demised Premises, then from and after the effective date of sale, Landlord shall be released and discharged from any and all obligations and responsibilities under this lease except those which have already accrued.

F. **Changes and Additions to Center:** Landlord hereby reserves the right at any time, to adjust the site plan, to vary the Common Area, to make changes, alterations or additions to, and to construct other buildings or improvements in and to the Center, provided, however, in so doing Landlord shall not unreasonably interfere with Tenant's use the occupancy of the Demised Premises..

G. **Disclaimer of Joint Venture:** Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or a partnership or a joint venture by the parties hereto. It being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties, shall be deemed to create any relationship between them other than the relationship of Landlord and Tenant.

H. **Dispute or Delay:** In the event of any dispute between the parties concerning the time of actual completion of Landlord's Work or Tenant's Work or any claimed excuse for delay in performance or non-performance thereof or whether such work has been adequately performed in a good and workmanlike manner and is satisfactory for the use intended, such dispute shall be referred to Landlord's architect whose determination with regard thereto shall be final and conclusive upon the parties.

I. **Employee and Tenant Parking:** Landlord shall have the exclusive right to restrict parking by Tenants, its agents and employees to employee parking areas, to enforce parking charges (by operation of meters or otherwise), with the appropriate provisions for free parking ticket validating by Tenants, to discourage non-customer parking, to require Tenants, its agents and employees to park outside of the boundaries of the common area facilities, and to do and perform such other acts, in the use of good business judgment, that Landlord shall determine to be advisable for the improvement and use of the Common Areas and facilities by customers.

J. Entire Agreement: The parties hereby agree that this lease contains all the terms, covenants, conditions and agreements between Landlord and Tenant relating in any way to the use, occupancy or rental of the Demised Premises, and that there are no collateral or oral agreements or understandings in connection therewith. All prior agreements or understandings, or brochures pertaining to the same, if any, whether oral or written, are hereby revoked and mutually declared to be null and void, and none of said prior agreements or understandings shall be of any further force or effect whatsoever. Tenant acknowledges, represents and warrants that Tenant has entered into this lease by virtue of Tenant's own independent investigation and was not induced to enter into this lease on account or by reason of any representation, inducement or understanding whatsoever made, stated or represented by or on behalf of Landlord except as set forth expressly herein.

K. Execution of Instruments: Tenant agrees to execute and deliver any instruments of documents which shall be necessary to carry out any agreement, term, condition or assurance in this lease whenever occasion shall arise and request for such instruments shall be made of Tenant by Landlord, or which may be requested by the mortgage, lender furnishing financing to the Landlord.

L. Financial Approval of Tenant: Landlord requires a credit report and financial statement on Tenant which is subject to Landlord's approval to his sole satisfaction prior to occupancy and in the event Landlord disapproves of same, Tenant's deposit shall be refunded and this lease shall be terminated without further liability between the parties hereto.

M. Force Majeure: Whenever either party hereto shall be prevented from or hindered in the performance of any act or obligation on the part of such party to be performed hereunder by reason of acts of God, war, riot, civil commotion or insurrection; strikes, walkouts, lock-outs, labor disturbances, governmental action, fire or like casualty, shortage of necessary materials, equipment or labor, or restrictions in or limits on the use thereof, delays in transportation, or any other matter or matters beyond the control of the party required to perform such act or obligation, the time for performance shall be extended for a period equivalent to the period such party could not perform such acts or obligations; provided, however, that nothing herein set forth shall excuse Tenant from the prompt payment of all rentals or other monies required to be paid by Tenant under this lease.

N. Partial Invalidity: If any term, provision, covenant or condition of the lease should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this lease shall continue in full force and effect and in no way shall be affected, impaired or invalidated thereby.

O. Performance Bond for Tenant Improvements: Landlord, at his discretion, may require Tenant to furnish a performance bond for Tenant's work in excess of \$ -0- guaranteeing the completion thereof.

P. Successors and Assigns: The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter be supplemented, modified or amended, shall apply to, bind and inure to the benefit of the parties hereto and their heirs, executors, administrators, legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one (1) person, firm or corporation, then and in such event all such persons, firms and/or corporations shall be jointly and severally liable as parties hereunder.

Q. Tenant As A Corporation: In the event the Tenant hereunder shall be a corporation, the parties executing this lease on behalf of the Tenant hereby covenant and warrant that the Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in the state in which the Demised Premises are located; all franchise and corporate taxes have been paid to date; and all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due. The lease must be executed by the president or the vice-president and the secretary or assistant secretary, unless the by-laws or a resolution of the board of directors shall otherwise provide, in which event, the by-laws or a certified copy of the resolution, as the case may be, must be furnished. Also, the appropriate corporate seal must be affixed.

R. Tenant's Quitclaim: At the expiration or earlier termination of this lease, Tenant shall execute, acknowledge, and deliver to Landlord, within five (5) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this lease from the real property upon which the Demised Premises are situated.

S. Waiver: One or more waivers by Landlord of any breach by Tenant of any term, covenant or condition hereof shall not be construed as a waiver of a subsequent breach of the same or any other term, covenant or condition. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

T. Waiver of Rights of Redemption: Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises by reason of the violation by Tenant of any of the covenants and conditions of this lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

U. Time of Essence: Time is of the essence with respect to the performance of each and every term, covenant and condition contained in this agreement.

V. Non-proportionate Expenditures: In the event Tenant is required under this lease to reimburse to Landlord, on a proportionate basis, any expenditures for taxes, insurance, repairs, maintenance, or like items, and Landlord, for any reason, is not required to pay, in the first instance, one hundred percent (100%) of such expenditures, then Tenant shall reimburse to Landlord only that proportion of the amount actually paid by Landlord which the Gross Floor Area of the Demised Premises bear to the Gross Floor Area, in the aggregate, of all stores rentable in the buildings affected by such expenditures.

W. **Landlord's Default:** In the event of any default by Landlord hereunder, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting to Tenant a lien upon the property of Landlord and/or upon the rent due Landlord), but prior to any such action Tenant shall give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have a reasonable period, but in no event less than thirty (30) days in which to commence to cure any such default. Unless and until Landlord fails to so commence to cure any default after such notice, or having so commenced thereafter fails to exercise reasonable diligence to complete such curing. Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Center and not thereafter.

X. **Termination of Former Lease:** (If applicable). The present lease agreement on the Demised Premises by and between,

_____ dated _____
(hereinafter called "Previous Lease") shall be terminated and superseded by this lease agreement upon the Commencement Date hereof. However, it is understood and agreed that Tenant shall hold Landlord harmless from any liability or claim under Previous Lease with respect to said lease, and Tenant shall assume the responsibility for payment to Landlord (through escrow or otherwise) of all past due rents, taxes, common area charges, and any other lawful charges due Landlord under Previous Lease and prior to the effective date of this lease agreement.

Y. **MINIMUM STANDARD SUBLEASE CONDITIONS:** The following five (5) provisions, required by the City of San Diego, shall be attached hereto and incorporated herein by this reference as exhibit A-1 of the Lease, (hereinafter referred to as Sublease), shall supercede any inconsistent provisions of the Sublease Paragraph 1 through 33 hereof.

This Agreement Consists of 14 Pages and Exhibit(s) A, A-1, B, B-1, C & D

Dated this 4th Day of April 19 91

TENANT

By: Michele Holt
Michele Holt

By: _____

LANDLORD M.C. STRAUSS COMPANY

By: Matthew C. Strauss
Matthew C. Strauss

By: _____

SS# 548-21-2328

Copy of Bank Letter or Reference or Credit Report to be attached.
Copy of Financial Statement to be attached.

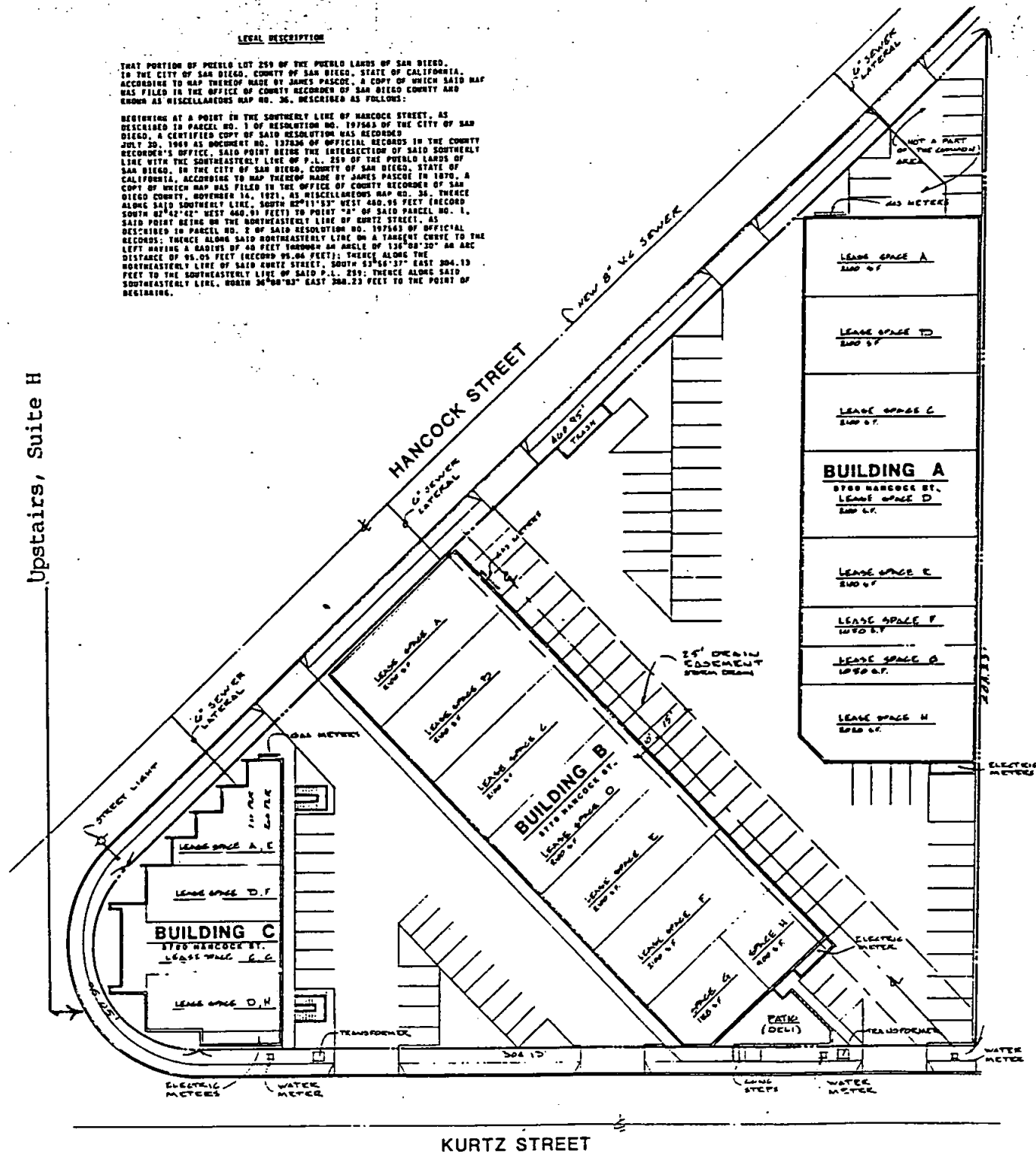
SPORTS ARENA BUSINESS PARK
EXHIBIT A

Upstairs, Suite H

LEGAL DESCRIPTION

THAT PORTION OF PUEBLO LOT 259 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE, A COPY OF WHICH SAID MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY AND KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF HANCOCK STREET, AS DESCRIBED IN PARCEL NO. 1 OF RESOLUTION NO. 197563 OF THE CITY OF SAN DIEGO, A CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED JULY 20, 1969 AS DOCUMENT NO. 137206 OF OFFICIAL RECORDS IN THE COUNTY RECORDER'S OFFICE, SAID POINT BEING THE INTERSECTION OF SAID SOUTHERLY LINE WITH THE SOUTHEASTERLY LINE OF P.L. 259 OF THE PUEBLO LANDS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1970, A COPY OF WHICH MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1971, AS MISCELLANEOUS MAP NO. 36, THENCE ALONG SAID SOUTHERLY LINE, SOUTH 89°11'53" WEST 440.95 FEET (RECORD SOUTH 82°42'42" WEST 440.95 FEET) TO POINT "A" OF SAID PARCEL NO. 1, SAID POINT BEING ON THE NORTHEASTERLY LINE OF KURTZ STREET, AS DESCRIBED IN PARCEL NO. 7 OF SAID RESOLUTION NO. 197563 OF OFFICIAL RECORDS; THENCE ALONG SAID NORTHEASTERLY LINE ON A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 40 FEET THROUGH AN ANGLE OF 136°08'30" AN ARC DISTANCE OF 95.05 FEET (RECORD 95.04 FEET); THENCE ALONG THE NORTHEASTERLY LINE OF SAID KURTZ STREET, SOUTH 53°55'37" EAST 304.13 FEET TO THE SOUTHEASTERLY LINE OF SAID P.L. 259; THENCE ALONG SAID SOUTHEASTERLY LINE, NORTH 34°00'03" EAST 304.23 FEET TO THE POINT OF BEGINNING.



LESSOR
LESSEE

EXHIBIT A-1 TO LEASE (SUBLEASE)

MINIMUM STANDARD SUBLEASE CONDITIONS

- 33.Y (1) ASSIGNMENT AND SUBLEASING: Sublessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessee and the City of San Diego, hereinafter, "City." An assignment by operation of law shall automatically terminate this lease.
- 33.Y (2) HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and save harmless Lessee and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of Sublessee, its agents and invitees.
- 33.Y (3) INSURANCE: Sublessee shall be insured by an insurance carrier acceptable to the Lessee and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be as set forth in Paragraph 16.B hereof. A copy of the policy of insurance shall be filed with City and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.
- 33.Y (4) LEGAL PROCEEDINGS: Should it become necessary to Lessee or City to commence legal Proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees that the prevailing party shall be entitled to all legal costs in connection therewith, including a reasonable sum as attorney's fees.
- 33.Y (5) SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated September 13, 1977, as amended between the sublessor herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereto contrary to or in conflict with said agreement.

TENANTS INITIALS

M 12

LANDLORDS INITIALS

W 12

EXHIBIT "B" (For Building C, Offices)

Landlord will furnish the following below listed items only per Landlord's Plans and Specifications and Tenant's Plans which Tenant agrees to have prepared at its expense and to be submitted to and subject to Landlord's approval pursuant to Paragraph 2.A. of the lease.

1. Roof and suspended accoustical ceiling.
2. Glass and aluminum store front with 1 entry door(s).
3. Exterior walls and party walls only (exclude interior partitions); the exterior walls to be covered with succo and/or masonry or wood siding, and the interior walls to be covered with succo and/or drywall to be taped and sprayed with a textured finish ready for paint (exclude painting and decorating except for toiletroom(s) only).
4. Concrete slab floor (exclude floor covering and wall covering except for toiletroom(s) only).
5. Recessed interior ceiling lighting fixtures and toiletroom fixtures (exclude decorative lighting fixtures).
6. Complete 2 toiletroom(s) (including finish) and rough-in plumbing only for 0 toiletroom(s).
7. Heating and air conditioning system for 3 tons of air conditioning.
8. Basic electrical with service panel of 100 AMPS, wall and ceiling outlets, circuit for Tenant's neon sign, phone conduit stub-out, and Tenant requested (Landlord approved) rough-ins only for additional electrical and phone outlets.
9. Basic plumbing with 1 inch water service, 3 inch sewer service, 1 inch gas service; rough-ins only for Tenant's water heater and Tenant requested (Landlord approved) rough-ins only for additional water, sewer, and gas outlets.
10. Basic rough carpentry including cutting and framing for Tenant required (Landlord approved) vents and exhaust fans, if any, (exclude all sheetmetal, ventilating (except required bath fan), finish carpentry, etc.)
11. The floor plan of the premises is set forth on Exhibit B-1 attached hereto and incorporated herein by this agreement.
12. Items to be repaired per paragraph 2.F. are as follows:
 - A. Flou Molding is missing in Reception Area
 - B. Front Door Lock is loose
 - C. Front Door Does not Swing properly
 - D. Window molding on outside of rear office is falling off.
 - E. Heating and Air Conditioning have not been tested as of This time, but will be so tested within the first 30 days and will notify landlord of Any problems.

TENANT'S INITIALS

MW

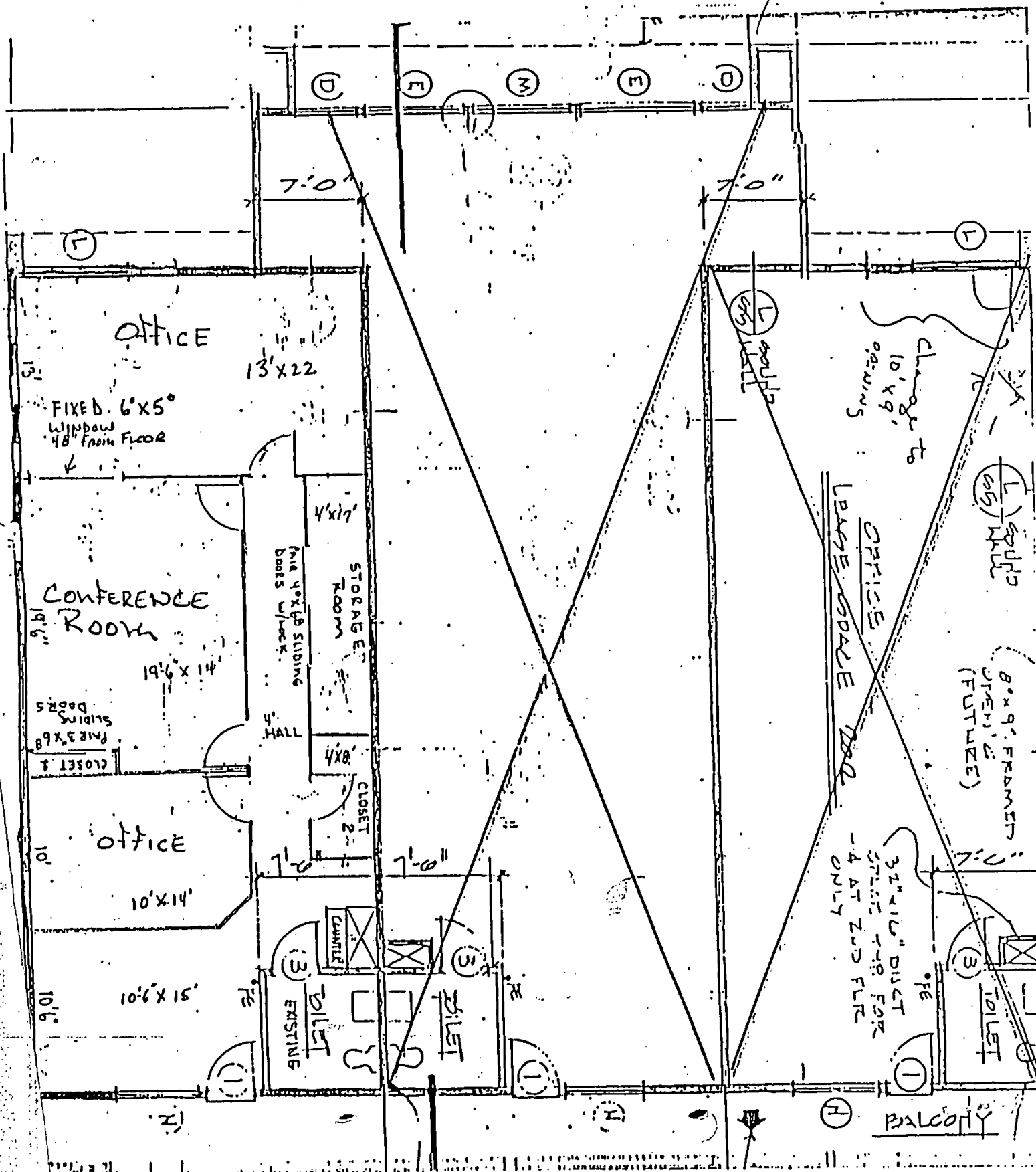
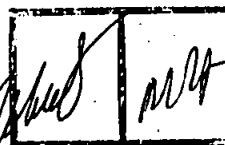
LANDLORD'S INITIALS

MW

3780 HANCOCK ST.
SUITE H
upstairs

EXHIBIT B-1

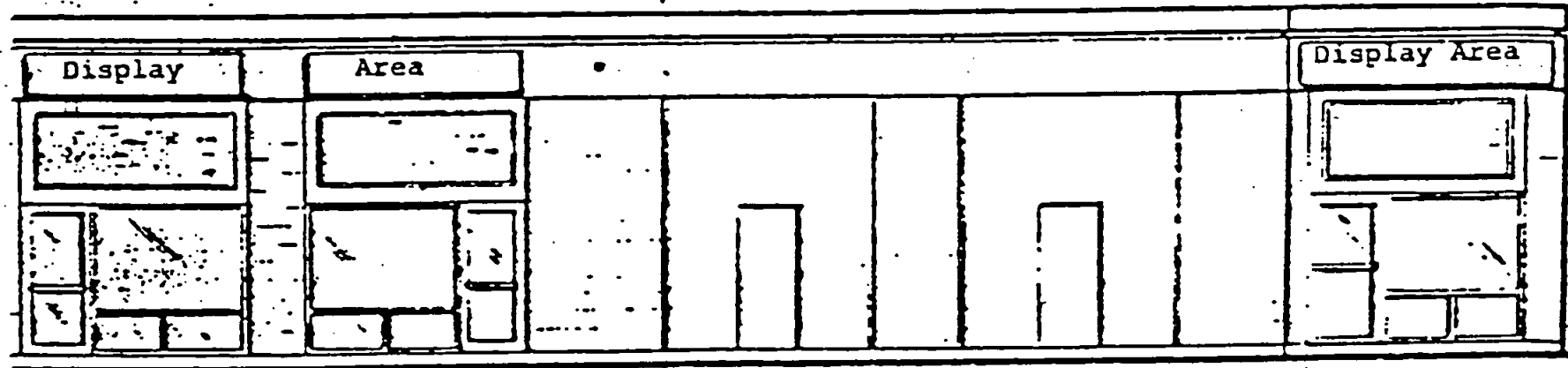
Initial
Lessor Lessee



TYPICAL TENANT DISPLAY

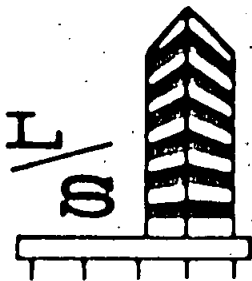
TYPICAL DISPLAY SIGN 10ft.X 24in.X 9in. depth

10'-0" 10'-0" 10'-0"



TYPICAL TENANT DISPLAYS

Initial
Last
First



LEEDS & STRAUSS ENTERPRISES
creative real estate

ADDENDUM TO LEASE

THIS ADDENDUM, made and entered into this 14th day of April
19 93, by and between M.C. Strauss Company, as Landlord,
and Michele Holt, as Tenant,
does hereby supplement, modify and amend that certain Lease Agreement made and entered into on the 01 day
of April, 1991, by and between the above named parties.
The parties hereto agree as follows:

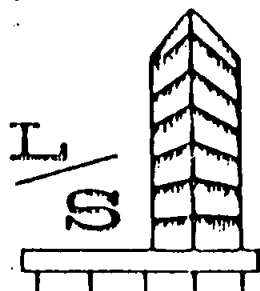
1. Paragraph 4, Term, shall be extended 2 years and 2 weeks effective April 15, 1993-April 30, 1995.
2. Paragraph 6, Rental, shall be amended to \$600 rent plus \$20 for utilities, total per month will be \$620.00. The first two weeks, April 15-30, 1993 shall be rent free.
3. Paragraph 7, Deposit of \$600.
All other terms shall remain the same.

TENANT

Michele Holt
MICHELE HOLT

LANDLORD-M.C. STRAUSS CO.

Matthew C. Strauss
MATTHEW C. STRAUSS



LEEDS & STRAUSS ENTERPRISES

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POLICIES OF LANDLORD

The following list of policies are covered by various provisions in your Lease. We wish to make you aware of them in an effort to avoid any future misunderstandings.

RENT DUE- Rents are due and payable no later than the 10th of the month, made payable to M. C. Strauss Co., and delinquent on the 11th and a 10% late charge will be assessed which we don't like to charge, but we feel must be done for a businesslike relationship.

If rent is not received by the 25th of the month, EVICTIO~~N~~ PROCEDURES will begin with the service of a 3 Day Notice begin with the service of a 3 Day Notice to Pay Rent or Quit. If payment has not been received in that 3 day period, suit will be filed in the appropriate court. At that time, to bring the rent current, Tenant will have to pay all past due rents, late fees, filing and legal costs incurred.

mm
mm
BILLING QUARTERLY- You will be billed quarterly for the common area maintenance, covered by the lease agreement. If then you have a question, please call our office.

INSURANCE CERTIFICATES- Evidence of Insurance coverage as required by the Lease must be delivered to Landlord within 30 days after execution of said Lease. Failure to obtain insurance is grounds for termination of Lease.

ALTERATIONS TO PREMISES- Permission to make any alterations or additions shall be submitted to Landlord.

LOCK CHANGES- If you change lock from present lock please send us a duplicate key that we will keep in our office to meet fire and Lease requirements.

HEATING AND AIR CONDITIONING- If you have heating and air conditioning, by the terms of the Lease, you are required to maintain the equipment at your own expense. At a minimum, the equipment should be checked by a reputable service company at least twice a year. Filters should be changed at least every 3 months and more often if you have a dusty environment.

SIGNS- Prepare a drawing and a color schematic and submit for our approval. After placement of sign send a polaroid of sign in place.

PARKING- There are no designated parking spaces, so we encourage you to cooperate with your fellow Tenants in the use of the spaces. Service trucks used in your business should be parked in the rear of your premises when possible. The overnight parking of motorhomes or trailers is prohibited.

REPAIRS & MAINTENANCE- If you wish to bring any matter to our attention such as roof leaks, problems in the common area maintenance having to do with gardening, parking lots, lighting, inadequate trash pick up, etc., please call our office and the matter will receive prompt attention.

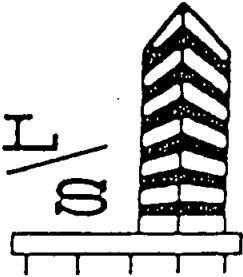
TO BE SIGNED BY TENANT:

I/We have read and understood the foregoing policies and agree to comply with same.

By: Michelle Hor

Thank-you,
LEEDS & STRAUSS ENTERPRISES

By: [Signature]



LEEDS & STRAUSS ENTERPRISES
creative real estate

ADDENDUM TO LEASE

THIS ADDENDUM, made and entered into this First day of June
19 95, by and between M.C. Strauss, as Landlord,
and Michele Holt, as Tenant,
does hereby supplement, modify and amend that certain Lease Agreement made and entered into on the 1st day
of April, 19 91, by and between the above named parties.
The parties hereto agree as follows:

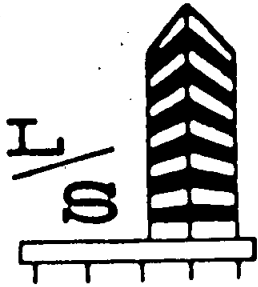
1. Paragraph 4, Term, shall be extended 2 years effective May 1, 1995 through April 30, 1997.
2. Paragraph 6, Rent, shall be \$610.00 plus \$30.00 for water utility. (\$610.00 + \$30.00 = \$640.00).
3. All other terms and conditions of the original Lease and its Addendums shall remain in full force and effect.

Tenant

Michele Holt
Michele Holt

Landlord
M.C. Strauss Co.

Matthew C. Strauss
Matthew C. Strauss



LEEDS & STRAUSS ENTERPRISES

creative real estate

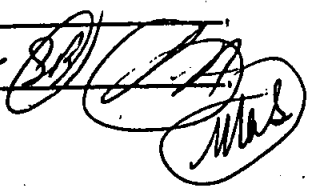
SHOPPING CENTER LEASE AGREEMENT INDEX

PARAGRAPH NO.	SUBJECT
1.	Premises
2.	Construction and Improvements
3.	Purpose
4.	Term
5.	Use
6.	Rental (Includes Cost of Living, Gross Sales and Records)
7.	Advance Payments
8.	Obligations Constituting Additional Rent
9.	Expenditures by Landlord
10.	Notices and Payments
11.	Alterations
12.	Fixtures and Personal Property
13.	Possession
14.	Utilities
15.	Repairs and Maintenance
16.	Insurance
17.	Taxes
18.	Parking and Common Areas
19.	Merchant's Association
20.	Signs and Advertising and Auctions
21.	Condemnation
22.	Insolvency
23.	Damage or Destruction
24.	Assignment and Subletting
25.	Attorney's Fees
26.	Tenants Default
27.	Liens
28.	Indemnification of Landlord
29.	Subordination, Estoppel Certificate and Attornment
30.	Right of Access
31.	Holding Over
32.	Option to Extend Term
33.	Miscellaneous
	A. Amendment
	B. Application of Law and Recording
	C. Captions and Pronouns
	D. Cancellation Not Merger
	E. Conveyance by Landlord
	F. Changes and Additions to Center
	G. Disclaimer of Joint Venture
	H. Dispute or Delay
	I. Employee Parking
	J. Entire Agreement
	K. Execution of Instruments
	L. Financial Approval of Tenant
	M. Force Majeure
	N. Partial Invalidity
	O. Performance Bond for Tenant Improvements
	P. Successors and Assigns
	Q. Tenant As A Corporation
	R. Tenant's Quitclaim
	S. Waiver
	T. Waiver of Rights of Redemption
	U. Time of Essence
	V. Non-Proportional Expenditures
	W. Landlords Default
	X. Termination of Former Lease

SHOPPING CENTER LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "lease") is made as of May 30 1996

by and between M.C. Strauss Company

(hereinafter referred to as "Landlord"), and Future Enterprise Trust 

(hereinafter referred to as "Tenant"), who agrees as follows:

1. PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents, hires, and takes of and from Landlord for the term and upon the terms and conditions hereinafter set forth, those certain premises, together with all improvements now or hereinafter constructed thereon (all of which are hereinafter referred to as the "Demised Premises"), and designated and described on Exhibit "A" attached hereto and incorporated herein by this reference. The common address of the Demised Premises is

3780 Hancock Street, Suite C, San Diego, CA 92110

The Demised Premises shall contain a total of approximately 1500 square feet of gross floor area (hereinafter referred to as "Gross Floor Area") with measurements of irregular. (Subject measurements are to the exterior

of outside walls and to the center of party walls.) The Demised Premises constitute a portion of that certain real property

(hereinafter referred to as the "Center") situated in the City of San Diego County of San Diego

and commonly known as: SPORTS ARENA BUSINESS PARK

and further described in Exhibit "A-1" (if necessary) attached hereto and incorporated herein by this reference, and more particularly described as follows: (Insert Legal Description below) A. That portion of Pueblo Lot 259 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to map thereof made by James Pascoe, a copy of which said map was filed in the Office of the County Recorder of San Diego County and known as Miscellaneous Map #36, set forth in Title Insurance and Trust Policy of Title Insurance #1092092 dated April 23, 1982.

B. That subject Lease is subject to City of San Diego Master Lease and the provisions thereof are on file as Documents #764813 filed 10/25/78. County Recorder, City of San Diego, CA, the term of said Lease is 55 years commencing 10/25/78. The Assignee-Lessee of said Lease ever since January 15, 1982, has been and now is Matthew C. Strauss.

2. CONSTRUCTION AND IMPROVEMENTS

A. **Landlord's Work:** Landlord shall, at its sole cost and expense, construct for and/or furnish to Tenant the improvements particularly described in Exhibit "B" attached hereto and incorporated herein by this reference. Tenant shall, within fifteen (15) days after written demand therefore is made by Landlord, at Tenant's sole cost and expense, prepare and furnish to Landlord's architect preliminary drawings (hereinafter referred to as "Tenant's Plans") setting forth the location of and specifications for all utilities, outlets, partitions and other matters affecting the final interior construction of the Demised Premises. Tenant's Plans shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, and to such changes as may thereafter be required by applicable public authorities. If Landlord does not disapprove of Tenant's Plans within fifteen (15) days after Landlord receives the same, Tenant's Plans shall be deemed approved. If Landlord shall disapprove of any part of Tenant's Plans, Landlord shall give to Tenant within said fifteen (15) day period, written notice of such disapproval setting forth the particular item or items disapproved and the reasons therefor. Landlord and Tenant thereupon shall attempt to agree upon appropriate modifications to Tenant's Plans with reference to the items thereof which Landlord has disapproved. If no agreement can be reached within thirty (30) days after receipt by Tenant of Landlord's notice of disapproval, Landlord shall thereupon have the right to cancel and terminate this lease by written notice to tenant, in which event neither party shall have any further liability to the other hereunder.

B. **Tenant's Work:** All items of construction and/or improvement, other than those set forth in the attached Exhibit "B," required or requested by Tenant in the Demised Premises shall be at Tenant's sole cost and expense and Tenant shall, upon Landlord's demand reimburse Landlord for all costs and expenses of whatsoever kind or nature incurred by Landlord for the construction and/or improvement of items required or requested by Tenant.

C. **Completion of Landlord's Work:** Landlord shall commence performance of Landlord's work within reasonable time after Landlord's approval of Tenant's Plans and shall use reasonable efforts to complete Landlord's Work on or before

Completed space. It is understood and agreed, however, that if Landlord is unable to complete Landlord's Work by said date, Landlord shall not be liable to Tenant for any damage caused to Tenant thereby and this lease, nonetheless, shall continue in full force and effect; provided, however that if Landlord's Work is not completed, for any reason, by completed space, this lease may be cancelled and terminated by either party hereto by delivery of written notice of cancellation by the terminating party to the other party at any time prior to completion of Landlord's Work. In the event of such cancellation, neither party shall have any further obligation of liability to the other party hereunder.

D. **Entry by Tenant:** Tenant or its agents shall have the right to enter the Demised Premises prior to completion of Landlord's Work for the purpose of installing furniture, fixtures, and equipment therein; provided, however, that performance of work in connection therewith shall not unreasonably interfere with the construction activities of Landlord or of any contractor or general contractor engaged by Landlord. Landlord shall have no liability or responsibility to Tenant for the loss of or damage to any of said furniture, fixtures or equipment and Tenant shall hold Landlord and the Demised Premises free and harmless of and from any and all liens or claims of lien or demands or obligations of any kind arising by reason of Tenant's entry or the performance of such work.

E. **Construction Cooperation:** Landlord and Tenant shall cooperate with one another in the procurement of such approvals or permits as may be required by applicable authorities and in the performance of Landlord's and/or Tenant's Work.

F. **Acceptance of Premises:** Tenant shall, by entering into and occupying the Demised Premises, be conclusively deemed to have accepted the same and to have acknowledged that said Demised Premises are in good order, condition and repair and in all respects constructed and/or improved in accordance with the provisions of the attached Exhibit "B."

3. PURPOSE

The Demised Premises are leased to Tenant solely for the purpose of conduction therein Sale and prescriptions for sunglass lenses and frames, wholesale and retail. and tenant shall not use or suffer to be used the Demised Premises or any portion thereof for any other purpose without Landlord's written consent first had and obtained. The advertised name of the business operated in the Demised Premises shall be Sunglass Discount Warehouse / Sunglass House and Tenant agrees not to change said advertised name without Landlord's written permission.

4. TERM

A. **Duration of Term:** The term of this lease shall be for a period of three & one half years commencing on the first day of the calendar month next succeeding the Commencement Date, as that term is hereinafter defined (if the Commencement Date is other than the first day of a calendar month), plus any partial calendar month from the Commencement Date to the first day of the next succeeding calendar month.

B. **Commencement Date:** As used herein the term, "Commencement Date", shall mean the See below () day after completion of Landlord's Work or the date Tenant commences to do business in the Demised Premises, whichever date shall first occur. Landlord's Work shall be deemed completed when Landlord actually completes the same and gives to Tenant written notice of the completion thereof. Immediately upon ascertainment of the Commencement Date as hereinabove provided, the parties hereto shall execute a Memorandum acknowledging the Commencement Date and attach the same to the lease as an exhibit hereto, which exhibit shall become part of this lease.

C. **Existing Store:** If Landlord has completed construction of the Demised Premises or is leasing or releasing an existing store area, the Commencement Date shall be July 1, 1996

C.1. Tenant may have early occupancy upon payment of security deposit to fixturize the premises.

5. USE

A. **Rules & Regulations:** Tenant shall at all times in its use of the Demised Premises and at its sole cost and expenses comply with the hereinafter rules and regulations. Tenant shall promptly comply with all laws, ordinances, and regulations of any governmental, regulatory, or public utility authority, now or hereafter in effect, pertaining to the Demised Premises and its cleanliness, safety, occupation and use. Tenant shall not do or permit anything to be done in or about the Demised Premises that may injure the building or bring or keep anything in the Demised Premises that will in any way, increase the rate of fire insurance upon the building of which the Demised Premises are a part, and in the event Tenant shall cause an increase in the rate of any such price Tenant shall pay Landlord the full amount of such increase. Tenant shall keep the Demised Premises, walkways adjacent thereto, loading and service areas allocated for the use of Tenant, in a clean, sanitary and orderly condition, and arrange for the regular pickup of its trash and garbage. Tenant shall not burn any trash or garbage in or about the Demised Premises or Center. Tenant shall store and stock in the Demised Premises only such merchandise as the Tenant intends to offer for sale. Tenant shall use only such space in the Demised Premises for office, clerical or other non-selling purposes as is reasonably required for Tenant's business, and Tenant shall not perform any such functions in the Demised Premises for any other store or any affiliate of Tenant. Tenant shall refrain from committing or suffering to be committed any waste upon the Demised Premises, or any nuisance or unreasonable annoyance or thing which may disturb the quiet enjoyment of any other Tenant, customer or invitee in the Center. Without Landlord's consent, Tenant shall not operate or permit to be operated in Demised Premises any coin or token-operated machine or similar device for sale of merchandise, food and beverages or services, or keep, display or sell any merchandise or other object on any portion of the sidewalk or other portion of the common facilities of the Center. Tenant and its employees and agents shall not solicit business in the parking or other Common Areas, nor shall Tenant distribute any handbills or other advertising matter in automobiles parked in the parking area or in other common areas. In addition to the foregoing, Tenant shall at all times in its use of the Demised Premises comply with all other reasonable rules and regulations, now or hereafter in effect, established by Landlord concerning the use of the Demised Premises and parking and Common Areas and facilities of the Center.

B. **Fitness of the Demised Premises:** Tenant acknowledges that Landlord makes no representation as to the present or future condition of the Demised Premises, or as to the fitness, desirability or zoning thereof for any particular purpose, and Landlord shall not be liable for any changes therein or additions thereto required by any public authority. Any permits or requirements of any kind pertaining to the operation of Tenant's business will be Tenant's responsibility and any construction or special equipment required by public authority to enable Tenant to conduct his business shall likewise be Tenant's sole cost and responsibility.

C. **Continuous Operations:** Tenant shall keep the Demised Premises open for business either during the hours uniformly determined by Landlord for stores in the Center or in lieu of such determination, during all hours customarily maintained by business similar to Tenant's business in the trading area in which the Demised Premises are located. At all such times Tenant shall have upon the Demised Premises a sufficient number of employees and a sufficient stock of merchandise to adequately serve the patrons thereof. Tenant shall actively conduct its business in the Demised Premises and exert its best efforts to obtain and maintain the highest volume of Gross Sales obtainable. For purposes of computing Percentage Rent, the Gross Sales for any time when Tenant does not continuously conduct its business as required herein shall be deemed to be the greater of the Gross Sales during such period or during the corresponding period of the preceding Lease Year.

6. RENTAL

A. Guaranteed Minimum Monthly Rental: The Tenant agrees to pay as rental for the use and occupancy of the Demised Premises a Guaranteed Minimum Monthly Rental on or before the first day of each month in advance, without any prior demand therefor, and without any deduction or offset whatsoever, and shall be as follows:

1st 6 mos. July 1 thru Dec. 31 - 1996	1500 x .33¢ = \$ 500.00 per month
next 12 mos. Jan. 1 thru Dec. 31 - 1997	1500 x .75¢ = \$1125.00 per month
next 12 mos. Jan. 1 thru Dec. 31 - 1998	1500 x .80¢ = \$1200.00 per month
next 12 mos. Jan. 1 thru Dec. 31 - 1999	1500 x .85¢ = \$1275.00 per month

(1) Prorating of Rent: If The Commencement Date is a day other than the first day of a calendar month, The Guaranteed Minimum Monthly Rental shall be prorated on a daily basis.

(2) Cost of Living Adjustments: The Guaranteed Minimum Monthly Rental is subject to adjustment, upward only, at the end of each none (-0-) year increment during the term and any extension or renewal hereof by reference to the

Consumer Price Index, all items, for _____ as computed by the U.S. Department of Labor (Base Year 1967 = 100). If said Consumer Price Index has increased since the Commencement Date or the nearest date prior thereto that such figures are available, the rent to be paid by Tenant shall be increased over the Guaranteed Minimum Monthly Rental Set forth above in proportion to the percentage increase as reflected in said Consumer Price Index since said date. In the event the Consumer Price Index above specified ceases to be published, then the all items index published by the Department of Labor for the geographic area including the Country in which the demised premises are located shall be substituted.

(a) The Base Date shall be (month & year) July 1996 The first incremental increase shall be _____

B. Percentage Rental: In addition to the Guaranteed Minimum Monthly Rental, Tenant shall pay to Landlord in the manner hereinafter set forth as a Percental Rental for each calendar month during the term hereof a sum equal to _____ percent (-0- %) of Tenant's Gross Sales (as the term "Gross Sales" is hereinafter defined) made during the particular month in question less the Guaranteed Minimum Monthly Rental paid by Tenant to the Landlord as provided herein.

(1) Payment of Percentage Rent: On or before the twentieth (20th) day of each calendar month during the term and any extensions or renewal of the term of this lease, Tenant shall deliver to Landlord a written statement signed and certified by Tenant as being true and correct setting forth the amount of Tenant's Gross Sales during the calendar month immediately preceding, and shall concurrently therewith pay to Landlord the amount of Percentage Rental due thereon, if any, as provided herein. It is understood and agreed that any authorized deductions from Percentage Rental provided for herein shall be noncumulative and that a computation and payment of the Percentage Rental shall be made separately with respect to each calendar month during the term of this lease without regard to Tenant's Gross Sales or Percentage Rental payments in connection with any other calendar month during the term and any extension or renewal of the term hereof.

(2) Gross Sales: The term "Gross Sales" is hereby defined to be the aggregate selling price of all merchandise and/or services sold or, ordered in, upon or from the Demised Premises by Tenant its subtenants, licenses and concessionaires, personally by catalog, by phone or from any vending or other coin- or token-operated device, whether for cash or on credit, excluding therefrom only the following: (a) Goods returned to suppliers or which are delivered to another store or warehouse of Tenant or to other retailers without profit to Tenant, where such deliveries are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale made in, upon or from the Demised Premises; (b) Sums and credits received by Tenant in settlement of claims for loss of or damage to merchandise; (c) The amount of cash refunded or credit allowed on merchandise returned by customers and accepted by Tenant, or the amount of cash refunded or credit allowed thereon in lieu of Tenant's acceptance thereof; provided, however, in no event shall the cost or value of any trading stamps, premium, discount coupons, advertising or other promotional device be deducted or excluded from Tenant's Gross Sales; (d) Sales taxes, so-called luxury taxes, consumer excise taxes and other similar taxes are added separately to the selling price thereof and collected from customers. All sales or orders originating from, through, at or upon the Demised Premises shall be included in Tenant's Gross Sales even though bookkeeping and payment of the account therefor may be transferred to another place for collection and even though actual filing of sale or order or actual delivery of the merchandise may be made from a place other than the Demised Premises.

(3) Accounting Records of Tenant: Tenant shall keep and maintain, at the Demised Premises and/or such other office of Tenant as Landlord may approve in writing, a full, permanent and accurate set of books and records kept in accordance with generally accepted accounting principles consistently applied relating to all sales of merchandise and all revenue derived from the conduct of business upon the Demised Premises from which Gross Sales can be determined. Tenant shall keep such books and records including cash register receipts, at least thirty-six months after the expiration of the calendar month to which such books and records pertain. Tenant shall maintain, at all times cash registers with locked-in totals and all Gross Sales above defined shall be recorded through said cash registers. If Tenant shall have an independent audit made of its books and records, it shall furnish a copy of the same, without expense, to Landlord. Landlord or its designated accountant, annually, may cause an audit to be made, at Landlord's expense, of the books and records of Tenant, but if such audit shows that Tenant's report of Gross Sales for any calendar month is understated by two percent or more, Tenant immediately shall pay the cost of such audit and correct the deficiency by prompt payment to Landlord. Landlord or its designated agent may, from time to time at reasonable hours throughout the term hereof, inspect and make copies of the books and all related financial records of Tenant, including, but not limited to, governmental reports and any other financial records. Tenant shall furnish Landlord upon request all sales tax returns made by Tenant to any governmental agency.

C. Additional Rent: Tenant shall pay to Landlord such additional rental as follows:

\$ 25.00 per month, water utility charge per paragraph 14.1 (payable monthly with the rent).

7. ADVANCE PAYMENTS

A. **Advance Rent:** Upon execution of this lease, Tenant shall pay Landlord the sum of (\$ *525.00) Dollars
* 1st month rent of July of \$525.00 shall be paid on July 25, 1996.
as payment of the first and -0- month's Guaranteed Minimum Monthly Rent. The last month's Guaranteed Minimum Monthly Rental is subject to any adjustment for cost of living increase, if any, and shall be payable upon demand.

B. **Security Deposit:** Concurrently with the execution of this lease, Tenant shall deposit with Landlord as a Security Deposit the sum of (\$ 100.00) Dollars. Said Security Deposit shall be held by Landlord, without liability for interest thereon, as security for the full, faithful and complete performance by Tenant of all the terms, covenants and agreements on the part of Tenant to be kept and performed thereunder. In the event Tenant fails to pay any rental or other charge hereunder or to perform any of its other obligations hereunder, Landlord may at his option appropriate and apply any portion of said Security Deposit to the payment of any such rent or other charge and/or to the cost of fulfilling such other covenant or obligation of Tenant. Should all or any portion of said Security Deposit be so appropriated and applied by Landlord against any default or failure to Tenant hereunder, Tenant shall pay to Landlord upon demand a sufficient sum to restore the same to the amount originally deposited. Upon the expiration or any sooner termination of the term hereof, if Tenant shall not be in default of any of the provisions of this lease, Landlord shall refund to Tenant any unappropriated balance remaining of the said Security Deposit.

C. **Miscellaneous Payments:** Upon commencement of this lease term and each month thereafter or as billed by Landlord, Tenant shall pay to Landlord Tenant's prorata share of taxes, insurance, common area maintenance and like items for the current period, as applicable.

8. OBLIGATIONS CONSTITUTING ADDITIONAL RENT

The obligations of Tenant to pay or reimburse to Landlord parking and common area charges, taxes and assessments, insurance premiums and any sums other than the Guaranteed Minimum Monthly Rent and Percentage Rent, which Tenant is required to pay or reimburse to Landlord hereunder, shall constitute an obligation to pay additional rent under this lease. If Tenant shall fail to pay the Guaranteed Minimum Monthly Rent or the Percentage Rent or to pay or reimburse to Landlord the other sums which Tenant is required to pay or reimburse to Landlord hereunder within ten (10) days after the same are due and payable, a late payment charge, which shall be deemed to be an obligation to pay additional rent hereunder, in an amount equal to ten (10) percent of the sum to be paid shall be payable to Landlord.

9. EXPENDITURES BY LANDLORD

Whenever under any provision of this lease Tenant shall be obligated to make any payment or expenditure, or to do any act or thing, or to incur any liability whatsoever, Landlord shall be entitled but not obligated to enter upon the Demised Premises, if necessary, and to make any such payment or expenditure and/or to do any such act or thing and/or incur any such liability, all on behalf and at the cost and for the account of Tenant, and in such event the amount thereof with interest thereon as hereinafter provided, shall be deemed additional rental hereunder and shall be added to and deemed a part of any installment of rental thereafter becoming due from Tenant to Landlord hereunder. All such amounts shall bear interest at the rate of ten percent (10%) per annum until repayment by Tenant in full.

10. NOTICES AND PAYMENTS

A. **Service of Notices:** All notices, statements, demands, requests, consents, approvals, authorizations or designations to be given or served under this lease by either party to the other shall be in writing and shall be postage prepaid and addressed as follows:

To Landlord At: M.C. Strauss Company
11975 El Camino Real, Suite 103
San Diego, CA 92130

Jonathan Gerson
PROPERTY MANAGER
P.O. Box 961
Solana Beach, CA 92075
Phone: 481-3222

To Lessee At: Premises or: % Al Bagby
10149 Park Dale
San Diego, CA 92126

or % Sam AsKari
15310 Calle y Vanito
San Diego, CA 92129
Phone: 672-1539 or 297-8468

Phone: 566-4099 or 297-8468
or at such other places as the parties may from time to time designate in writing.

B. **Place of Payment:** All rentals and other monies required to be paid to Tenant hereunder shall be paid to Landlord in lawful money of the United States of America at the herein above designated address or at such other place as Landlord may from time to time designate in writing.

11. ALTERATIONS

Except as otherwise hereinafter provided, Tenant shall not make or suffer to be made any structural changes, alterations, additions or improvements to the Demised Premises without the written consent of Landlord first had and obtained. Any changes, alterations, additions, or improvements to the Demised Premises shall be at Tenant's sole cost and expense and, except for movable trade fixtures, equipment and furnishings, shall become at once a part of the realty and be the sole property of the Landlord. As used herein the term structure changes shall include but shall not be limited to any changes to the store front, exterior walls and roof (including penetration thereof) of the Demised Premises.

12. FIXTURES AND PERSONAL PROPERTY

A. General Requirements: Tenant shall at its sole cost and expense furnish and maintain in the Demised Premises all fixtures, equipment and furnishings reasonably necessary for the operation of Tenant's business. All fixtures and personal property installed by Tenant shall be new or completely reconditioned and kept in good order, condition and repair. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed shall remain the property of the Tenant and Landlord agrees that Tenant shall have the right, provided the Tenant be not in default under the terms of this lease, at any time, and from time to time, to remove any and all of its movable trade fixtures, signs and other personal property from the Demised Premises, however, nothing herein contained shall be deemed or construed to permit or allow the Tenant to remove so much of such personal property without the immediate replacement thereof with similar personal property of comparable or superior quality, as to render the Demised Premises unsuitable for conducting the type of business specified herein. All improvements to the Demised Premises by the Tenant including but not limited to light fixtures, floor coverings, partitions and other items, but excluding trade fixtures, signs and personal property, shall become the property of Landlord, at its option, upon expiration or earlier termination of this lease.

13. POSSESSION

A. Acceptance of Demised Premises: Except as may be otherwise herein provided, Tenant shall by entering into and occupying the Demised Premises be deemed to have accepted the Demised Premises "as is" and to have acknowledged that the same are as represented by Landlord and in good order, condition and repair. Tenant acknowledges that it has reviewed and examined the Demised Premises prior to the execution hereof to its complete satisfaction.

B. Surrender of Demised Premises: Upon the expiration or sooner termination to the leasehold interest created hereby and subject to Landlord's then rights set forth herein, Tenant shall remove its interior and exterior signs and all of its movable trade fixtures, equipment, and personal property from the Demised Premises and fully repair and/or restore for all damage thereto resulting from such removal, and Tenant shall thereupon surrender the Demised Premises in the same condition as they were on the Commencement Date, reasonable wear and tear excepted. Tenant shall, upon such surrender, furnish a certification by a qualified company that all mechanical equipment in the Demised Premises is in good working condition. All property of any kind not removed from the Demised Premises shall be deemed abandoned by Tenant. If the Demised Premises are not surrendered at the end of the lease term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in surrendering the Demised Premises including but not limited to any loss arising from any claim made by any succeeding Tenant founded on such delay.

C. Abandonment: Tenant shall not at any time during the term hereof vacate, abandon or discontinue its business in the Demised Premises. If Tenant shall vacate, abandon, or otherwise surrender the Demised Premises, or be dispossessed thereof by process of law or otherwise, or discontinue its business therein, the same shall constitute a default of this lease and, in addition to any other remedy available to Landlord, any trade fixtures, equipment, signs or personal property belonging to Tenant and left in, upon or about the Demised Premises shall be deemed to be abandoned and shall become the property of Landlord.

14. UTILITIES

Tenant shall pay before delinquency all charges for water, sewer, gas heat, electricity, power, telephone service and all and any other services or utilities used in, upon or about the Demised Premises by Tenant or any of its subtenants, licensees or concessionaries; provided, however, if any such services or utilities shall be billed to Landlord and not separately metered to the Demised Premises the amount thereof shall be prorated and Tenant shall pay to Landlord upon demand as additional rental hereunder an amount equal to that proportion of the total charges therefore which the number of square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores then rented as of the date of the utility bill served in the area and/or buildings covered by such combined charges. With respect to gas and electric service, which is not separately metered, Landlord may, at Landlord's option, in lieu of prorating on the foregoing basis, determine the amount of use of such services by Tenant on the basis of Tenant's estimated usage as determined by the utility company servicing the Demised Premises, or, if such company ceases providing such service, by a qualified electrical contractor selected by Landlord.

14.1: Water is furnished to the premises as part of the Common Area via a central meter. Accordingly, Tenant will pay Landlord a flat water charge of \$25.00 a month as reimbursement for its share of the water consumed for its premises.

14.2: Water charges may be revaluated and increased by Landlord based on use of the premises especially due to the number of Patrons of Tenant's business use.

15. REPAIRS AND MAINTENANCE

A. Landlord's Obligation: Landlord shall keep and maintain in good condition and repair the foundations, roof, exterior walls and structural portions of the improvements now or hereafter constructed on Demised Premises, except where the necessity for such repairs or maintenance shall be occasioned by the Tenant, its subtenants, licensees, agents, repairmen employed by Tenant. In the event of any of the equipment required to be maintained by Tenant necessitates or interferes with Landlord's repairs, Tenant shall pay for such repairs. Landlord shall not be obligated to make any repairs hereunder, or be otherwise liable to Tenant for any loss or damage in connection therewith, unless Tenant shall first give Landlord written notice of the necessity therefore and Landlord shall fail to make or commence said repairs within a reasonable time thereafter.

B. Tenant's Obligation: Tenant shall pay to Landlord an additional rental hereunder, at the times and in the manner designated by Landlord, Tenant's prorata share of all expenses incurred by Landlord for repairs and maintenance of the roof of the building of which the Demised Premises is part of and any exterior painting and decorating of the Demised Premises. Tenant's prorata share of expenses shall be that portion of all such expenses which is equal to the proportion thereof which the number of square feet of the Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the building to which the repairs and maintenance are made. Tenant shall, except as otherwise hereinabove provided, at its sole cost and expense, at all times during the term and any extension or renewal of the term hereof, keep and maintain the Demised Premises, the improvements thereon and every part thereof, including but not limited to store fronts, signs, entrances and exits, interior walls, ceilings and floors, plate glass, glazing and skylights, electrical and plumbing services and pipes, reasonable periodic painting as determined by Landlord, plumbing and other fixtures, fire sprinklers, heating and air conditioning and other equipment and appliances, in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto. In addition, Landlord may, at its option, perform preventive maintenance for the heating and air conditioning and water heating and fire sprinkler equipment serving the Demised Premises and other premises in addition to the Demised Premises, but this shall in no way relieve Tenant of any of its obligations hereunder. The costs of any such preventive maintenance attributable to the Demised Premises shall be paid by Tenant as additional rent hereunder.

16. INSURANCE

A. Landlord's Insurance: Landlord shall maintain in force insurance* covering all buildings and improvements from time to time located in the Center insuring against loss or damage by fire and such other risks as are now or hereafter included in any extended coverage enforcement in common use for commercial structures including vandalism and malicious mischief. The amount of the insurance shall be the full replacement cost (including inflation guard provision) excluding costs of replacing excavations and foundations but including loss of income insurance. Tenant shall not carry any insurance the effect of which would be to reduce the protection or payment to Landlord under any insurance which Landlord is obligated to carry. Tenant shall reimburse to the Landlord that proportion of the premiums paid by Landlord for the foregoing insurance which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursement shall be made immediately upon receipt by Tenant of receipts or duplicate receipts for such premiums showing the same as having been paid, or Landlord, at its option, shall have the right to estimate the amount of insurance next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated insurance obligation.

* All Risk Special Form Property and General Liability Insurance including endorsements

A. 1. Landlord will pay Tenant's portion of Landlord's insurance
B. Tenant's Insurance: Tenant shall maintain in force for the joint protection of Landlord and Tenant public liability insurance under which Landlord and Tenant shall be named as coinsured and under the terms of which each shall be indemnified against liability for damage for bodily injury to or death of any licensee or invitee of Tenant or any other person entering upon or using the Demised Premises and arising from the use and occupancy thereof. Such insurance shall be maintained

on a minimum basis of (\$ 500,000) per person and (\$ 1,000,000) per occurrence for bodily injury or death and (\$ 100,000.00) for property damage. If in the considered opinion of Landlord the amount of such coverage is not adequate, Tenant shall increase the coverage to such amounts as Landlord shall reasonably deem adequate. (Tenant shall not be required at the commencement of the term hereof to procure plate glass insurance coverage on exterior plate glass in the Demised Premises, but in the event during the term of this lease Landlord, at its sole discretion, shall determine that performance of Tenant's obligation to repair and replace such plate glass is not adequately secured, Landlord may require, by written notice to Tenant, that Tenant procure and maintain such insurance.) Tenant shall maintain in force on all its fixtures, equipment and personal property in the Demised Premises a policy or policies of fire insurance with standard extended coverage endorsement to the extent of their full replacement value. The proceeds from any such policies shall be used for the repair or replacement of the fixtures, equipment and personal property so insured. Subject to Landlord's lien rights herein Landlord shall have no interest in such insurance and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant.

C. Miscellaneous: Landlord and Tenant each agrees that it will not subrogate to its insurance carrier any right of action which it has or may have against the other for any loss covered by insurance. Landlord and Tenant agree to notify their respective insurance carriers of these provisions. All insurance required to be maintained by Tenant herein shall be obtained from responsible carriers acceptable to Landlord, which acceptance shall not be unreasonably withheld. Tenant shall provide to Landlord policies for or certificates evidencing the insurance to be procured and maintained by Tenant, which policies or certificates shall specify that the insurance evidenced thereby will not be cancelled except after thirty (30) days prior written notice to Landlord. Such policies or certificates shall be delivered to Landlord prior to the time coverage is required to commence. Any renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of any policy term.

17. TAXES

A. Personal Property Taxes: Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which became payable during the term of this lease upon Tenant's merchandise, furniture, appliances and personal property located in the Demised Premises.

B. Real Property Taxes: Landlord shall, in the first instance, pay before delinquency all real property taxes, assessments, impositions, and all other charges levied or assessed against the Center (including parking and common areas) and improvements thereon during the term of this lease, and Tenant shall reimburse to Landlord that proportion of said real property taxes, and assessments (including a prorata amount of such proportion for the years in which this lease commences and terminates) which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursements shall be made to Landlord immediately upon delivery to Tenant of receipts or duplicate receipts showing such taxes, assessments and impositions as having been paid, or Landlord, at its option, shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligations. Such taxes, assessments, and impositions shall include any tax or excise on rents (including so-called gross receipts tax on rent) or any other tax, however described, levied or assessed by the United States or the state in which the Demised Premises are located or by any political subdivision thereof against Landlord on account of rent provided in this lease and Tenant shall reimburse to Landlord its proportionate amount of any such tax or assessment to the extent that is assessed or imposed as a direct result of Landlord's interest in the Demised Premises or of rentals accruing under this lease, but this provision shall not be construed in any manner so as to require Tenant to pay any income tax of Landlord as income taxes are understood at the time of execution hereof.

B.1. Landlord will pay Tenant's portion of Real Estate Taxes.

18. PARKING AND COMMON AREAS

A. Definition: The term "Common Areas" refers to all areas within the exterior boundaries of the Center which are now or hereafter made available for general use, convenience and benefit of Landlord and other persons entitled to use or occupy the Center or any part thereof, including, without limiting the generality of the foregoing, automobile parking areas, service areas, driveways, entrances and exits, sidewalks, pedestrian ways, open and enclosed courts and malls, landscaped and planted areas.

B. General Provisions: During the term of this lease, Landlord shall operate, manage and maintain all parking and Common Areas and facilities within the Center. The manner in which such areas and facilities shall be maintained and the expenditures for maintenance shall be at the sole discretion of Landlord and the use of such areas and facilities shall be subject to such reasonable regulations and changes as Landlord shall make from time to time. In addition to the Guaranteed Minimum Monthly Rental and the Percentage Rental payable hereunder, Tenant shall pay upon demand, but not more often than once each calendar quarter, Tenant's proportionate share of all costs and expenses of maintaining and operating the parking and Common Areas and facilities. Tenant's share shall be that proportion of such costs and expenses which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of stores rentable in the Center and open for business as of the commencement of each calendar quarter. Operating and maintenance costs shall include all costs and expenses of operating and maintaining such areas and facilities in such manner as Landlord may from time to time deem appropriate and for the best interest of the Tenants of the Center including, without limitation, labor, compensation insurance, payroll taxes, administrative costs, security costs, materials, supplies and all other costs of operating, repairing, lighting, cleaning, painting, restriping, removing of rubbish or debris, gardening, policing, inspecting and janitorial services; casualty and other insurance in amounts and covering hazards deemed appropriate by Landlord; any governmental parking lot tax or imposition or surcharge imposed against the Landlord or levied against the parking and common areas not covered as "Taxes" in Paragraph 17 herein; all cost of repairing, maintaining or replacing paving, curbs, walkways, walls, bumpers, markers, directional signs, Center signs, landscaping, sprinklers, drainage, fire protection systems, lighting facilities, and common area items not covered in Paragraph 15 herein; sewer, water, gas, electric, phone and other utility lines, storm drains, roads and approaches servicing the Center generally; and any other items that Landlord deems necessary and appropriate.

B.1. Landlord will pay Tenant's portion of Common Area Expenses.

C. Billing and Collection: Tenant shall pay a sum to Landlord for accounting, management and collection of the expenses in connection with said Common Areas in an amount equal to TEN percent (10%) of Tenant's prorata share of the total of the aforementioned expenses (common areas, insurance and taxes) for each calendar year. Tenant's share of such costs and expenses shall be estimated by Landlord subject to adjustment in the future billings to Tenant. On or before April 1 of each year, Landlord shall determine (and furnish to Tenant a statement showing in reasonable detail) such costs and expenses during the preceding Lease Year to the extent that Tenant's proportionate share of such costs and expenses is greater or less than the sum actually billed to and paid by Tenant during the preceding year, the difference shall be billed to and paid by Tenant or refunded to Tenant as the case may be.

C.1. Landlord will pay Tenant's portion for common Area Expenses.

20. SIGNS, ADVERTISING AND AUCTIONS.

A. **Signs:** Tenant shall not place or suffer to be placed on the exterior of any door, roof, wall or window of the Demised Premises any sign, awning, canopy, marquee, advertising matter, decoration, lettering or other thing of any kind without the written consent of Landlord first had and obtained. No free-standing signs shall be permitted without the written consent of Landlord first had and obtained. Tenant shall obtain Landlord's written approval of the plans and specifications of any proposed signs as well as the maker of the signs and the consent of any governmental body having jurisdiction over signs in the Center. Tenant further agrees at its own expense, to install a detachable type store sign on the exterior of the Demised Premises in strict conformance with Landlord's sign criteria as to design, material, color, size and location. Tenant shall furnish Landlord a detailed drawing of proposed sign by a sign fabricator for written approval prior to manufacture of same. Except as otherwise hereinafter provided, Tenant shall upon request of Landlord immediately remove any sign, advertisement, decoration, lettering or notice which Tenant has placed or permitted to be placed in, upon, above or about the Demised Premises and which Landlord reasonably deems objectionable or offensive, and if Tenant fails or refuses to do so Landlord may enter upon the Demised Premises and remove the same. Tenant acknowledges that the Demised Premises are a part of an integrated Center and that control of all signs by Landlord is essential to the maintenance of uniformity, propriety and aesthetic values in said Center. In the event Landlord, at his sole option and expense (except for sign lettering), installs a common area pole or pylon sign for the Center, Tenant agrees to become included in a sign rental program and Tenant's cost for same shall be determined by Landlord, provided however that such cost shall not be greater than that which would be charged by area sign companies.

A.1. See sign criteria per Exhibit C attached hereto & made part of hereof by this reference.

B. **Advertising and Auctions:** Except as otherwise hereinafter provided, Tenant shall not use any advertising or promotional media which can be heard, seen, or experienced outside the Demised Premises, including, but not limited to searchlights, loud speakers or phonographs, without the written consent of Landlord first had and obtained. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Demised Premises, whether said auction by voluntary, involuntary pursuant to any assignment for the benefit of creditors or pursuant to any bankruptcy or other proceeding.

21. CONDEMNATION

The following definitions shall apply with respect to the provisions of this paragraph:

A. "Taking" means the taking or damaging, including without limitation severance damage, resulting from the exercise of the power of eminent domain for public and quasi-public use under any law. The transfer of title may be either a transfer resulting from a final judgment in condemnation or a voluntary transfer to the condemning agency under threat of condemnation, and taking shall be deemed to occur as of the date actual physical possession is taken by the condemnor.

B. "Total taking" means the taking of the fee title to the Demised Premises and the improvements located on the Demised Premises.

C. "Substantial taking" means the taking of so much of the Demised Premises and improvements that it is no longer economically or physically practical to continue to operate the business then conducted on the Demised Premises or the remaining portion of the Demised Premises. The taking of thirty-three and one third percent (33-1/3%) of the total floor area of the Demised Premises shall conclusively be deemed a substantial taking.

D. "Partial taking" means any taking that is not a total or substantial taking. In the event of a total or substantial taking, the lease shall terminate upon such taking and the award resulting from the taking shall be the sole property of Landlord except that Tenant shall be entitled to that portion, if any, of the award directly attributed to the Tenant's trade fixtures, moving expenses, or loss of business. In the event of a partial taking, the lease shall not terminate; the award shall be the sole property of Landlord; and there shall be an equitable reduction of rent. In such event, however, Landlord shall at its own costs and expense make all necessary repairs or alterations to the building in which the Demised Premises are located so as to constitute the portion of the building not taken a complete architectural unit and the remainder of the Demised Premises a complete merchandising unit.

22. INSOLVENCY

The filing of any petition in bankruptcy, or the adjudication of Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Tenant, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any State or Federal insolvency or bankruptcy act, and the continuance of any of the same for a period of ten (10) days, shall constitute a breach and default of this lease by Tenant and in such event Landlord may at its option terminate this lease upon written notice to Tenant, or without notice whatsoever, shall have and may exercise all the rights and remedies available to Landlord in the event of any other default provided for herein. It is understood and agreed that neither this lease, nor any estate created hereby, shall pass by operation of law under the State or Federal insolvency or bankruptcy act to any trustee, receiver, assignee for the benefit of creditors or any other person whatsoever without the express written consent of Landlord first had and obtained.

23. DAMAGE OR DESTRUCTION:

A. Insured Casualty: If at any time after the execution hereof the Demised Premises or any portion thereof should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policies maintained by Landlord, Landlord, shall, except as otherwise hereinafter provided and subject to any unavoidable delay, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage or destruction. Tenant shall have no interest in or claim to any portion of the proceeds of any fire and extended coverage insurance policies carried by Landlord. Anything herein contained to the contrary notwithstanding, if during the last two (2) years of the term hereof the Demised Premises should by reason of any casualty insured by Landlord be damaged or destroyed to the extent of fifty percent (50%) or more of the then replacement value thereof, Landlord may elect to terminate this lease by giving at least fifteen (15) days written notice of its said election to Tenant within thirty(30) days after the date of such damage or destruction, provided, however, regardless of such notice of termination, this lease shall not be terminated if Tenant shall within ten (10) days after receipt of such notice give written notice to Landlord extending the term hereof for a period of not less than five (5) years in accordance with any option or right to do so which Tenant may have hereunder in which event Landlord shall repair, reconstruct and/or restore the Demised Premises in accordance with the provisions of Subparagraph A. above.

B. Uninsured Casualty: If the Demised Premises should be damaged to an extent of less than thirty percent (30%) of their then replacement value by a casualty not covered by any standard form fire and extended coverage insurance, then Landlord shall, at its sole cost and expense, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage. If the Demised Premises should be damaged or destroyed to an extent of thirty percent (30%) or more of their then replacement value by any casualty not covered by a standard form fire and extended coverage insurance, then Landlord shall be entitled to elect either to cancel and terminate this lease, or to repair, reconstruct and/or restore the Demised Premises, by giving written notice of its said election to Tenant within forty-five (45) days after the date of such damage or destruction.

C. Non-Abatement of Rent: It is understood and agreed that Tenant's Guaranteed Minimum Monthly Rental and other monetary obligations under this lease shall not be abated unless the time required to complete repair or reconstruction shall extend beyond six (6) months from the date of damage or destruction, in which event said Guaranteed Minimum Monthly Rental and other monetary obligations shall abate from the expiration of said six (6) month period to the actual completion of repairs or reconstruction in an amount equal to the proportion thereof which the number of usable square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of Gross Floor Area in the Demised Premises immediately prior to such damage or destruction. Tenant's liability hereunder will be reduced by any applicable insurance coverage pursuant to Paragraph 16 hereof.

C.1. Landlord agrees to carry rent loss insurance sufficient to cover Tenant's 6 month responsibility hereunder.

24. ASSIGNMENT AND SUBLETTING:

A. Consent To Be In Writing: Tenant shall not assign, mortgage, pledge, hypothecate or encumber this lease or the leasehold interest created hereby or any interest herein or sublet the Demised Premises or any portion thereof, or license the use of all or any portion of the Demised Premises, without the written consent of Landlord first had and obtained. Without in any way limiting any other rights available to the Landlord at the time of any proposed assignment or subletting, Landlord expressly reserves the right to adjust the Guaranteed Minimum Monthly Rental to an amount derived by multiplying said guaranteed minimum monthly rental times a number equal to the percentage by which the Bureau of Labor Statistics, United

States Department of Labor, for L.A. & Orange County under the heading of "All Items", for the month in which the date of such assignment or subletting occurs has increased over the same Cost Of Living Index figure for the month in which the Commencement Date under this lease occurs (i.e., if the percentage of such increase is thirty percent (30%), then the guaranteed minimum monthly rental will be multiplied times 130). In the absence of an express agreement in writing to the contrary, no assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license hereof or hereunder shall act as a release of Tenant from any of the obligations and agreements on its part to be kept and performed hereunder. Any assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license of this lease, the leasehold estate created hereby, or the Demised Premises or any part thereof, either voluntary or involuntary, whether by operation of law or otherwise, without the prior written consent of Landlord shall be null and void and shall, at the option of Landlord, terminate this lease. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this lease or a consent to the assignment or subletting of the Demised Premises. In the event of any assignment or transfer of Landlord's leasehold and/or reversionary interest hereunder, Landlord herein named (or in case of any subsequent assignment or transfer hereof, the then grantor or assignor in the particular case) shall from and after the date of such assignment or transfer be automatically relieved of all further liability as respects the performance of any covenants or obligations on the part of Landlord to be kept and performed hereunder, it being the intention of the parties that this lease shall be binding on any particular Landlord, his successors and assigns, only during his respective period of tenure. Tenant agrees to pay Landlord an administrative fee of \$100 and to reimburse Landlord for Landlord's reasonable attorney fees incurred in conjunction with the processing and documentation of any such requested transfer, assignment, subletting, licensing or concession agreement, change of ownership or hypothecation of this lease or Tenant's interest in and to the Demised Premises. In the event of an Assignment the new Tenant will be subject to a cost of living adjustment.

B. Assignment or Transfer To A Corporation: Notwithstanding anything to the contrary set forth herein, Tenant may assign this lease, without the consent of Landlord, to a corporation or other entity not less than fifty percent (50%) of the voting stock or controlling interest of which is owned by Tenant; provided that Tenant shall at all times remain liable for performance hereunder; and provided, further, that any transfer by Tenant of the controlling stock or interest in such corporation or other entity shall be a prohibited assignment hereunder.

C. Consent To Assignment or Subletting Shall Not be Unreasonably Withheld: Subject to a compatible and noncompetitive business use with respect to the other businesses in the Center and sufficient financial statement and credit record of assignee, Landlord's consent to assign or sublet this lease shall not be unreasonably withheld provided, however, that Tenant shall not be in default and/or if Tenant shall have previously breached or otherwise failed to perform under this lease since its inception, and Tenant did not cure that breach, Landlord, at its sole discretion, may declare this Subparagraph null and void. Any such assignment or subleasing, even with the approval of the Landlord, shall not relieve the Tenant from liability for payment of the rental herein provided or from the obligation to keep and be bound by the terms, conditions and covenants of this lease.

25. ATTORNEY'S FEES:

In the event either party hereto shall commence any action or proceeding against the other by reason of any breach or claimed breach in the performance of any of the terms, covenants or conditions of this lease or to seek a judicial declaration of rights hereunder, the prevailing party in such action or proceeding shall be entitled to reasonable attorney's fees to be fixed by the Trial Court.

26. DEFAULT

In the event Tenant shall fail to pay any sum required to be paid hereunder, or in the event of breach by Tenant of any covenant, agreement or obligation to be performed by Tenant hereunder, then Tenant shall be deemed to be in default and thereafter Landlord shall, at its option, in addition to all other rights and remedies it may have hereunder or as provided by law, have the following rights and remedies:

A. Even though Tenant has breached this lease and abandoned the Demised Premises, this lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises; and, Landlord may enforce all its rights and remedies hereunder, including the right to recover the rent as it becomes due. After the occurrence of the acts of default and abandonment by Tenant, and for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises, Tenant shall have the right to assign its interest in the lease and/or to sublet upon prior written consent which Landlord shall not unreasonably withhold, Landlord shall not be deemed to have elected to terminate Tenant's right to possession of the Demised Premises unless Landlord gives Tenant written notice of such election to terminate; and, in no event shall Landlord's acts of maintenance or preservation of the Demised Premises, or the appointment of a receiver upon initiative of Landlord to protect its interest under this lease be deemed to constitute termination of Tenant's right to possession.

B. Landlord may elect, by written notice to Tenant, to terminate this lease at any time after a default; and, in such event Landlord may, at Landlord's option, declare this lease and Tenant's right to possession terminated, reenter the Demised Premises, remove Tenant's property there from and store it for Tenant's account and at Tenant's expense and risk, eject all persons from the property and recover damages from Tenant as hereafter provided. Any such reentry shall be permitted by Tenant without hindrance; and, Landlord shall not thereby be liable for or guilty of trespass, forceable entry or unlawful detainer.

C. In the event Landlord elects to terminate this lease and Tenant's right to possession in accordance with the foregoing Subparagraph B, or the same are terminated by operations of law. Landlord may recover as damages from Tenant the following:

(1) The worth at the time of award of the unpaid rent and other sums due hereunder which had been earned at the time of termination of the lease;

(2) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder which would have been earned after the date of termination of this lease until the time of award exceeds the amount of such loss of rent and other sums due that Tenant proves could have been reasonably avoided;

(3) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder for the balance of the term after the time of award exceeds the amount of the loss of such rent and other sums that Tenant proves could be reasonably avoided;

(4) Any other amount, including attorney's fees and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform his obligations under the lease, or which in the ordinary courses of things would be likely to result therefrom.

D. The "worth at the time of award" of the amounts referred to in Subparagraph C. (1) and C. (2), above, is computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of award" of the amount referred to in Subparagraph C. (3), above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

E. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this lease do not waive Landlord's right to recover damages under the foregoing provisions.

F. Nothing in Paragraph B through G affects the right of Landlord to indemnification against liability arising prior to the termination of this lease for personal injuries or property damage, or against mechanic's liens or other loss, claims and/or expense as may be provided elsewhere in this lease.

G. The foregoing remedies of Landlord shall not be exclusive, but shall be cumulative and in addition to all rights and remedies now or hereafter provided or allowed by law.

27. LIENS

Tenant shall at all times indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any claims, liens, demands, charges, encumbrances and/or litigation arising directly or indirectly out of any use, occupancy or activity of Tenant, or out any work performed, material furnished or obligations incurred by Tenant, in, upon, about or otherwise in connection with the Demised Premises. Tenant shall, within fifteen (15) days after the filing of any lien for record, fully pay and satisfy the same, and Tenant shall reimburse Landlord upon demand for any and all loss, damage and expense, including attorney's fees, which Landlord may suffer or be put to by reason thereof. However, nothing herein shall be construed to prevent either Tenant, or Landlord at the cost and for the account of Tenant, from satisfying such lien or from obtaining and filing a bond to secure the payment of such lien or incumbrance in the event Tenant fails or refuses to satisfy the same within such fifteen (15) day period. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of applicable notices of non responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Demised Premises.

28. INDEMNIFICATION OF LANDLORD

Tenant hereby covenants and agrees to indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any and all liability, loss, costs, charges, penalties, obligations, expenses, attorney's fees, litigation, judgments, damages, claims and demands of any kind whatsoever in connection with, arising out of or by any violation of law, ordinance or regulation by Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees or by reason of any injury or damage however occurring to any person or persons whomever (including Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees), from any cause or causes whatsoever while in, upon, about or in any way connected with the Demised Premises or any part thereof. Landlord shall not be liable to Tenant or to any other person whatsoever for any damage occasioned by plumbing, gas, water, steam, sprinkler or other pipe and sewage system or by the bursting, running or leaking of any tank, wash stand, closet, waste or other pipes in or about the Demised Premises or the building of which the Demised Premises are a part or for any damage occasioned by water being upon or coming through the roof, vents or otherwise, or for any acts or neglect of cotenants or other occupants of the Center or of adjacent property or the public.

29. SUBORDINATION, ESTOPPEL CERTIFICATE AND ATTORNMENT

A. **Subordination:** Tenant agrees that this lease is, and shall be, subordinate to a bona fide mortgage, deed or trust, or any other hypothecation of security which has been or which may hereafter be placed upon the Demised Premises provided that such subordination shall not adversely affect the Tenant's right of use and occupancy under this lease in the event of foreclosure if Tenant is not in default. Tenant agrees to execute any documents which may be requested by Landlord, in addition to this lease, which may be required to effectuate such subordination and if Tenant fails to do so within the ten (10) days after written demand from Landlord, Tenant does hereby make, constitute and appoint Landlord as Tenant's attorney in fact to do so. If Landlord shall assign this lease to a mortgagee as additional security for said mortgage then, during the continuance in effect of such assignment Tenant will not by reason of any default of Landlord, hereunder, exercise any of Tenant's remedies under this lease if the mortgage, within sixty (60) days after receipt of written notice from Tenant of Tenant's intent to terminate this lease for such default, if such default can be cured by the payment of money, or, if such is not the case, shall undertake in writing to perform and shall thereafter perform with respect to the Demised Premises all of the covenants of this lease capable of performance by the mortgagee until such time as the Demised Premises shall be sold upon the foreclosure of said mortgage.

B. **Estoppel Certificate:** Tenant shall at any time, and from time to time, upon not less than ten (10) days prior written request by Landlord execute, acknowledge, and deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or, if there shall have been modifications, that the lease is unmodified and in full force and effect as modified and stating the modifications) and the dates to which the fixed rent and any other charges or payments have been paid in advance. It is expressly understood and agreed that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord or any prospective purchaser, mortgagee, assignee of any mortgagee, or the trustee or beneficiary of any deed of trust placed upon the Demised Premises or the real property of which the Demised Premises are a part.

C. **Attornment:** In the event of any deed in lieu of foreclosure, or the exercise of any power of sale, or the foreclosure under, any deed of trust or mortgage now or hereunder placed by Landlord against all or any portion of the Demised Premises, Tenant shall attorn to the grantee of such deed of the purchaser upon any such foreclosure or sale and recognize such grantee or purchaser as the Landlord under this lease.

30. RIGHT OF ACCESS

Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of serving, posting or keeping posted thereon notices provided for hereunder, or by any applicable law, rule or regulation now or hereafter in effect in the state in which the Demised Premises are located, or such other notices as Landlord may deem necessary or appropriate for the protection of Landlord, its interest or the Demised Premises; and/or for the purpose of inspection the Demised Premises; and/or the purpose of making any necessary repairs to the Demised Premises, or at anytime when Landlord may deem necessary to prevent waste, loss, damage or deterioration to or in connection with the Demised Premises. Nothing herein shall imply any duty upon the part of landlord to do any work or repair or maintenance which under provision of this lease may be required on the part of Tenant to be performed, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of exhibiting the same to prospective purchasers and, during the final six (6) months of the term hereof, Landlord shall be entitled to exhibit the Demised Premises for hire and/or for sale and to display thereon in such manner as will not unreasonably interfere with Tenant's business the usual "For Sale" or "For Lease" signs, and such signs shall remain unmolested on the Demised Premises.

31. HOLDING OVER

Should Tenant occupy said Demised Premises after the expiration date of this lease, without consent of the Landlord, expressed or implied, such possession shall be construed to be a tenancy from month-to-month and Tenant shall pay Landlord for said Demised Premises a fixed rental of 125% of the current rent per month and the same Percentage Rental, if any, as provided herein and shall otherwise be upon the same terms and conditions as are herein provided, and thereafter Tenant shall not terminate such month to month tenancy without giving Landlord thirty (30) days written notice.

32. OPTION TO EXTEND TERM

A. **Option Conditions:** Tenant shall have the option to extend the term of this lease for 1 additional 3 year periods commencing upon the expiration of the initial 3 year term hereof. Each option shall lapse and terminate unless Tenant shall deliver to Landlord written notice of the exercise thereof not less than six (6) months prior to the expiration of the initial 3 year term of this lease and the expiration of each year option term thereafter. In addition to the foregoing, each option shall lapse and terminate if Tenant shall be in default hereunder on the date of commencement of any of said 3 year extension periods and/or if Tenant shall have previously breached or otherwise failed to perform under the lease since its inception; Landlord at his sole discretion, may declare any option to extend null and void.

B. **Option Terms:** In the event Tenant shall exercise its option to extend the term of this lease, as hereinabove provided, all covenants, conditions and provisions of this lease shall be and remain in full force and effect except that the Guaranteed Minimum Monthly Rent which Tenant shall pay to Landlord during each of said extension periods shall be the greater of:

- (1) The sum of * per month; or * Option year 1: $1500 \times .90 = \$1350.00$
Option year 2: $1500 \times .95 = \$1425.00$
Option year 3: $1500 \times 1.00 = \$1500.00$
(2) A monthly sum derived by multiplying times a number equal to the percentage by which the Bureau of Labor

Statistics, United States Department of Labor for the under the heading of "All Items,"

for the first month of each said extension period has increased over the same Cost of Living Index figure for the month of the initial year lease term plus 100. (For example if the percentage of such increase is 30%, then

\$ would be multiplied times 130 resulting in a monthly rental of). In no event shall the Guaranteed Minimum Monthly Rent for said extension period be less than the Guaranteed Minimum Monthly Rent, for the last month of the initial term or the previous extension period, whichever is applicable. In the event the Consumer Price Index above specified ceases to be published, then the "All Items Index" published by the Department of Labor for the geographic area including shall be substituted.

33. MISCELLANEOUS

A. **Amendment:** This lease cannot be added to, altered, changed, modified or amended in any respect except by a writing duly signed and executed by both Landlord and Tenant.

B. **Application of Law and Recording:** This lease shall be construed according to the laws of the State in which the Center is located. Upon the request of either party, the other party will in good faith cooperate in the preparation and execution of a recordable instrument describing the parties, the Demised Premises, the basic terms of this lease and such other portions hereof as either party may desire to be included in such instrument.

C. **Captions and Pronouns:** The captions by which the various numbered paragraphs and subparagraphs of this lease are titled are for convenience and identification only and shall not be deemed to limit, expand or define the contents of the respective paragraphs and subparagraphs to which they pertain. Masculine and/or feminine pronouns shall be substituted for the neuter form and/or vice versa, and the plural shall be substituted for the singular form and/or vice versa, in any place or places herein in which the context requires such substitution or substitutions.

D. **Cancellation Not Merger:** The voluntary or other surrender of this lease by Tenant, or a mutual cancellation thereof, or the termination thereof by Landlord under any provision herein contained, shall not work a merger, but shall at the option of Landlord either terminate any or all existing subleases or subtenancies under Tenant, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

E. **Conveyance by Landlord:** If during the term of this lease Landlord shall sell its interest in the Center or the Demised Premises, then from and after the effective date of sale, Landlord shall be released and discharged from any and all obligations and responsibilities under this lease except those which have already accrued.

F. **Changes and Additions to Center:** Landlord hereby reserves the right at any time, to adjust the site plan, to vary the Common Area, to make changes, alterations or additions to, and to construct other buildings or improvements in and to the Center, provided, however, in so doing Landlord shall not unreasonably interfere with Tenant's use the occupancy of the Demised Premises..

G. **Disclaimer of Joint Venture:** Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or a partnership or a joint venture by the parties hereto. It being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties, shall be deemed to create any relationship between them other than the relationship of Landlord and Tenant.

H. **Dispute or Delay:** In the event of any dispute between the parties concerning the time of actual completion of Landlord's Work or Tenant's Work or any claimed excuse for delay in performance or non-performance thereof or whether such work has been adequately performed in a good and workmanlike manner and is satisfactory for the use intended, such dispute shall be referred to Landlord's architect whose determination with regard thereto shall be final and conclusive upon the parties.

I. **Employee and Tenant Parking:** Landlord shall have the exclusive right to restrict parking by Tenants, its agents and employees to employee parking areas, to enforce parking charges (by operation of meters or otherwise), with the appropriate provisions for free parking ticket validating by Tenants, to discourage non-customer parking, to require Tenants, its agents and employees to park outside of the boundaries of the common area facilities, and to do and perform such other acts, in the use of good business judgment, that Landlord shall determine to be advisable for the improvement and use of the Common Areas and facilities by customers.

J. Entire Agreement: The parties hereby agree that this lease contains all the terms, covenants, conditions and agreements between Landlord and Tenant relating in any way to the use, occupancy or rental of the Demised Premises, and that there are no collateral or oral agreements or understandings in connection therewith. All prior agreements or understandings or brochures pertaining to the same, if any, whether oral or written, are hereby revoked and mutually declared to be null and void, and none of said prior agreements or understandings shall be of any further force or effect whatsoever. Tenant acknowledges, represents and warrants that Tenant has entered into this lease by virtue of Tenant's own independent investigation and was not induced to enter into this lease on account or by reason of any representation, inducement or understanding whatsoever made, stated or represented by or on behalf of Landlord except as set forth expressly herein.

K. Execution of Instruments: Tenant agrees to execute and deliver any instruments of documents which shall be necessary to carry out any agreement, term, condition or assurance in this lease whenever occasion shall arise and request for such instruments shall be made of Tenant by Landlord, or which may be requested by the mortgage, lender furnishing financing to the Landlord.

L. Financial Approval of Tenant: Landlord requires a credit report and financial statement on Tenant which is subject to Landlord's approval to his sole satisfaction prior to occupancy and in the event Landlord disapproves of same, Tenant's deposit shall be refunded and this lease shall be terminated without further liability between the parties hereto.

M. Force Majeure: Whenever either party hereto shall be prevented from or hindered in the performance of any act or obligation on the part of such party to be performed hereunder by reason of acts of God, war, riot, civil commotion or insurrection; strikes, walkouts, lock-outs, labor disturbances, governmental action, fire or like casualty, shortage of necessary materials, equipment or labor, or restrictions in or limits on the use thereof, delays in transportation, or any other matter or matters beyond the control of the party required to perform such act or obligation, the time for performance shall be extended for a period equivalent to the period such party could not perform such acts or obligations; provided, however, that nothing herein set forth shall excuse Tenant from the prompt payment of all rentals or other monies required to be paid by Tenant under this lease.

N. Partial Invalidity: If any term, provision, covenant or condition of the lease should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this lease shall continue in full force and effect and in no way shall be affected, impaired or invalidated thereby.

O. Performance Bond for Tenant Improvements: Landlord, at his discretion, may require Tenant to furnish a performance bond for Tenant's work in excess of \$ -0- guaranteeing the completion thereof.

P. Successors and Assigns: The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter be supplemented, modified or amended, shall apply to, bind and inure to the benefit of the parties hereto and their heirs, executors, administrators, legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one (1) person, firm or corporation, then and in such event all such persons, firms and/or corporations shall be jointly and severally liable as parties hereunder.

Q. Tenant As A Corporation: In the event the Tenant hereunder shall be a corporation, the parties executing this lease on behalf of the Tenant hereby covenant and warrant that the Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in the state in which the Demised Premises are located; all franchise and corporate taxes have been paid to date; and all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due. The lease must be executed by the president or the vice-president and the secretary or assistant secretary, unless the by-laws or a resolution of the board of directors shall otherwise provide, in which event, the by-laws or a certified copy of the resolution, as the case may be, must be furnished. Also, the appropriate corporate seal must be affixed.

R. Tenant's Quitclaim: At the expiration or earlier termination of this lease, Tenant shall execute, acknowledge, and deliver to Landlord, within five (5) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this lease from the real property upon which the Demised Premises are situated.

S. Waiver: One or more waivers by Landlord of any breach by Tenant of any term, covenant or condition hereof shall not be construed as a waiver of a subsequent breach of the same or any other term, covenant or condition. Landlord's consent to or approval or any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

T. Waiver of Rights of Redemption: Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises by reason of the violation by Tenant of any of the covenants and conditions of this lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

U. Time of Essence: Time is of the essence with respect to the performance of each and every term, covenant and condition contained in this agreement.

V. Non-proportionate Expenditures: In the event Tenant is required under this lease to reimburse to Landlord, on a proportionate basis, any expenditures for taxes, insurance, repairs, maintenance, or like items, and Landlord, for any reason, is not required to pay, in the first instance, one hundred percent (100%) of such expenditures, then Tenant shall reimburse to Landlord only that proportion of the amount actually paid by Landlord which the Gross Floor Area of the Demised Premises bear to the Gross Floor Area, in the aggregate, of all stores rentable in the buildings affected by such expenditures.

W. **Landlord's Default:** In the event of any default by Landlord hereunder, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting to Tenant a lien upon the property of Landlord and/or upon the rent due Landlord); but prior to any such action Tenant shall give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have a reasonable period, but in no event less than thirty (30) days in which to commence to cure any such default. Unless and until Landlord fails to so commence to cure any default after such notice, or having so commenced thereafter fails to exercise reasonable diligence to complete such curing. Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Center and not thereafter.

X. **Termination of Former Lease:** (If applicable). The present lease agreement on the Demised Premises by and between _____ N/A _____ dated _____ (hereinafter called "Previous Lease") shall be terminated and superseded by this lease agreement upon the Commencement Date hereof. However, it is understood and agreed that Tenant shall hold Landlord harmless from any liability or claim under Previous Lease with respect to said lease, and Tenant shall assume the responsibility for payment to Landlord (through escrow or otherwise) of all past due rents, taxes, common area charges, and any other lawful charges due Landlord under Previous Lease and prior to the effective date of this lease agreement.

- Y. **MINIMUM STANDARD SUBLEASE CONDITION:** The following five (5) provisions, required by the City of San Diego, shall be attached hereto and incorporated herein by this reference as Exhibit A-1 for the lease, (hereinafter referred to as sublease), shall supercede any inconsistent provisions of the Sublease Paragraph 1 through 33 hereof.
- Z. Tenant shall have permission to designate two (2) parking spaces in front of its premises for automobile parking.

This Agreement Consists of 14 Pages and Exhibit(s) A, A-1, B, B-1, C, D

Dated this 10th Day of June 19 96

TENANT

By: [Signature]

Al Bagby

By: [Signature]

Sammy Askari

LANDLORD M.C. Strauss Company

By: [Signature]

M.C. Strauss, Trustee

By: _____

EXHIBIT A-1 TO LEASE (SUBLEASE)

MINIMUM STANDARD SUBLEASE CONDITIONS

- (1) ASSIGNMENT AND SUBLEASING: Sublessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessee and the City of San Diego, hereinafter, "City." An assignment by operation of law shall automatically terminate this lease.
- (2) HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and save harmless Lessee and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of Sublessee, its agents and invitees.
- (3) INSURANCE: Sublessee shall be insured by an insurance carrier acceptable to the Lessee and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be as set forth in Paragraph 16.B hereof. A copy of the policy of insurance shall be filed with City and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.
- (4) LEGAL PROCEEDINGS: Should it become necessary to Lessee or City to commence legal Proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees that the prevailing party shall be entitled to all legal costs in connection therewith, including a reasonable sum as attorney's fees.
- (5) SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated September 13, 1977, as amended between the sublessor herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereto contrary to or in conflict with said agreement.

TENANTS INITIALS

LANDLORDS INITIALS

EXHIBIT A-1

EXHIBIT "B" (For Building C, Offices)

Landlord will furnish the following below listed items only per Landlord's Plans and Specifications and Tenant's Plans which Tenant agrees to have prepared at its expense and to be submitted to and subject to Landlord's approval pursuant to Paragraph 2.A. of the lease.

1. Roof and suspended accoustical ceiling. In office portion only.
2. Glass and aluminum store front with 2 entry door(s). In office portion only.
3. Exterior walls and party walls only (exclude interior partitions); the exterior walls to be covered with succo and/or masonry or wood siding, and the interior walls to be covered with succo and/or drywall to be taped and sprayed with a textured finish ready for paint (exclude painting and decorating except for toiletroom(s) only).
4. Concrete slab floor (exclude floor covering and wall covering except for toiletroom(s) only).
- 4.a: Carpet is installed on the floor and will remain in as-is condition.
5. Recessed interior ceiling lighting fixtures and toiletroom fixtures (exclude decorative lighting fixtures).
6. Complete 1 toiletroom(s) (including finish) and rough-in plumbing only for 1 toiletroom(s).
7. Heating and air conditioning system for 4 tons of air conditioning.
8. Basic electrical with service panel of 3 phase 100 AMPS, wall and ceiling outlets, circuit for Tenant's neon sign, phone conduit stub-out, and Tenant requested (Landlord approved) rough-ins only for additional electrical and phone outlets.
9. Basic plumbing with 1 inch water service, 3 inch sewer service, 1 1/2 inch gas service; rough-ins only for Tenant's water heater and Tenant requested (Landlord approved) rough-ins only for additional water, sewer, and gas outlets.
10. Basic rough carpentry including cutting and framing for Tenant required (Landlord approved) vents and exhaust fans, if any, (exclude all sheetmetal, ventilating (except required bath fan), finish carpentry, etc.)

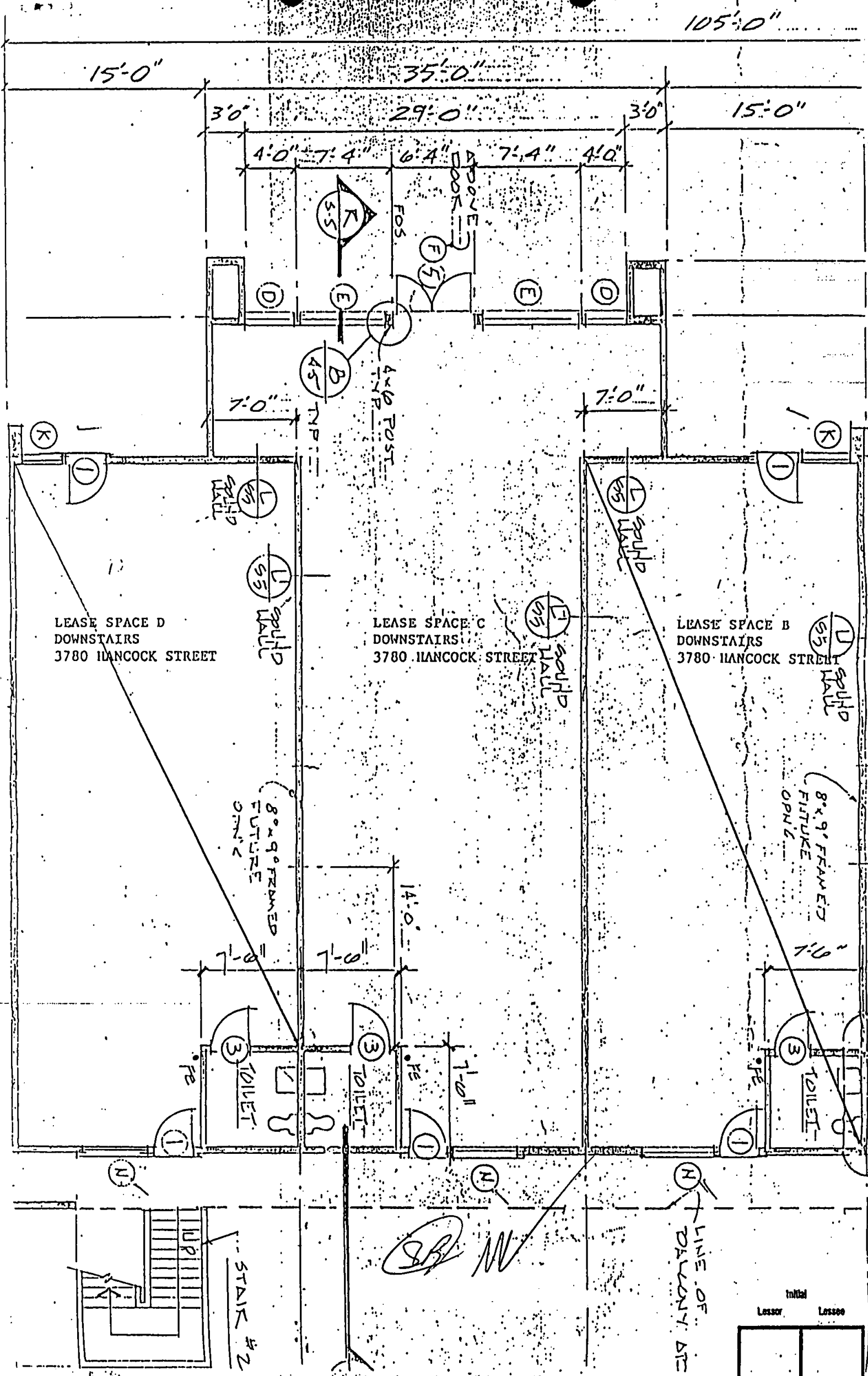
TENANT'S INITIALS

LAB

LANDLORD'S INITIALS

[Signature]

EXHIBIT B



LEASE SPACE D
DOWNSTAIRS
3780 HANCOCK STREET

LEASE SPACE C
DOWNSTAIRS
3780 HANCOCK STREET

LEASE SPACE B
DOWNSTAIRS
3780 HANCOCK STREET

8' x 9' FRAMED
FUTURE
ONLY

8' x 9' FRAMED
FUTURE
ONLY

STAIR #2

LINE OF
BALCONY, etc

EXHIBIT B-1

Initial	
Lessor	Lessee

BASIC SIGN CRITERIA
SPORTS ARENA BUSINESS PARK

Tenants will be required to provide and install new signs designed to conform with the following criteria:

Signs for tenants shall be lighted signs composed of individual cans conforming to the following.

- a. Location-Building A&B install on fascia; Bldg. C install on West elevation.
- b. Height-Bldg. A&B shall be 24 inches; Bldg. C shall be 18 inches.
- c. Maximum Overall Length-Bldg. A&B 10 ft.; Bldg C 8 ft.
- d. Vertical Position-See sign criteria elevation.
- e. Horizontal Position-See sign criteria elevation.
- f. Letter Color-Any harmonious color.
- g. Illumination Color-White fluorescent.
- h. Letter Style-Block or block and script.
- i. Can- 9 inch depth, Aluminum, Dark Bronze Color.
- j. Plastic Tenant Panels-Background color; Ivory.

Only lighted signs will be permitted on graphics band. No signs or graphics on building roof or above graphics band. Special graphics, colors other than harmonious, logos, or supplemental informational data, shall not be permitted, unless approved by owner.

The intent of these guidelines is to provide a reasonably uniform, attractive, and acceptable format that will be compatible with architectural and aesthetic image of the center. Each tenants sign and the sign criteria, provided herein, shall be subject to Landlords formal approval in each instance. Notwithstanding anything herein mentioned in said Exhibit C, it is specifically understood that paragraph 20(Signs) of the lease, shall take precedence in all instances.

A typical Sign Graphics is provided in the attached sheets for your reference.

NOTE: Tenant will connect its signs directly to the electrical panel in the leased premises

EXHIBIT C

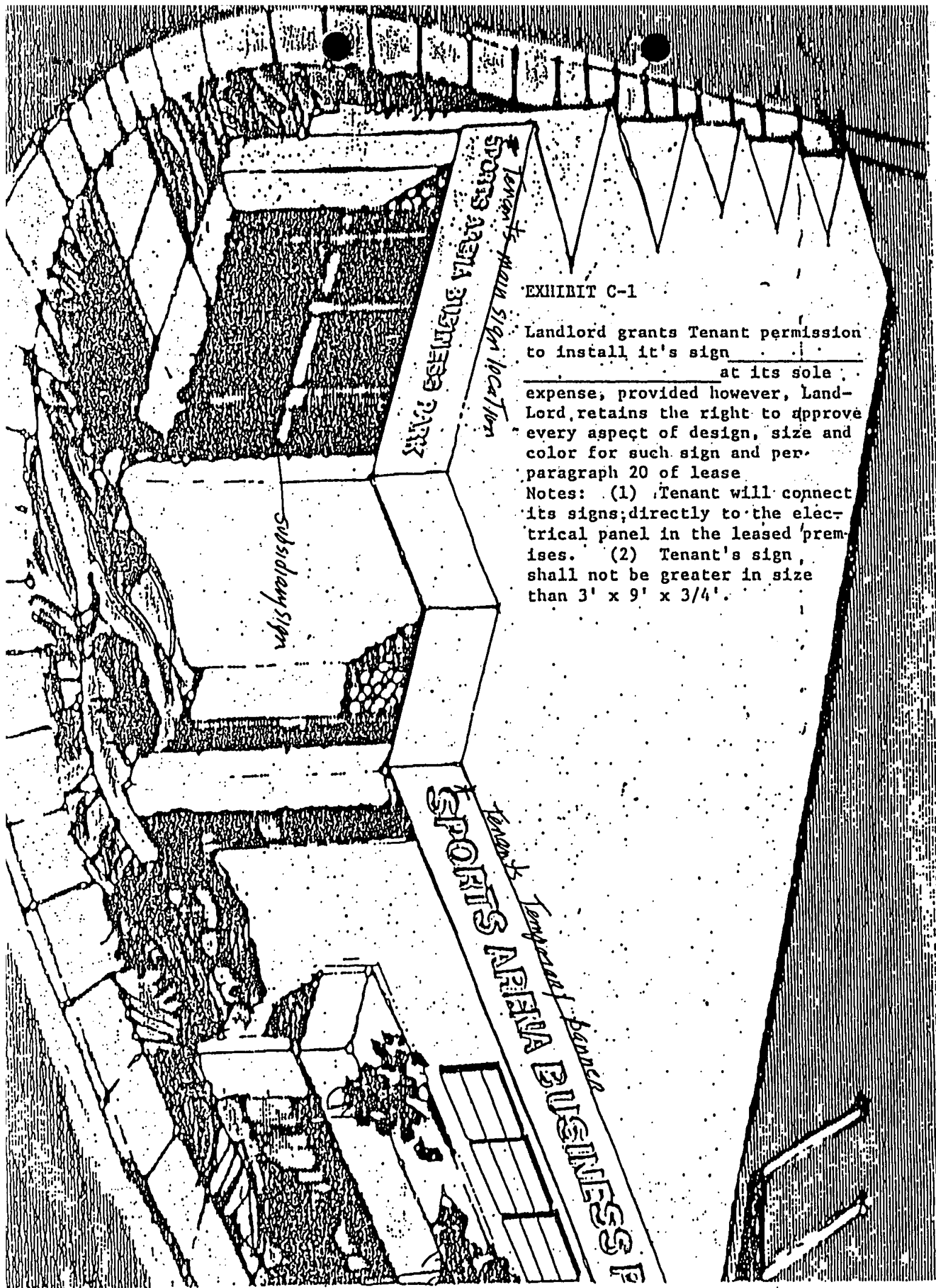


EXHIBIT C-1

Landlord grants Tenant permission to install it's sign

at its sole expense, provided however, Landlord retains the right to approve every aspect of design, size and color for such sign and per paragraph 20 of lease

Notes: (1) Tenant will connect its signs directly to the electrical panel in the leased premises. (2) Tenant's sign, shall not be greater in size than 3' x 9' x 3/4'.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

MATTHEW C. STRAUSS

(LESSEE) and filed in the Office of the City Clerk as Document 764812, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

ANDREW R. KELLEY
d.b.a.
Italian Motors Ltd.

(SUBLESSEE) dated May 24, 1983. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

None

THE CITY OF SAN DIEGO

Dated 6.9.83

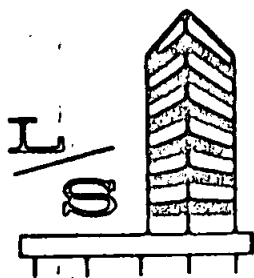
By 
City Manager

APPROVED AS TO FORM:

JOHN W. WITT, CITY ATTORNEY

Dated 6/7/83

By 
Deputy



LEEDS & STRAUSS ENTERPRISES

creative real estate

SHOPPING CENTER LEASE AGREEMENT INDEX

PARAGRAPH NO.	SUBJECT
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4.	Term
5.	Use
6.	Rental (Includes Cost of Living, Gross Sales and Records)
7.	Advance Payments
8.	Obligations Constituting Additional Rent
9.	Expenditures by Landlord
10.	Notices and Payments
11.	Alterations
12.	Fixtures and Personal Property
13.	Possession
14.	Utilities
15.	Repairs and Maintenance
16.	Insurance
17.	Taxes
18.	Parking and Common Areas
19.	Merchant's Association
20.	Signs and Advertising and Auctions
21.	Condemnation
22.	Insolvency
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24.	Assignment and Subletting
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	B. Application of Law and Recording
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	M. Force Majeure
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	P. Successors and Assigns
	Q. Tenant As A Corporation
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	T. Waiver of Rights of Redemption
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	V. Non-Proportional Expenditures
	W. Landlords Default
	X. Termination of Former Lease

SHOPPING CENTER LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter referred to as "lease") is made as of May 24 19 82

by and between M.C. STRAUSS CO.

(hereinafter referred to as "Landlord") and Andrew R. Kelley

(hereinafter referred to as "Tenant"), who agrees as follows:

1. PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents, hires, and takes of and from Landlord for the term and upon the terms and conditions hereinafter set forth, those certain premises, together with all improvements now or hereinafter constructed thereon (all of which are hereinafter referred to as the "Demised Premises"), and designated and described on Exhibit "A"

attached hereto and incorporated herein by this reference. The common address of the Demised Premises is _____

3770 Hancock St. Suite A, San Diego, CA. 92110

The Demised Premises shall contain a total of approximately 2100 square feet of gross floor area (hereinafter referred to as "Gross Floor Area") with measurements of 30 by 70. (Subject measurements are to the exterior of outside walls

and to the center of party walls.) The Demised Premises constitute a portion of that certain real property (hereinafter referred to as the "Center") situated in the City of San Diego County of San Diego and commonly known as:

SPORTS ARENA BUSINESS PARK

and further described in Exhibit "A-1" (if necessary) attached hereto and incorporated herein by this reference, and more particularly described as follows: (Insert Legal Description below)

a. That portion of Pueblo Lot 259 of the Pueblo Lands of San Diego, in the City of San Diego, county of San Diego, State of California, according to map thereof made by James Pascoe, a copy of which said map was filed in the Office of County Recorder of San Diego County and known as miscellaneous map no. 36, set forth in Title Insurance and Trust Policy of Title Insurance number 1092092 dated April 23, 1982.

b. That subject Lease is subject to City of San Diego Master Lease and the provisions thereof are on file as Document Number 764812 filed October 25, 1978. County Recorder, City of San Diego, CA. The term of said lease is 55 years commencing October 25, 1978. The Assignee-Lessee of said lease ever since January 15, 1982, has been and now is Matthew C. Strauss.

2. CONSTRUCTION AND IMPROVEMENTS

A. Landlord's Work: Landlord shall, at its sole cost and expense, construct for and/or furnish to Tenant the improvements particularly described in Exhibit "B" attached hereto and incorporated herein by this reference. Tenant shall, within fifteen (15) days after written demand therefor is made by Landlord, at Tenant's sole cost and expense, prepare and furnish to Landlord's architect preliminary drawings (hereinafter referred to as "Tenant's Plans") setting forth the location of and specifications for all utilities, outlets, partitions and other matters affecting the final interior construction of the Demised Premises. Tenant's Plans shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, and to such changes as may thereafter be required by applicable public authorities. If Landlord does not disapprove of Tenant's Plans within fifteen (15) days after Landlord receives the same, Tenant's Plans shall be deemed approved. If Landlord shall disapprove of any part of Tenant's Plans, Landlord shall give to Tenant within said fifteen (15) day period, written notice of such disapproval setting forth the particular item or items disapproved and the reasons therefor. Landlord and Tenant thereupon shall attempt to agree upon appropriate modifications to Tenant's Plans with reference to the items thereof which Landlord has disapproved. If no agreement can be reached within thirty (30) days after receipt by Tenant of Landlord's notice of disapproval, Landlord shall thereupon have the right to cancel and terminate this lease by written notice to Tenant, in which event neither party shall have any further liability to the other hereunder.

B. Tenant's Work: All items of construction and/or improvement, other than those set forth in the attached Exhibit "B," required or requested by Tenant in the Demised Premises shall be at Tenant's sole cost and expense and Tenant shall, upon Landlord's demand reimburse Landlord for all costs and expenses of whatsoever kind or nature incurred by Landlord for the construction and/or improvement of items required or requested by Tenant.

C. Completion of Landlord's Work: Landlord shall commence performance of Landlord's work within reasonable time after Landlord's approval of Tenant's Plans and shall use reasonable efforts to complete Landlord's Work on or before

Completed Store is understood and agreed, however, that if Landlord is unable to complete Landlord's Work by said date, Landlord shall not be liable to Tenant for any damage caused to Tenant thereby and this lease, nonetheless, shall continue in

full force and effect; provided, however that if Landlord's Work is not completed, for any reason, by completed store, this lease may be cancelled and terminated by either party hereto by delivery of written notice of cancellation by the terminating party to the other party at any time prior to completion of Landlord's Work. In the event of such cancellation, neither party shall have any further obligation of liability to the other party hereunder.

D. Entry by Tenant: Tenant or its agents shall have the right to enter the Demised Premises prior to completion of Landlord's Work for the purpose of installing furniture, fixtures, and equipment therein; provided, however, that performance of work in connection therewith shall not unreasonably interfere with the construction activities of Landlord or of any contractor or general contractor engaged by Landlord. Landlord shall have no liability or responsibility to Tenant for the loss of or damage to any of said furniture, fixtures or equipment and Tenant shall hold Landlord and the Demised Premises free and harmless of and from any and all liens or claims of lien or demands or obligations of any kind arising by reason of Tenant's entry or the performance of such work.

E. Construction Cooperation: Landlord and Tenant shall cooperate with one another in the procurement of such approvals or permits as may be required by applicable authorities and in the performance of Landlord's and/or Tenant's Work.

F. Acceptance of Premises: Tenant shall, by entering into and occupying the Demised Premises, be conclusively deemed to have accepted the same and to have acknowledged that said Demised Premises are in good order, condition and repair and in all respects constructed and/or improved in accordance with the provisions of the attached Exhibit "B."

3. PURPOSE

The Demised Premises are leased to Tenant solely for the purpose of conduction therein _____
Periodic Service and Maintenance of Foreign Cars (Specializing in Ferrari and Mercedes)
and Tenant shall not use or suffer to be used the Demised Premises or any portion thereof for any other purpose without Landlord's written consent first had and obtained. The advertised name of the business operated in the Demised Premises shall be _____
"ITALIAN MOTORS LTD."
and Tenant agrees not to change said advertised name without landlord's written permission.

4. TERM

A. **Duration of Term:** The term of this lease shall be for a period of Five and One Fourth (5 1/4) years commencing on the first day of the calendar month next succeeding the Commencement Date, as that term is hereinafter defined (if the Commencement Date is other than the first day of a calendar month), plus any partial calendar month from the Commencement Date to the first day of the next succeeding calendar month.

B. **Commencement Date:** As used herein the term, "Commencement Date", shall mean the SEE BELOW () day after completion of Landlord's Work or the date Tenant commences to do business in the Demised Premises, whichever date shall first occur. Landlord's Work shall be deemed completed when Landlord actually completes the same and gives to Tenant written notice of the completion thereof. Immediately upon ascertainment of the Commencement Date as hereinabove provided, the parties hereto shall execute a Memorandum acknowledging the Commencement Date and attach the same to this lease as an exhibit hereto, which exhibit shall become part of this lease.

C. **Existing Store:** If Landlord has completed construction of the Demised Premises or is leasing or releasing an existing store area, the Commencement Date shall be June 1, 1983.

5. USE

A. **Rules & Regulations:** Tenant shall at all times in its use of the Demised Premises and at its sole cost and expense comply with the hereinafter rules and regulations. Tenant shall promptly comply with all laws, ordinances, and regulations of any governmental, regulatory, or public utility authority, now or hereafter in effect, pertaining to the Demised Premises and its cleanliness, safety, occupation and use. Tenant shall not do or permit anything to be done in or about the Demised Premises that may injure the building or bring or keep anything in the Demised Premises that will in any way, increase the rate of fire insurance upon the building of which the Demised Premises are a part, and in the event Tenant shall cause an increase in the rate of any such price Tenant shall pay Landlord the full amount of such increase. Tenant shall keep the Demised Premises, walkways adjacent thereto, loading and service areas allocated for the use of Tenant, in a clean, sanitary and orderly condition, and arrange for the regular pickup of its trash and garbage. Tenant shall not burn any trash or garbage in or about the Demised Premises or Center. Tenant shall store and stock in the Demised Premises only such merchandise as the Tenant intends to offer for sale. Tenant shall use only such space in the Demised Premises for office, clerical or other non-selling purposes as is reasonably required for Tenant's business, and Tenant shall not perform any such functions in the Demised Premises for any other store or any affiliate of Tenant. Tenant shall refrain from committing or suffering to be committed any waste upon the Demised Premises, or any nuisance or unreasonable annoyance or thing which may disturb the quiet enjoyment of any other Tenant, customer or invitee in the Center. Without Landlord's consent, Tenant shall not operate or permit to be operated in Demised Premises any coin or token-operated machine or similar device for sale of merchandise, food and beverages or services, or keep, display or sell any merchandise or other object on any portion of the sidewalk or other portion of the common facilities of the Center. Tenant and its employees and agents shall not solicit business in the parking or other Common Areas, nor shall Tenant distribute any handbills or other advertising matter in automobiles parked in the parking area or in other common areas. In addition to the foregoing, Tenant shall at all times in its use of the Demised Premises comply with all other reasonable rules and regulations, now or hereafter in effect, established by Landlord concerning the use of the Demised Premises and parking and Common Areas and facilities of the Center.

B. **Fitness of the Demised Premises:** Tenant acknowledges that Landlord makes no representation as to the present or future condition of the Demised Premises, or as to the fitness, desirability or zoning thereof for any particular purpose, and Landlord shall not be liable for any changes therein or additions thereto required by any public authority. Any permits or requirements of any kind pertaining to the operation of Tenant's business will be Tenant's responsibility and any construction or special equipment required by public authority to enable Tenant to conduct his business shall likewise be Tenant's sole cost and responsibility.

C. **Continuous Operations:** Tenant shall keep the Demised Premises open for business either during the hours uniformly determined by Landlord for stores in the Center or in lieu of such determination, during all hours customarily maintained by business similar to Tenant's business in the trading area in which the Demised Premises are located. At all such times Tenant shall have upon the Demised Premises a sufficient number of employees and a sufficient stock of merchandise to adequately serve the patrons thereof. Tenant shall actively conduct its business in the Demised Premises and exert its best efforts to obtain and maintain the highest volume of Gross Sales obtainable. ~~For purposes of computing Percentage Rent, the Gross Sales for any time when Tenant does not continuously conduct its business as required herein shall be deemed to be the greater of the Gross Sales during such period or during the corresponding period of the preceding Lease Year.~~

D. **Special Tenant Requirements:** Tenant agrees as a condition of occupancy to the following additional requirements such as but not limited to;

- (1) All automotive work shall be self-contained within the premises,
- (2) Exclude bodywork and painting
- (3) Maintain control over noise of cars and machinery so as not to disturb Co- Tenants.
- (4) Control and disposal of Liquid Waste at Tenants own expense, and in his containers and prevention of said Waste from building up and/or soiling the Premises.

6. RENTAL

A. Guaranteed Minimum Monthly Rental: The Tenant agrees to pay as rental for the use and occupancy of the Demised Premises a Guaranteed Minimum Monthly Rental on or before the first day of each month in advance, without any prior demand therefor, and without any deduction or offset whatsoever, and shall be as follows:

1st 3 Months: Rent Free (June, July, August 1983)

1st year: 1,260.00 per month (.60¢ PSF)

2nd year: 1,575.00 per month (.75¢ PSF)

3rd year: 1,680.00 per month (.80¢ PSF)

4th year: 1,785.00 per month (.85¢ PSF)

5th year: 1,890.00 per month (.90¢ PSF)

(1) Prorating of Rent: If The Commencement Date is a day other than the first day of a calendar month, The Guaranteed Minimum Monthly Rental shall be prorated on a daily basis.

~~(2) Cost of Living Adjustments: The Guaranteed Minimum Monthly Rental is subject to adjustment, upward only, at the end of each~~

~~_____ () year increment during the term and any extension or renewal hereof by reference to the Consumer Price Index, all~~

~~items, for _____ as computed by the U.S. Department of Labor (Base Year 1967 = 100).~~

~~If said Consumer Price Index has increased since the Commencement Date or the nearest date prior thereto that such figures are available, the rent to be paid by Tenant shall be increased over the Guaranteed Minimum Monthly Rental set forth above in proportion to the percentage increase as reflected in said Consumer Price Index since said date. In the event the Consumer Price Index above specified ceases to be published, then the all items index published by the Department of Labor for the geographic area including the Country in which the demised premises are located shall be substituted.~~

(a) The Base Date shall be (month & year) June 1, 1983 The first incremental increase shall be Sept. 1, 1984

~~B. Percentage Rental: In addition to the Guaranteed Minimum Monthly Rental, Tenant shall pay to Landlord in the manner~~

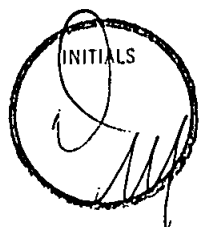
hereinafter set forth as a Percental Rental for each calendar month during the term hereof a sum equal to _____ percent (%) of Tenant's Gross Sales (as the term "Gross Sales" is hereinafter defined) made during the particular month in question less the Guaranteed Minimum Monthly Rental paid by Tenant to the Landlord as provided herein.

(1) Payment of Percentage Rent: On or before the twentieth (20th) day of each calendar month during the term and any extensions or renewal of the term of this lease, Tenant shall deliver to Landlord a written statement signed and certified by Tenant as being true and correct setting forth the amount of Tenant's Gross Sales during the calendar month immediately preceding, and shall concurrently therewith pay to Landlord the amount of Percentage Rental due thereon, if any, as provided herein. It is understood and agreed that any authorized deductions from Percentage Rental provided for herein shall be noncumulative and that a computation and payment of the Percentage Rental shall be made separately with respect to each calendar month during the term of this lease without regard to Tenant's Gross Sales or Percentage Rental payments in connection with any other calendar month during the term and any extension or renewal of the term hereof.

(2) Gross Sales: The term "Gross Sales" is hereby defined to be the aggregate selling price of all merchandise and/or services sold, or, ordered in, upon or from the Demised Premises by Tenant, its subtenants, licenses and concessionaires, personally by catalog, by phone or from any vending or other coin- or token-operated device, whether for cash or on credit, excluding therefrom only the following: (a) Goods returned to suppliers or which are delivered to another store or warehouse of Tenant or to other retailers without profit to Tenant, where such deliveries are made solely for the convenient operation of the business of Tenant and not for the purpose of consummating a sale made in, upon or from the Demised Premises; (b) Sums and credits received by Tenant in settlement of claims for loss of or damage to merchandise; (c) The amount of cash refunded or credit allowed on merchandise returned by customers and accepted by Tenant, or the amount of cash refunded or credit allowed thereon in lieu of Tenant's acceptance thereof; provided, however, in no event shall the cost or value of any trading stamps, premium, discount coupons, advertising or other promotional device be deducted or excluded from Tenant's Gross Sales; (d) Sales taxes, so-called luxury taxes, consumer excise taxes and other similar taxes are added separately to the selling price thereof and collected from customers. All sales or orders originating from, through, at or upon the Demised Premises shall be included in Tenant's Gross Sales even though bookkeeping and payment of the account therefor may be transferred to another place for collection and even though actual filing of sale or order or actual delivery of the merchandise may be made from a place other than the Demised Premises.

(3) Accounting Records of Tenant: Tenant shall keep and maintain, at the Demised Premises and/or such other office of Tenant as Landlord may approve in writing, a full, permanent and accurate set of books and records kept in accordance with generally accepted accounting principles consistently applied relating to all sales of merchandise and all revenue derived from the conduct of business upon the Demised Premises from which Gross Sales can be determined. Tenant shall keep such books and records including cash register receipts, at least thirty-six months after the expiration of the calendar month to which such books and records pertain. Tenant shall maintain, at all times cash registers with locked-in totals and all Gross Sales above defined shall be recorded through said cash registers. If Tenant shall have an independent audit made of its books and records, it shall furnish a copy of the same, without expense, to Landlord. Landlord or its designated accountant, annually, may cause an audit to be made, at Landlord's expense, of the books and records of Tenant, but if such audit shows that Tenant's report of Gross Sales for any calendar month is understated by two percent or more, Tenant immediately shall pay the cost of such audit and correct the deficiency by prompt payment to Landlord. Landlord or its designated agent may, from time to time at reasonable hours throughout the term hereof, inspect and make copies of the books and all related financial records of Tenant, including, but not limited to, governmental reports and any other financial records. Tenant shall furnish Landlord upon request all sales tax returns made by Tenant to any governmental agency.

C. Additional Rent: Tenant shall pay to Landlord such additional rental as follows:

INITIALS


7. ADVANCE PAYMENTS

A. **Advance Rent:** Upon execution of this lease, Tenant shall pay Landlord the sum of (\$ 1,260.00) Dollars as payment of the ^{fourth} ~~first~~ and _____ month's Guaranteed Minimum Monthly Rent. The last month's Guaranteed Minimum Monthly Rental is subject to any adjustment for cost of living increase, if any, and shall be payable upon demand.

B. **Security Deposit:** Concurrently with the execution of this lease, Tenant shall deposit with Landlord as a Security Deposit the sum of (\$ 1,890.00) Dollars. Said Security Deposit shall be held by Landlord, without liability for interest thereon, as security for the full, faithful and complete performance by Tenant of all the terms, covenants and agreements on the part of Tenant to be kept and performed thereunder. In the event Tenant fails to pay any rental or other charge hereunder or to perform any of its other obligations hereunder, Landlord may at his option appropriate and apply any portion of said Security Deposit to the payment of any such rent or other charge and/or to the cost of fulfilling such other covenant or obligation of Tenant. Should all or any portion of said Security Deposit be so appropriated and applied by Landlord against any default or failure to Tenant hereunder, Tenant shall pay to Landlord upon demand a sufficient sum to restore the same to the amount originally deposited. Upon the expiration or any sooner termination of the term hereof, if Tenant shall not be in default of any of the provisions of this lease, Landlord shall refund to Tenant any unappropriated balance remaining of the said Security Deposit.

C. **Miscellaneous Payments:** Upon execution of this lease, or within _____ days, Tenant shall pay to Landlord the sum of (\$ to be billed) dollars as Tenants prorata share of taxes, insurance, common area maintenance and like items for the current period, commencing to accrue from June 1, 1983.

8. OBLIGATIONS CONSTITUTING ADDITIONAL RENT

The obligations of Tenant to pay or reimburse to Landlord parking and common area charges, taxes and assessments, insurance premiums and any sums other than the Guaranteed Minimum Monthly Rent and Percentage Rent, which Tenant is required to pay or reimburse to Landlord hereunder, shall constitute an obligation to pay additional rent under this lease. If Tenant shall fail to pay the Guaranteed Minimum Monthly Rent or the Percentage Rent or to pay or reimburse to Landlord the other sums which Tenant is required to pay or reimburse to Landlord hereunder within ten (10) days after the same are due and payable, a late payment charge, which shall be deemed to be an obligation to pay additional rent hereunder, in an amount equal to ten (10) percent of the sum to be paid shall be payable to Landlord.

9. EXPENDITURES BY LANDLORD

Whenever under any provision of this lease Tenant shall be obligated to make any payment or expenditure, or to do any act or thing, or to incur any liability whatsoever, Landlord shall be entitled but not obligated to enter upon the Demised Premises, if necessary, and to make any such payment or expenditure and/or to do any such act or thing and/or incur any such liability, all on behalf and at the cost and for the account of Tenant, and in such event the amount thereof with interest thereon as hereinafter provided, shall be deemed additional rental hereunder and shall be added to and deemed a part of any installment of rental thereafter becoming due from Tenant to Landlord hereunder. All such amounts shall bear interest at the rate of ten percent (10%) per annum until repayment by Tenant in full.

10. NOTICES AND PAYMENTS

A. **Service of Notices:** All notices, statements, demands, requests, consents, approvals, authorizations or designations to be given or served under this lease by either party to the other shall be in writing and shall be sufficiently given and served upon the other party forty eight (48) hours after deposit thereof in the United States mail in the State in which the Demised Premises are located certified mail, return receipt requested, postage prepaid and addressed as follows:

To Landlord At: M.C. STRAUSS CO.
591 Camino de la Reina, Suite 1001
San Diego, CA 92108

PHONE: (619) 299-6222

To Lessee At: PREMISES OR
1646-C Brookes Avenue
San Diego, CA 92103

(619) 296-7631 (R)

or at such other places as the parties may from time to time designate in writing.

B. **Place of Payment:** All rentals and other monies required to be paid to Tenant hereunder shall be paid to Landlord in lawful money of the United States of America at the herein above designated address or at such other place as Landlord may from time to time designate in writing.

11. ALTERATIONS

Except as otherwise hereinafter provided, Tenant shall not make or suffer to be made any structural changes, alterations, additions or improvements to the Demised Premises without the written consent of Landlord first had and obtained. Any changes, alterations, additions, or improvements to the Demised Premises shall be at Tenant's sole cost and expense and, except for movable trade fixtures, equipment and furnishings, shall become at once a part of the realty and be the sole property of the Landlord. As used herein the term structural changes shall include but shall not be limited to any changes to the store front, exterior walls and roof (including penetration thereof) of the Demised Premises.

12. FIXTURES AND PERSONAL PROPERTY

A. General Requirements: Tenant shall at its sole cost and expense furnish and maintain in the Demised Premises all fixtures, equipment and furnishings reasonably necessary for the operation of Tenant's business. All fixtures and personal property installed by Tenant shall be new or completely reconditioned and kept in good order, condition and repair. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed shall remain the property of the Tenant and Landlord agrees that Tenant shall have the right, provided the Tenant be not in default under the terms of this lease, at any time, and from time to time, to remove any and all of its movable trade fixtures, signs and other personal property from the Demised Premises, however, nothing herein contained shall be deemed or construed to permit or allow the Tenant to remove so much of such personal property without the immediate replacement thereof with similar personal property of comparable or superior quality, as to render the Demised Premises unsuitable for conducting the type of business specified herein. All improvements to the Demised Premises by the Tenant including but not limited to light fixtures, floor coverings, partitions and other items, but excluding trade fixtures, signs and personal property, shall become the property of Landlord, at its option, upon expiration or earlier termination of this lease.

~~**B. Personal Property as Additional Security:** Tenant's interest or equity in any and all trade fixtures, equipment and other personal property of any nature, located from time to time in the Demised Premises, shall become and remain security for performance of the terms of this lease by Tenant and the same, subject to the right of any conditional seller, shall be covered by a Security Agreement, properly executed by Tenant to Landlord, and in all respects complying with the applicable provisions of the laws of this State from time to time in effect, and Tenant shall execute such documents as shall be required to effectuate the purposes hereof. Replacement, renewals and repairs of worn out or obsolete property shall be permitted subject, however, to Landlord's receiving an effective lien upon Tenant's equity in such replacements and renewals.~~

13. POSSESSION

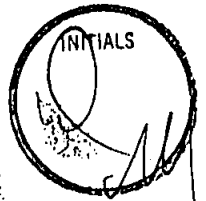
A. Acceptance of Demised Premises: Except as may be otherwise herein provided, Tenant shall by entering into and occupying the Demised Premises be deemed to have accepted the Demised Premises "as is" and to have acknowledged that the same are as represented by Landlord and in good order, condition and repair. Tenant acknowledges that it has reviewed and examined the Demised Premises prior to the execution hereof to its complete satisfaction.

B. Surrender of Demised Premises: Upon the expiration or sooner termination to the leasehold interest created hereby and subject to Landlord's lien rights set forth herein, Tenant shall remove its interior and exterior signs and all of its movable trade fixtures, equipment, and personal property from the Demised Premises and fully repair and/or restore for all damage thereto resulting from such removal, and Tenant shall thereupon surrender the Demised Premises in the same condition as they were on the Commencement Date, reasonable wear and tear excepted. Tenant shall, upon such surrender, furnish a certification by a qualified company that all mechanical equipment in the Demised Premises is in good working condition. All property of any kind not removed from the Demised Premises shall be deemed abandoned by Tenant. If the Demised Premises are not surrendered at the end of the lease term, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in surrendering the Demised Premises including but not limited to any loss arising from any claim made by any succeeding Tenant founded on such delay.

C. Abandonment: Tenant shall not at any time during the term hereof vacate, abandon or discontinue its business in the Demised Premises. If Tenant shall vacate, abandon, or otherwise surrender the Demised Premises, or be dispossessed thereof by process of law or otherwise, or discontinue its business therein, the same shall constitute a default of this lease and, in addition to any other remedy available to Landlord, any trade fixtures, equipment, signs or personal property belonging to Tenant and left in, upon or about the Demised Premises shall be deemed to be abandoned and shall become the property of Landlord.

14. UTILITIES

Tenant shall pay before delinquency all charges for water, sewer, gas, heat, electricity, power, telephone service and all and any other services or utilities use in, upon or about the Demised Premises by Tenant or any of its subtenants, licensees or concessionaires; provided, however, if any such services or utilities shall be billed to Landlord and not separately metered to the Demised Premises the amount thereof shall be prorated and Tenant shall pay to Landlord upon demand as additional rental hereunder an amount equal to that proportion of the total charges therefore which the number of square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores then rented as of the date of the utility bill served in the area and/or buildings covered by such combined charges. With respect to gas and electric service, which is not separately metered, Landlord may, at Landlord's option, in lieu of prorating on the foregoing basis, determine the amount of use of such services by Tenant on the basis of Tenant's estimated usage as determined by the utility company servicing the Demised Premises, or, if such company ceases providing such service, by a qualified electrical contractor selected by Landlord.



15. REPAIRS AND MAINTENANCE

A. Landlord's Obligation: Landlord shall keep and maintain in good condition and repair the foundations, roof, exterior walls and structural portions of the improvements now or hereafter constructed on Demised Premises, except where the necessity for such repairs or maintenance shall be occasioned by the Tenant, its subtenants, licensees, agents, repairmen employed by Tenant. In the event of any of the equipment required to be maintained by Tenant necessitates or interferes with Landlord's repairs, Tenant shall pay for such repairs. Landlord shall not be obligated to make any repairs hereunder, or be otherwise liable to Tenant for any loss or damage in connection therewith, unless Tenant shall first give Landlord written notice of the necessity therefore and Landlord shall fail to make or commence said repairs within a reasonable time thereafter.

B. Tenant's Obligation: Tenant shall pay to Landlord an additional rental hereunder, at the times and in the manner designated by Landlord, Tenant's prorate share of all expenses incurred by Landlord for repairs and maintenance of the roof of the building of which the Demised Premises is part of and any exterior painting and decorating of the Demised Premises. Tenant's prorate share of expenses shall be that portion of all such expenses which is equal to the proportion thereof which the number of square feet of the Gross Floor Area in the Demised Premises bears to the total number of square feet of gross floor area of stores then rented in the building to which the repairs and maintenance are made. Tenant shall, except as otherwise hereinabove provided, at its sole cost and expense, at all times during the term and any extension or renewal of the term hereof, keep and maintain the Demised Premises, the improvements thereon and every part thereof, including but not limited to store fronts, signs, entrances and exits, interior walls, ceilings and floors, plate glass, glazing and skylights, electrical and plumbing services and pipes, reasonable periodic painting as determined by Landlord, plumbing and other fixtures, fire sprinklers, heating and air conditioning and other equipment and appliances, in good and sanitary order, condition and repair and in compliance with all laws and regulations applicable thereto. In addition, Landlord may, at its option, perform preventive maintenance for the heating and air conditioning and water heating and fire sprinkler equipment serving the Demised Premises and other premises in addition to the Demised Premises, but this shall in no way relieve Tenant of any of its obligations hereunder. The costs of any such preventive maintenance attributable to the Demised Premises shall be paid by Tenant as additional rent hereunder.

16. INSURANCE

A. Landlord's Insurance: Landlord shall maintain in force insurance covering all buildings and improvements from time to time located in the Center insuring against loss or damage by fire and such other risks as are now or hereafter included in any extended coverage enforcement in common use for commercial structures including vandalism and malicious mischief. The amount of the insurance shall be the full replacement cost (including inflation guard provision) excluding costs of replacing excavations and foundations but including loss of income insurance. Tenant shall not carry any insurance the effect of which would be to reduce the protection or payment to Landlord under any insurance which Landlord is obligated to carry. Tenant shall reimburse to the Landlord that proportion of the premiums paid by Landlord for the foregoing insurance which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursement shall be made immediately upon receipt by Tenant of receipts or duplicate receipts for such premiums showing the same as having been paid, or Landlord, at its option, shall have the right to estimate the amount of insurance next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated insurance obligation.

B. Tenant's Insurance: Tenant shall maintain in force for the joint protection of Landlord and Tenant public liability insurance under which Landlord and Tenant shall be named as coinsured and under the terms of which each shall be indemnified against liability for damage for bodily injury to or death of any licensee or invitee of Tenant or any other person entering upon or using the Demised Premises and arising from the use and occupancy thereof. Such insurance shall be maintained on a minimum basis of (\$ 250,000.00) per person and (\$ 500,000.00) per occurrence for bodily

injury or death and (\$ 100,000.00) for property damage. If in the considered opinion of Landlord the amount of such coverage is not adequate, Tenant shall increase the coverage to such amounts as Landlord shall reasonably deem adequate. (Tenant shall not be required at the commencement of the term hereof to procure plate glass insurance coverage on exterior plate glass in the Demised Premises, but in the event during the term of this lease Landlord, at its sole discretion, shall determine that performance of Tenant's obligation to repair and replace such plate glass is not adequately secured, Landlord may require, by written notice to Tenant, that Tenant procure and maintain such insurance.) Tenant shall maintain in force on all its fixtures, equipment and personal property in the Demised Premises a policy or policies of fire insurance with standard extended coverage endorsement to the extent of their full replacement value. The proceeds from any such policies shall be used for the repair or replacement of the fixtures, equipment and personal property so insured. Subject to Landlord's lien rights herein Landlord shall have no interest in such insurance and will sign all documents necessary or proper in connection with the settlement of any claim or loss by Tenant.

C. Miscellaneous: Landlord and Tenant each agrees that it will not subrogate to its insurance carrier any right of action which it has or may have against the other for any loss covered by insurance. Landlord and Tenant agree to notify their respective insurance carriers of these provisions. All insurance required to be maintained by Tenant herein shall be obtained from responsible carriers acceptable to Landlord, which acceptance shall not be unreasonably withheld. Tenant shall provide to Landlord policies for or certificates evidencing the insurance to be procured and maintained by Tenant, which policies or certificates shall specify that the insurance evidenced thereby will not be cancelled except after thirty (30) days prior written notice to Landlord. Such policies or certificates shall be delivered to Landlord prior to the time coverage is required to commence. Any renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of any policy term.

17. TAXES

A. **Personal Property Taxes:** Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which became payable during the term of this lease upon Tenant's merchandise, furniture, appliances and personal property located in the Demised Premises.

B. **Real Property Taxes:** Landlord shall, in the first instance, pay before delinquency all real property taxes, assessments, impositions, and all other charges levied or assessed against the Center (including parking and common areas) and improvements thereon during the term of this lease, and Tenant shall reimburse to Landlord that proportion of said real property taxes, and assessments (including a prorata amount of such proportion for the years in which this lease commences and terminates) which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of all stores rentable in the Center. Such reimbursement shall be made to Landlord immediately upon delivery to Tenant of receipts or duplicate receipts showing such taxes, assessments and impositions as having been paid, or Landlord, at its option, shall have the right to estimate the amount of taxes next due and to collect and impound from Tenant on a monthly or quarterly basis the amount of Tenant's estimated tax obligations. Such taxes, assessments, and impositions shall include any tax or excise on rents (including so-called gross receipts tax on rent) or any other tax, however described, levied or assessed by the United States or the state in which the Demised Premises are located or by any political subdivision thereof against Landlord on account of rent provided in this lease, and Tenant shall reimburse to Landlord its proportionate amount of any such tax or assessment to the extent that is assessed or imposed as a direct result of Landlord's interest in the Demised Premises or of rentals accruing under this lease, but this provision shall not be construed in any manner so as to require Tenant to pay any income tax of Landlord as income taxes are understood at the time of execution hereof.

18. PARKING AND COMMON AREAS

A. **Definition:** The term "Common Areas" refers to all areas within the exterior boundaries of the Center which are now or hereafter made available for general use, convenience and benefit of Landlord and other persons entitled to use or occupy the Center or any part thereof, including, without limiting the generality of the foregoing, automobile parking areas, service areas, driveways, entrances and exits, sidewalks, pedestrian ways, open and enclosed courts and malls, landscaped and planted areas.

B. **General Provisions:** During the term of this lease, Landlord shall operate, manage and maintain all parking and Common Areas and facilities within the Center. The manner in which such areas and facilities shall be maintained and the expenditures for maintenance shall be at the sole discretion of Landlord and the use of such areas and facilities shall be subject to such reasonable regulations and changes as Landlord shall make from time to time. In addition to the Guaranteed Minimum Monthly Rental and the Percentage Rental payable hereunder, Tenant shall pay upon demand, but not more often than once each calendar quarter, Tenant's proportionate share of all costs and expenses of maintaining and operating the parking and Common Areas and facilities. Tenant's share shall be that proportion of such costs and expenses which the Gross Floor Area of the Demised Premises bears to the total number of square feet of gross floor area of stores then rented in the Center and open for business as of the commencement of each calendar quarter. Operating and maintenance costs shall include all costs and expenses of operating and maintaining such areas and facilities in such manner as Landlord may from time to time deem appropriate and for the best interest of the Tenants of the Center including, without limitation, labor, compensation insurance, payroll taxes, administrative costs, security costs, materials, supplies and all other costs of operating, repairing, lighting, cleaning, painting, restriping, removing of rubbish or debris, gardening, policing, inspecting and janitorial services; casualty and other insurance in amounts and covering hazards deemed appropriate by Landlord; any governmental parking lot tax or imposition or surcharge imposed against the Landlord or levied against the parking and common areas not covered as "Taxes" in Paragraph 17 herein; all cost of repairing, maintaining or replacing paving, curbs, walkways, walls, bumpers, markers, directional signs, Center signs, landscaping, sprinklers, drainage, fire protection systems, lighting facilities, and common area items not covered in Paragraph 15 herein; sewer, water, gas, electric, phone and other utility lines, storm drains, roads and approaches servicing the Center generally; and any other items that Landlord deems necessary and appropriate.

C. **Billing and Collection:** Tenant shall pay a sum to Landlord for accounting, management and collection of the expenses in connection with said Common Areas in an amount equal to TEN percent (10 %) of Tenant's prorata share of the total of the aforementioned expenses (common areas, insurance and taxes) for each calendar year. Tenant's share of such costs and expenses shall be estimated by Landlord subject to adjustment in the future billings to Tenant. On or before April 1 of each year, Landlord shall determine (and furnish to Tenant a statement showing in reasonable detail) such costs and expenses during the preceding Lease Year to the extent that Tenant's proportionate share of such costs and expenses is greater or less than the sum actually billed to and paid by Tenant during the preceding year, the difference shall be billed to and paid by Tenant or refunded to Tenant as the case may be.

D. It is agreed that the common area charges shall not exceed .60¢ per sq. ft. per year for the 1st two years of the lease and thereafter said charges shall be per lease.

19. MERCHANT'S ASSOCIATION:

At Landlord's option there shall be formed a nonprofit organization (if designated by Landlord) incorporated or otherwise (hereinafter referred to as the "Merchant's Association"). Tenant covenants and agrees during the term and any extension or renewal of the term of this lease to become and remain an "Active Member" in good standing in such Association and pay its proper assessments thereto promptly, and to abide by all the Articles of Incorporation By-Laws, rules and regulations of said Merchant's Association as any of the same may be amended from time to time. The Merchant's Association shall be organized for and devoted to encouraging its members to deal fairly and courteously with their customers, to adhere to ethical business practices, to undertake Centerwide advertising and sales promotions and otherwise to maintain and improve the general business welfare of the Center and merchants doing business therein.

20. SIGNS, ADVERTISING AND AUCTIONS

A. **Signs:** Tenant shall not place or suffer to be placed on the exterior of any door, roof, wall or window of the Demised Premises any sign, awning, canopy, marquee, advertising matter, decoration, lettering or other thing of any kind without the written consent of Landlord first had and obtained. No free standing signs shall be permitted without the written consent of Landlord first had and obtained. Tenant shall obtain Landlord's written approval of the plans and specifications of any proposed signs as well as the maker of the signs and the consent of any governmental body having jurisdiction over signs in the Center. Tenant further agrees at its own expense, to install a detachable type store sign on the exterior of the Demised Premises in strict conformance with Landlord's sign criteria as to design, material, color, size and location. Tenant shall furnish Landlord a detailed drawing of proposed sign by a sign fabricator for written approval prior to manufacture of same. Except as otherwise hereinafter provided, Tenant shall upon request of Landlord immediately remove any sign, advertisement, decoration, lettering or notice which Tenant has placed or permitted to be placed in, upon, above or about the Demised Premises and which Landlord reasonably deems objectionable or offensive, and if Tenant fails or refuses to do so Landlord may enter upon the Demised Premises and remove the same. Tenant acknowledges that the Demised Premises are a part of an integrated Center and that control of all signs by Landlord is essential to the maintenance of uniformity, propriety and aesthetic values in said Center. In the event Landlord, at his sole option and expense (except for sign lettering), installs a common area pole or pylon sign for the Center, Tenant agrees to become included in a sign rental program and Tenant's cost for same shall be determined by Landlord, provided however that such cost shall not be greater than that which would be charged by area sign companies.

INITIALS
1. Tenant shall have 180 days from commencement date to implement sign criteria.
2. Tenant Agrees at its expense to install a lighted neon sign per exhibit 'B' of Approx. 60' to 90 sq. ft. as The Landlord directs on The Hancock St. side of the premises.
C. **Advertising and Auctions:** Except as otherwise hereinafter provided, Tenant shall not use any advertising or promotional media which can be heard, seen, or experienced outside the Demised Premises, including, but not limited to searchlights, loud speakers or phonographs, without the written consent of Landlord first had and obtained. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Demised Premises, whether said auction by voluntary, involuntary pursuant to any assignment for the benefit of creditors or pursuant to any bankruptcy or other proceeding.

21. CONDEMNATION

The following definitions shall apply with respect to the provisions of this paragraph:

A. "Taking" means the taking or damaging, including without limitation severance damage, resulting from the exercise of the power of eminent domain for public and quasi-public use under any law. The transfer of title may be either a transfer resulting from a final judgment in condemnation or a voluntary transfer to the condemning agency under threat of condemnation, and taking shall be deemed to occur as of the date actual physical possession is taken by the condemnor.

B. "Total taking" means the taking of the fee title to the Demised Premises and the improvements located on the Demised Premises.

C. "Substantial taking" means the taking of so much of the Demised Premises and improvements that it is no longer economically or physically practical to continue to operate the business then conducted on the Demised Premises or the remaining portion of the Demised Premises. The taking of thirty-three and one third percent (33-1/3%) of the total floor area of the Demised Premises shall conclusively be deemed a substantial taking.

D. "Partial taking" means any taking that is not a total or substantial taking. In the event of a total or substantial taking, the lease shall terminate upon such taking and the award resulting from the taking shall be the sole property of Landlord except that Tenant shall be entitled to that portion, if any, of the award directly attributable to the Tenant's trade fixtures, moving expenses, or loss of business. In the event of a partial taking, the lease shall not terminate; the award shall be the sole property of Landlord; and there shall be an equitable reduction of rent. In such event, however, Landlord shall at its own costs and expense make all necessary repairs or alterations to the building in which the Demised Premises are located so as to constitute the portion of the building not taken a complete architectural unit and the remainder of the Demised Premises a complete merchandising unit.

22. INSOLVENCY

The filing of any petition in bankruptcy, or the adjudication of Tenant as a bankrupt or insolvent, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Tenant, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any State or Federal insolvency or bankruptcy act, and the continuance of any of the same for a period of ten (10) days, shall constitute a breach and default of this lease by Tenant and in such event Landlord may at its option terminate this lease upon written notice to Tenant, or without notice whatsoever, shall have and may exercise all the rights and remedies available to Landlord in the event of any other default provided for herein. It is understood and agreed that neither this lease, nor any estate created hereby, shall pass by operation of law under the State or Federal insolvency or bankruptcy act to any trustee, receiver, assignee for the benefit of creditors or any other person whatsoever without the express written consent of Landlord first had and obtained.

23. DAMAGE OR DESTRUCTION:

A. Insured Casualty: If at any time after the execution hereof the Demised Premises or any portion thereof should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policies maintained by Landlord, Landlord, shall, except as otherwise hereinafter provided and subject to any unavoidable delay, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage or destruction. Tenant shall have no interest in or claim to any portion of the proceeds of any fire and extended coverage insurance policies carried by Landlord. Anything herein contained to the contrary notwithstanding, if during the last two (2) years of the term hereof the Demised Premises should be damaged or destroyed by reason of any casualty insured by Landlord to the extent of fifty percent (50%) or more of the then replacement value thereof, Landlord may elect to terminate this lease by giving at last fifteen (15) days written notice of its said election to Tenant within thirty (30) days after the date of such damage or destruction; provided, however, regardless of such notice of termination, this lease shall not be terminated if Tenant shall within ten (10) days after receipt of such notice give written notice to Landlord extending the term hereof for a period of not less than five (5) years in accordance with any option or right to do so which Tenant may have hereunder in which event Landlord shall repair, reconstruct and/or restore the Demised Premises in accordance with the provisions of Subparagraph A. above.

B. Uninsured Casualty: If the Demised Premises should be damaged to an extent of less than thirty percent (30%) of their then replacement value by a casualty not covered by any standard form fire and extended coverage insurance, then Landlord shall, at its sole cost and expense, repair, reconstruct and/or restore the same so far as practicable to the condition in which the Demised Premises were immediately prior to such damage. If the Demised Premises should be damaged or destroyed to an extent of thirty percent (30%) or more of their then replacement value by any casualty not covered by a standard form fire and extended coverage insurance, then Landlord shall be entitled to elect either to cancel and terminate this lease, or to repair, reconstruct and/or restore the Demised Premises, by giving written notice of its said election to Tenant within forty-five (45) days after the date of such damage or destruction.

C. Non-Abatement of Rent: It is understood and agreed that Tenant's Guaranteed Minimum Monthly Rental and other monetary obligations under this lease shall not be abated unless the time required to complete repair or reconstruction shall extend beyond six (6) months from the date of damage or destruction, in which event said Guaranteed Minimum Monthly Rental and other monetary obligations shall abate from the expiration of said six (6) month period to the actual completion of repairs or reconstruction in an amount equal to the proportion thereof which the number of usable square feet of Gross Floor Area in the Demised Premises bears to the total number of square feet of Gross Floor Area in the Demised Premises immediately prior to such damage or destruction. Tenant's liability hereunder may be reduced by any applicable insurance coverage pursuant to Paragraph 16 hereof.

24. ASSIGNMENT AND SUBLETTING:

A. Consent To Be In Writing: Tenant shall not assign, mortgage, pledge, hypothecate or encumber this lease or the leasehold interest created hereby or any interest herein or sublet the Demised Premises or any portion thereof, or license the use of all or any portion of the Demised Premises, without the written consent of Landlord first had and obtained. Without in any way limiting any other rights available to the Landlord at the time of any proposed assignment or subletting, Landlord expressly reserves the right to adjust the Guaranteed Minimum Monthly Rental to an amount derived by multiplying said guaranteed minimum monthly rental times a number

equal to the percentage by which the Bureau of Labor Statistics, United States Department of Labor, for L.A. and Anaheim under the heading of "All Items", for the month in which the date of such assignment or subletting occurs has increased over the same Cost of Living Index figure for the month in which the Commencement Date under this lease occurs (i.e., if the percentage of such increase is thirty percent (30%), then the guaranteed minimum monthly rental will be multiplied times 130). In the absence of an express agreement in writing to the contrary, no assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license hereof or hereunder shall act as a release of Tenant from any of the obligations and agreements on its part to be kept and performed hereunder. Any assignment, mortgage, pledge, hypothecation, encumbrance, subletting or license of this lease, the leasehold estate created hereby, or the Demised Premises or any part thereof, either voluntary or involuntary, whether by operation of law or otherwise, without the prior written consent of Landlord shall be null and void and shall, at the option of Landlord, terminate this lease. The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this lease or a consent to the assignment or subletting of the Demised Premises. In the event of any assignment or transfer of Landlord's leasehold and/or reversionary interest hereunder, Landlord herein named (or in case of any subsequent assignment or transfer hereof, the then grantor or assignor in the particular case) shall from and after the date of such assignment or transfer be automatically relieved of all further liability as respects the performance of any covenants or obligations on the part of Landlord to be kept and performed hereunder, it being the intention of the parties that this lease shall be binding on any particular Landlord, his successors and assigns, only during his respective period of tenure. Tenant agrees to pay Landlord an administrative fee of \$100 and to reimburse Landlord for Landlord's reasonable attorney fees incurred in conjunction with the processing and documentation of any such requested transfer, assignment, subletting, licensing or concession agreement, change of ownership or hypothecation of this lease or Tenant's interest in and to the Demised Premises.

B. Assignment or Transfer To A Corporation: Notwithstanding anything to the contrary set forth herein, Tenant may assign this lease, without the consent of Landlord, to a corporation or other entity not less than fifty percent (50%) of the voting stock or controlling interest of which is owned by Tenant; provided that Tenant shall at all times remain liable for performance hereunder; and provided, further, that any transfer by Tenant of the controlling stock or interest in such corporation or other entity shall be a prohibited assignment hereunder.

C. Consent To Assignment or Subletting Shall Not Be Unreasonably Withheld: Subject to a compatible and non-competitive business use with respect to the other businesses in the Center and sufficient financial statement and credit record of assignee, Landlord's consent to assign or sublet this lease shall not be unreasonably withheld provided, however, that Tenant shall not be in default and/or if Tenant shall have previously breached or otherwise failed to perform under this lease since its inception, Landlord, at its sole discretion, may declare this Subparagraph null and void. Any such assignment or subleasing, even with the approval of the Landlord, shall not relieve the Tenant from liability for payment of the rental herein provided or from the obligation to keep and be bound by the terms, conditions and covenants of this lease.

25. ATTORNEY'S FEES;

In the event either party hereto shall commence any action or proceeding against the other by reason of any breach or claimed breach in the performance of any of the terms, covenants or conditions of this lease or to seek a judicial declaration of rights hereunder, the prevailing party in such action or proceeding shall be entitled to reasonable attorney's fees to be fixed by the Trial Court.

26. DEFAULT

In the event Tenant shall fail to pay any sum required to be paid hereunder, or in the event of breach by Tenant of any covenant, agreement or obligation to be performed by Tenant hereunder, then Tenant shall be deemed to be in default and thereafter Landlord shall, at its option, in addition to all other rights and remedies it may have hereunder or as provided by law, have the following rights and remedies:

A. Even though Tenant has breached this lease and abandoned the Demised Premises, this lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises; and, Landlord may enforce all its rights and remedies hereunder, including the right to recover the rent as it becomes due. After the occurrence of the acts of default and abandonment by Tenant, and for so long as Landlord does not terminate Tenant's right to possession of the Demised Premises, Tenant shall have the right to assign its interest in the lease and/or to sublet upon prior written consent. Landlord shall not be deemed to have elected to terminate Tenant's right to possession of the Demised Premises unless Landlord gives Tenant written notice of such election to terminate; and, in no event shall Landlord's acts of maintenance or preservation of the Demised Premises, or the appointment of a receiver upon initiative of Landlord to protect its interest under this lease be deemed to constitute termination of Tenant's right to possession.

B. Landlord may elect, by written notice to Tenant, to terminate this lease at any time after a default; and, in such event Landlord may, at Landlord's option, declare this lease and Tenant's right to possession terminated, reenter the Demised Premises, remove Tenant's property there from and store it for Tenant's account and at Tenant's expense and risk, eject all persons from the property, and recover damages from Tenant as hereafter provided. Any such reentry shall be permitted by Tenant without hindrance; and, Landlord shall not thereby be liable for or guilty of trespass, forceable entry or unlawful detainer.

C. In the event Landlord elects to terminate this lease and Tenant's right to possession in accordance with the foregoing Subparagraph B, or the same are terminated by operations of law, Landlord may recover as damages from Tenant the following:

(1) The worth at the time of award of the unpaid rent and other sums due hereunder which had been earned at the time of termination of the lease;

(2) The worth at the time of award of the amount by which the unpaid rent and other sums due hereunder which would have been earned after the date of termination of this lease until the time of award exceeds the amount of such loss of rent and other sums due that Tenant proves could have been reasonably avoided;

(3) The worth at the time of the award of the amount by which the unpaid rent and other sums due hereunder for the balance of the term after the time of award exceeds the amount of the loss of such rent and other sums that Tenant proves could be reasonably avoided;

(4) Any other amount, including attorney's fees and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform his obligations under the lease, or which in the ordinary courses of things would be likely to result therefrom.

D. The "worth at the time of award" of the amounts referred to in Subparagraph C. (1) and C. (2), above, is computed by allowing interest at the rate of ten percent (10%) per annum. The "worth at the time of award" of the amount referred to in Subparagraph C. (3), above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

E. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this lease do not waive Landlord's right to recover damages under the foregoing provisions.

F. Nothing in Paragraph B through G affects the right of Landlord to indemnification against liability arising prior to the termination of this lease for personal injuries or property damage, or against mechanic's liens or other loss, claims and/or expense as may be provided elsewhere in this lease.

G. The foregoing remedies of Landlord shall not be exclusive, but shall be cumulative and in addition to all rights and remedies now or hereafter provided or allowed by law.

27. LIENS

Tenant shall at all times indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any claims, liens, demands, charges, encumbrances and/or litigation arising directly or indirectly out of any use, occupancy or activity of Tenant, or out any work performed, material furnished or obligations incurred by Tenant, in, upon, about or otherwise in connection with the Demised Premises. Tenant shall, within fifteen (15) days after the filing of any lien for record, fully pay and satisfy the same, and Tenant shall reimburse Landlord upon demand for any and all loss, damage and expense, including attorney's fees, which Landlord may suffer or be put to by reason thereof. However, nothing herein shall be construed to prevent either Tenant, or Landlord at the cost and for the account of Tenant, from satisfying such lien or from obtaining and filing a bond to secure the payment of such lien or incumbrance in the event Tenant fails or refuses to satisfy the same within such fifteen (15) day period. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of applicable notices of non responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Demised Premises.

28. INDEMNIFICATION OF LANDLORD

Tenant hereby covenants and agrees to indemnify, save and hold Landlord and the Demised Premises free, clear and harmless from any and all liability, loss costs, charges, penalties, obligations, expenses, attorney's fees, litigation, judgments, damages, claims and demands of any kind whatsoever in connection with, arising out of or by any violation of law, ordinance or regulation by Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees or by reason of any injury or damage however occurring to any person or persons whomever (including Tenant, its agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees), from any cause or causes whatsoever while in, upon, about or in any way connected with the Demised Premises or any part thereof. Landlord shall not be liable to Tenant or to any other person whatsoever for any damage occasioned by plumbing, gas, water, steam, sprinkler or other pipe and sewage system or by the bursting, running or leaking of any tank, wash stand, closet, waste or other pipes in or about the Demised Premises or the building of which the Demised Premises are a part or for any damage occasioned by water being upon or coming through the roof, vents or otherwise, or for any acts or neglect of co-tenants or other occupants of the Center or of adjacent property or the public.

29. SUBORDINATION, ESTOPPEL CERTIFICATE AND ATTORNMENMENT

A. **Subordination:** Tenant agrees that this lease is, and shall be, subordinate to a bona fide mortgage, deed or trust, or any other hypothecation of security which has been or which may hereafter be placed upon the Demised Premises provided that such subordination shall not adversely affect the Tenant's right of use and occupancy under this lease in the event of foreclosure if Tenant is not in default. Tenant agrees to execute any documents which may be requested by Landlord, in addition to this lease, which may be required to effectuate such subordination and if Tenant fails to do so within the ten (10) days after written demand from Landlord, Tenant does hereby make, constitute and appoint Landlord as Tenant's attorney in fact to do so. If Landlord shall assign this lease to a mortgagee as additional security for said mortgage, then, during the continuance in effect of such assignment Tenant will not, by reason of any default of Landlord, hereunder, exercise any of Tenant's remedies under this lease if the mortgage, within sixty (60) days after receipt of written notice from Tenant of Tenant's intent to terminate this lease for such default, if such default can be cured by the payment of money, or, if such is not the case, shall undertake in writing to perform and shall thereafter perform with respect to the Demised Premises all of the covenants of this lease capable of performance by the mortgagee until such time as the Demised Premises shall be sold upon the foreclosure of said mortgage.

B. **Estoppel Certificate:** Tenant shall at any time, and from time to time, upon not less than ten (10) days prior written request by Landlord execute, acknowledge, and deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or, if there shall have been modifications, that the lease is unmodified and in full force and effect as modified and stating the modifications) and the dates to which the fixed rent and any other charges or payments have been paid in advance. It is expressly understood and agreed that any such statement delivered pursuant to this Paragraph may be relied upon by Landlord or any prospective purchaser, mortgagee, assignee of any mortgagee, or the trustee or beneficiary of any deed of trust placed upon the Demised Premises or the real property of which the Demised Premises are a part.

C. **Attornment:** In the event of any deed in lieu of foreclosure, or the exercise of any power of sale, or the foreclosure under, any deed of trust or mortgage now or hereunder placed by Landlord against all or any portion of the Demised Premises, Tenant shall attorn to the grantee of such deed of the purchaser upon any such foreclosure or sale and recognize such grantee or purchaser as the Landlord under this lease.

30. RIGHT OF ACCESS

Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of serving, posting or keeping posted thereon notices provided for hereunder, or by any applicable law, rule or regulation now or hereafter in effect in the state in which the Demised Premises are located, or such other notices as Landlord may deem necessary or appropriate for the protection of Landlord, its interest or the Demised Premises; and/or for the purpose of inspection the Demised Premises; and/or the purpose of making any necessary repairs to the Demised Premises, or at any time when Landlord may deem necessary to prevent waste, loss, damage or deterioration to or in connection with the Demised Premises. Nothing herein shall imply any duty upon the part of Landlord to do any work or repair or maintenance which under provision of this lease may be required on the part of Tenant to be performed, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform the same. Landlord and its authorized agents and representatives shall be entitled to enter the Demised Premises at all reasonable times for the purpose of exhibiting the same to prospective purchasers and, during the final six (6) months of the term hereof, Landlord shall be entitled to exhibit the Demised Premises for hire and/or for sale and to display thereon in such manner as will not unreasonably interfere with Tenant's business the usual "For Sale" or "For Lease" signs, and such signs shall remain unmolested on the Demised Premises.

31. HOLDING OVER

Should Tenant occupy said Demised Premises after the expiration date of this lease, without the consent of the Landlord, expressed or implied, such possession shall be construed to be a tenancy from month-to-month and Tenant shall pay Landlord

PREVAILING RENT INCLUDING COST OF LIVING INCREASES

for said Demised Premises a fixed rental of \$ _____ a month and the same Percentage Rental, if any, as provided herein and shall otherwise be upon the same terms and conditions as are herein provided, and thereafter Tenant shall not terminate such month to month tenancy without giving Landlord thirty (30) days written notice.

32. OPTION TO EXTEND TERM

NONE

A. Option Conditions: Tenant shall have the option to extend the term of this lease for _____ additional _____ year periods commencing upon the expiration of the initial _____ year term hereof. Each option shall lapse and terminate unless Tenant shall deliver to Landlord written notice of the exercise thereof not less than six (6) months prior to the expiration of the initial _____ year term of this lease and the expiration of each _____ year option term thereafter. In addition to the foregoing, each option shall lapse and terminate if Tenant shall be in default hereunder on the date of commencement of any of said _____ year extension periods and/or if Tenant shall have previously breached or otherwise failed to perform under the lease since its inception, Landlord at his sole discretion, may declare any option to extend null and void.

B. Option Terms: In the event Tenant shall exercise its option to extend the term of this lease, as hereinabove provided, all covenants, conditions and provisions of this lease shall be and remain in full force and effect except that the Guaranteed Minimum Monthly Rent which Tenant shall pay to Landlord during each of said extension periods shall be the greater of:

(1) The sum of _____ per month; or

(2) A monthly sum derived by multiplying _____ times a number equal to the percentage by which the Bureau of Labor Statistics, United States Department of Labor for the _____ under the heading of "All Items,"

for the first month of each said extension period has increased over the same Cost of Living Index figure for the _____ month of the initial _____ year lease term plus 100. (For example if the percentage of such increase is 30%, then \$ _____ would be multiplied times 130 resulting in a monthly rental of _____). In no event shall the Guaranteed

Minimum Monthly Rent for said extension period be less than the Guaranteed Minimum Monthly Rent, for the last month of the initial term or the previous extension period, whichever is applicable. In the event the Consumer Price Index above specified ceases to be published, then the "All Items Index" published by the Department of Labor for the geographic area including _____ shall be substituted.

33. MISCELLANEOUS

A. Amendment: This lease cannot be added to, altered, changed, modified or amended in any respect except by a writing duly signed and executed by both Landlord and Tenant.

B. Application of Law and Recording: This lease shall be construed according to the laws of the State in which the Center is located. Upon the request of either party, the other party will in good faith cooperate in the preparation and execution of a recordable instrument describing the parties, the Demised Premises, the basic terms of this lease and such other portions hereof as either party may desire to be included in such instrument.

C. Captions and Pronouns: The captions by which the various numbered paragraphs and subparagraphs of this lease are titled are for convenience and identification only and shall not be deemed to limit, expand or define the contents of the respective paragraphs and subparagraphs to which they pertain. Masculine and/or feminine pronouns shall be substituted for the neuter form and/or vice versa, and the plural shall be substituted for the singular form and/or vice versa, in any place or places herein in which the context requires such substitution or substitutions.

D. Cancellation Not Merger: The voluntary or other surrender of this lease by Tenant, or a mutual cancellation thereof, or the termination thereof by Landlord under any provision herein contained, shall not work a merger, but shall at the option of Landlord either terminate any or all existing subleases or subtenancies under Tenant, or operate as an assignment to Landlord of any or all of such subleases or subtenancies.

E. Conveyance by Landlord: If during the term of this lease Landlord shall sell its interest in the Center or the Demised Premises, then from and after the effective date of sale, Landlord shall be released and discharged from any and all obligations and responsibilities under this lease except those which have already accrued.

F. Changes and Additions to Center: Landlord hereby reserves the right at any time, to adjust the site plan, to vary the Common Areas, to make changes, alterations or additions to, and to construct other buildings or improvements in and to the Center, provided, however, in so doing Landlord shall not unreasonably interfere with Tenant's use and occupancy of the Demised Premises.

G. Disclaimer of Joint Venture: Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or a partnership or a joint venture by the parties hereto. It being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties, shall be deemed to create any relationship between them other than the relationship of Landlord and Tenant.

H. Dispute or Delay: In the event of any dispute between the parties concerning the time of actual completion of Landlord's Work or Tenant's Work or any claimed excuse for delay in performance or non-performance thereof or whether such work has been adequately performed in a good and workmanlike manner and is satisfactory for the use intended, such dispute shall be referred to Landlord's architect whose determination with regard thereto shall be final and conclusive upon the parties.

I. Employee and Tenant Parking: Landlord shall have the exclusive right to restrict parking by Tenants, its agents and employees to employee parking areas, to enforce parking charges (by operation of meters or otherwise), with the appropriate provisions for free parking ticket validating by Tenants, to discourage non-customer parking, to require Tenants, its agents and employees to park outside of the boundaries of the common area facilities, and to do and perform such other acts, in the use of good business judgment, that Landlord shall determine to be advisable for the improvement and use of the Common Areas and facilities by customers.

J. Entire Agreement: The parties hereby agree that this lease contains all the terms, covenants, conditions and agreements between Landlord and Tenant relating in any way to the use, occupancy or rental of the Demised Premises, and that there are no collateral or oral agreements or understandings in connection therewith. All prior agreements or understandings or brochures pertaining to the same, if any, whether oral or written, are hereby revoked and mutually declared to be null and void, and none of said prior agreements or understandings shall be of any further force or effect whatsoever. Tenant acknowledges, represents and warrants that Tenant has entered into this lease by virtue of Tenant's own independent investigation and was not induced to enter into this lease on account or by reason of any representation, inducement or understanding whatsoever made, stated or represented by or on behalf of Landlord except as set forth expressly herein.

K. Execution of Instruments: Tenant agrees to execute and deliver any instruments of documents which shall be necessary to carry out any agreement, term, condition or assurance in this lease whenever occasion shall arise and request for such instruments shall be made of Tenant by Landlord, or which may be requested by the mortgage, lender furnishing financing to the Landlord.

L. Financial Approval of Tenant: Landlord requires a credit report and financial statement on Tenant which is subject to Landlord's approval to his sole satisfaction prior to occupancy and in the event Landlord disapproves of same, Tenant's deposit shall be refunded and this lease shall be terminated without further liability between the parties hereto.

M. Force Majeure: Whenever either party hereto shall be prevented from or hindered in the performance of any act or obligation on the part of such party to be performed hereunder by reason of acts of God, war, riot, civil commotion or insurrection, strikes, walkouts, lock-outs, labor disturbances, governmental action, fire or like casualty, shortage of necessary materials, equipment or labor, or restrictions in or limits on the use thereof, delays in transportation, or any other matter or matters beyond the control of the party required to perform such act or obligation, the time for performance shall be extended for a period equivalent to the period such party could not perform such acts or obligations; provided, however, that nothing herein set forth shall excuse Tenant from the prompt payment of all rentals or other monies required to be paid by Tenant under this lease.

N. Partial Invalidity: If any term, provision, covenant or condition of the lease should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of this lease shall continue in full force and effect and in no way shall be affected, impaired or invalidated thereby.

O. Performance Bond for Tenant Improvements: Landlord, at his discretion, may require Tenant to furnish a performance bond for Tenant's work in excess of \$ 0 guaranteeing the completion thereof.

P. Successors and Assigns: The terms, covenants, conditions and agreements herein contained and as the same may from time to time hereafter to supplemented, modified or amended, shall apply to, bind and inure to the benefit of the parties hereto and their heirs, executors, administrators, legal representatives, successors and assigns, respectively. In the event either party now or hereafter shall consist of more than one (1) person, firm or corporation, then and in such event all such persons, firms and/or corporations shall be jointly and severally liable as parties hereunder.

Q. Tenant As A Corporation: In the event the Tenant hereunder shall be a corporation, the parties executing this lease on behalf of the Tenant hereby covenant and warrant that the Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in the state in which the Demised Premises are located; all franchise and corporate taxes have been paid to date; and all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due. The lease must be executed by the president or the vice-president and the secretary or assistant secretary, unless the by-laws or a resolution of the board of directors shall otherwise provide, in which event, the by-laws or a certified copy of the resolution, as the case may be, must be furnished. Also, the appropriate corporate seal must be affixed.

R. Tenant's Quitclaim: At the expiration or earlier termination of this lease, Tenant shall execute, acknowledge, and deliver to Landlord, within five (5) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this lease from the real property upon which the Demised Premises are situated.

S. Waiver: One or more waivers by Landlord of any breach by Tenant of any term, covenant or condition hereof shall not be construed as a waiver of a subsequent breach of the same or any other term, covenant or condition. Landlord's consent to or approval or any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

T. Waiver of Rights of Redemption: Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of the Demised Premises by reason of the violation by Tenant of any of the covenants and conditions of this lease or otherwise. The rights given to Landlord herein are in addition to any rights that may be given to Landlord by any statute or otherwise.

U. Time of Essence: Time is of the essence with respect to the performance of each and every term, covenant and condition contained in this agreement.

V. Non-proportionate Expenditures: In the event Tenant is required under this lease to reimburse to Landlord, on a proportionate basis, any expenditures for taxes, insurance, repairs, maintenance, or like items, and Landlord, for any reason, is not required to pay, in the first instance, one hundred percent (100%) of such expenditures, then Tenant shall reimburse to Landlord only that proportion of the amount actually paid by Landlord which the Gross Floor Area of the Demised Premises bear to the Gross Floor Area, in the aggregate, of all stores rentable in the buildings affected by such expenditures.

W. **Landlord's Default:** In the event of any default by Landlord hereunder, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting to Tenant a lien upon the property of Landlord and/or upon the rent due Landlord), but prior to any such action Tenant shall give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have a reasonable period, but in no event less than thirty (30) days in which to commence to cure any such default. Unless and until Landlord fails to so commence to cure any default after such notice, or having so commenced thereafter fails to exercise reasonable diligence to complete such curing, Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Center and not thereafter.

X. **Termination of Former Lease:** (If applicable) The present lease agreement on the Demised Premises by and between

DOES NOT APPLY

dated _____

(hereinafter called "Previous Lease") shall be terminated and superceded by this lease agreement upon the Commencement Date hereof. However, it is understood and agreed that Tenant shall hold Landlord harmless from any liability or claim under Previous Lease with respect to said lease, and Tenant shall assume the responsibility for payment to Landlord (through escrow or otherwise) of all past due rents, taxes, common area charges, and any other lawful charges due Landlord under Previous Lease and prior to the effective date of this lease agreement.

Y. **MINIMUM STANDARD SUBLEASE CONDITIONS:** The following five (5) provisions, required by the City of San Diego, shall be attached hereto and incorporated herein by this reference as Exhibit A-1 of the Lease, (hereinafter referred to as sublease), shall supercede any inconsistent provisions of the Sublease paragraphs 1 through 33 hereof.

This Agreement Consists of 14 pages Pages and Exhibit(s) A, A-1, B, B-1 and C

Dated this MAY 25 1983 Day of _____ 19____

TENANT

LANDLORD

DBA: "ITALIAN MOTORS LTD"

M.C. STRAUSS CO.

By: _____

Andrew R. Kelley

By: _____

MATTHEW C. STRAUSS

By: _____

By: _____

549-52-3531

Social Security

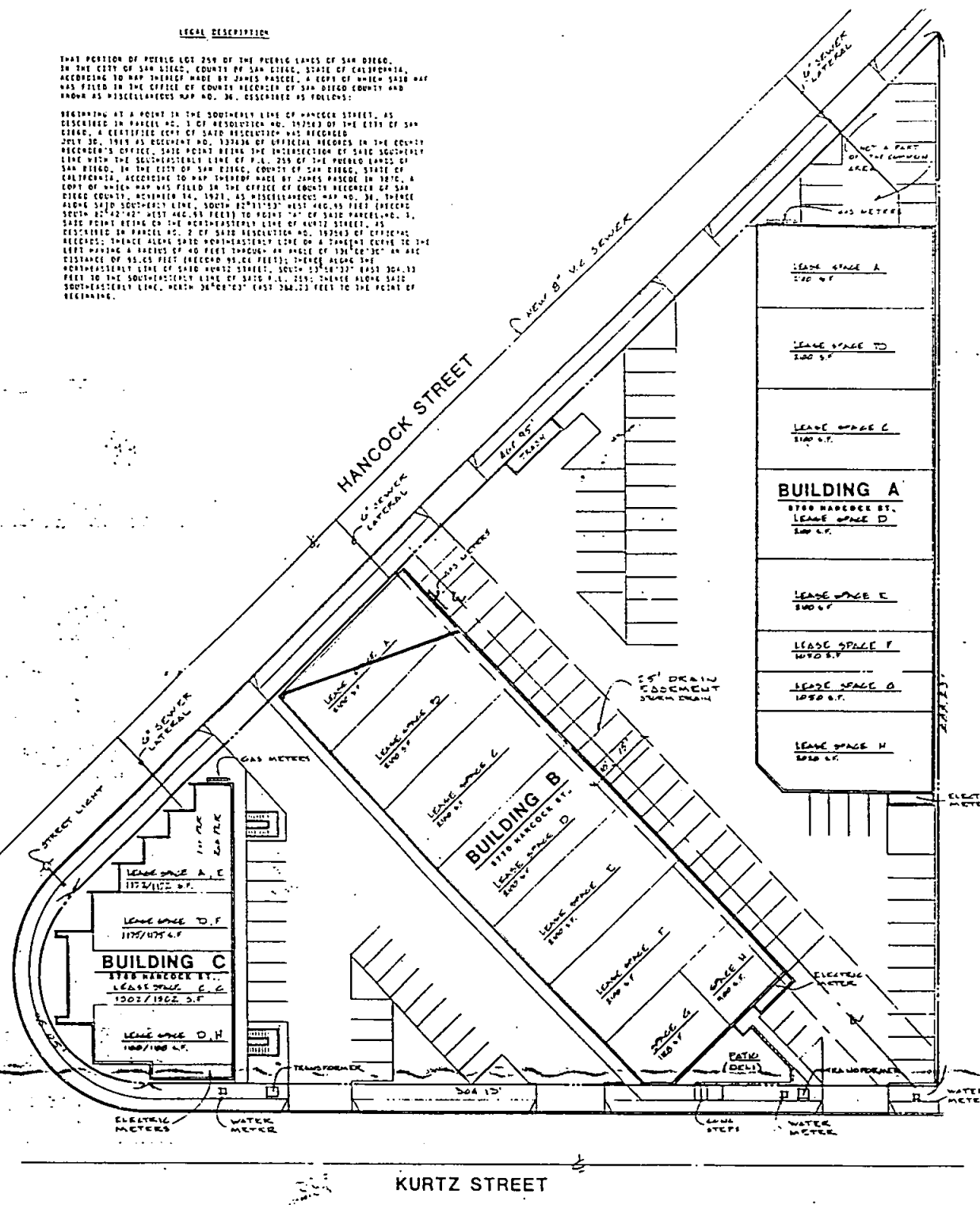
HZ 294477 CA

Drivers Licence

LEGAL DESCRIPTION

THAT PORTION OF PUEBLO LOT 259 OF THE PUEBLO LOTS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE, A COPY OF WHICH MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY AND KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF HANCOCK STREET, AS DESCRIBED IN PARCEL NO. 1 OF RESOLUTION NO. 197503 OF THE CITY OF SAN DIEGO, A CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED JULY 30, 1914 AS RESOLUTION NO. 197503 OF OFFICIAL RECORDS IN THE COUNTY RECORDER'S OFFICE, SAID POINT BEING THE INTERSECTION OF SAID SOUTHERLY LINE WITH THE SOUTHEASTERLY LINE OF P.L. 259 OF THE PUEBLO LOTS OF SAN DIEGO, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY JAMES PASCOE IN 1910, A COPY OF WHICH MAP WAS FILED IN THE OFFICE OF COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 14, 1921, AS MISCELLANEOUS MAP NO. 36, THENCE ALONG SAID SOUTHERLY LINE, SOUTH 87°11'53" WEST 140.93 FEET (RECORD SOUTH 87°11'53" WEST 140.93 FEET) TO POINT "A" OF SAID PARCEL NO. 1, SAID POINT BEING ON THE NORTHEASTERLY LINE OF HANCOCK STREET, AS DESCRIBED IN PARCEL NO. 2 OF SAID RESOLUTION NO. 197503 OF OFFICIAL RECORDS, THENCE ALONG SAID NORTHEASTERLY LINE ON A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 40 FEET THROUGH AN ANGLE OF 101°02'30" IN ARC DISTANCE OF 93.65 FEET (RECORD 93.65 FEET); THENCE ALONG THE NORTHEASTERLY LINE OF SAID HANCOCK STREET, SOUTH 37°04'37" EAST 304.33 FEET TO THE SOUTHEASTERLY LINE OF SAID P.L. 259; THENCE ALONG SAID SOUTHEASTERLY LINE, NORTH 86°08'07" EAST 344.23 FEET TO THE POINT OF BEGINNING.



TABULATION

LEASE SPACE	SQUARE FEET	PERCENTAGE OF COMMON AREA
BLOCK 2 COMMERCIAL/STREET		
A	1200 S.F.	5.34
B	1200 S.F.	5.34
C	1200 S.F.	5.34
D	1200 S.F.	5.34
E	1200 S.F.	5.34
F	1200 S.F.	5.34
G	1200 S.F.	5.34
H	1200 S.F.	5.34
BLOCK 10 COMMERCIAL/STREET		
A	1200 S.F.	5.34
B	1200 S.F.	5.34
C	1200 S.F.	5.34
D	1200 S.F.	5.34
E	1200 S.F.	5.34
F	1200 S.F.	5.34
G	1200 S.F.	5.34
H	1200 S.F.	5.34
THREE BLOCK C		
A - 1st FLR	1172 S.F.	2.98
B - 1st FLR	1172 S.F.	2.98
C - 1st FLR	1172 S.F.	2.98
D - 1st FLR	1172 S.F.	2.98
E - 2nd FLR	1172 S.F.	2.98
F - 2nd FLR	1172 S.F.	2.98
G - 2nd FLR	1172 S.F.	2.98
H - 2nd FLR	1172 S.F.	2.98
TOTAL	1172 S.F.	100.00%

OWNER
DEVELOPER
LEASING AGENT
M. C. STRAUSS CO.
 591 CAMINO DE LA REINA
 SUITE 1001
 SAN DIEGO CA. 92108
 PHONE (714) 299-6222

PROJECT ADDRESSES:
 BLOCK 2 SUITES A-H 3760 HANCOCK ST., SAN DIEGO, CA. 92110
 BLOCK 10 SUITES A-H 3770 HANCOCK ST., SAN DIEGO, CA. 92110
 BLOCK 2 SUITES A-H 3780 HANCOCK ST., SAN DIEGO, CA. 92110

SITE & BUILDING SUMMARY

LAND WHO AREA 14,249 S.F.
LOT COVERAGE 34,295 S.F. (241%)
BUILDING AREA (GROSS LEASABLE AREA - G.L.A.)
 BLDG. A 1172 S.F.
 BLDG. B 1172 S.F.
 BLDG. C 1172 S.F.
TOTAL 3536 S.F.

PARKING REQUIRED
 1 SPACE PER 100 S.F. OF BUILDING AREA = 35 SPACES
PARKING PROVIDED
 16 OFF-STREET SPACES (8' x 20')
 15 COMMON SPACES (7' x 10')
 45 TOTAL SPACES

PROJECT DATA

COPIES 100 UNIFORM BUILDING CODE
 100 UNIFORM PLUMBING CODE
 100 UNIFORM MECHANICAL CODE
 100 UNIFORM FIRE CODE
 100 UNIFORM ELEC. CODE
 SAN DIEGO CITY ORDINANCES
ACCURACY GROUP B - DIMENSIONS
ZONE MEDIUM PLANNED OUTLIER AREA "B"
FIRE ZONE THREE
BUILDING HEIGHT 12.5 STORY
CONSTRUCTION TYPE TYPE II-A

SITE PLAN

SPORTS ARENA
BUSINESS PARK

DRAWN BY
DATE
CHECKED BY
ARCHITECT
 JOY S. JOHNSON C-3742

REVISIONS
 NO. DATE DESCRIPTION

SHEET TITLE
LEASE PLAT

SHEET NUMBER
EXHIBIT A

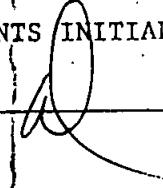
EXHIBIT A

EXHIBIT A-1 TO LEASE (SUBLEASE)

MINIMUM STANDARD SUBLEASE CONDITIONS.

- 33.Y (1) ASSIGNMENT AND SUBLEASING: Sublessee shall not assign this lease or sublet the premises or any part thereof without the prior written consent of Lessee and the City of San Diego, hereinafter, "City." An assignment by operation of law shall automatically terminate this lease.
- 33.Y (2) HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and save harmless Lessee and City from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of Sublessee, its agents and invitees.
- 33.Y (3) INSURANCE: Sublessee shall be insured by an insurance carrier acceptable to the Lessee and City against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be as set forth in Paragraph 16.B hereof. A copy of the policy of insurance shall be filed with City and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to City by the insurance company.
- 33.Y (4) LEGAL PROCEEDINGS: Should it become necessary to Lessee or City to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, Sublessee agrees that the prevailing party shall be entitled to all legal costs in connection therewith, including a reasonable sum as attorney's fees.
- 33.Y (5) SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated September 13, 1977, as amended between the sublessor herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereto contrary to or in conflict with said agreement.

TENANTS INITIALS



LANDLORDS INITIALS

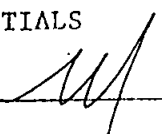


EXHIBIT A-1

Landlord will furnish the following below listed items only per Landlord's Plans and Specifications and Tenant's Plans which Tenant agrees to have prepared at its expense and to be submitted to and subject to Landlord's approval pursuant to Paragraph 2.A. of the lease.

1. Roof and suspended accoustical ceiling
2. Glass and aluminum store front with 1 entry door(s) and 1 rollup Garage door
3. Exterior walls and party walls only (exclude interior partitions); the exterior walls to be covered with succo and/or masonry or wood siding, and the interior walls to be covered with succo and/or drywall to be taped and sprayed with a textured finish ready for paint (exclude painting and decorating except for toiletroom(s) only).
4. Concrete slab floor (exclude floor covering and wall covering except for toiletroom(s) only).
5. Recessed interior ceiling lighting fixtures and toiletroom fixtures (exclude decorative lighting fixtures)
6. Complete 1 toiletroom(s) (including finish) and rough-in plumbing only for 0 toiletroom(s).
7. Heating and air conditioning system for 2 tons of air conditioning.
8. Basic electrical with service panel of 3 Phase 100 AMPS, wall and ceiling outlets, circuit for Tenant's neon sign, phone conduit stub-out, and Tenant requested (Landlord approved) rough-ins only for additional electrical and phone outlets.
9. Basic plumbing with 1 inch water service, 3 inch sewer service, 1½ inch gas service; rough-ins only for Tenant's water heater and Tenant requested (Landlord approved) rough-ins only for additional water, sewer, and gas outlets.
10. Basic rough carpentry including cutting and framing for Tenant required (Landlord approved) vents and exhaust fans, if any. (exclude all sheetmetal, ventilating (except required bath fan), finish carpentry, etc.)
11. Tenant agrees to perform the Tenant improvements at Tenant expense as set forth below.
 - a. Provide protective glass coating to all Store Front balcony Glass
 - b. Carpet or VAT office space.
 - c. Furnish interior partitions per Tenants requirements. *(Not obligatory)*
 - d. Isolate warehouse compressor hose with RIS (or similiar) pad mountings and or other materials required to keep noise confined to the premises.
 - e. Install one or two gravity rotation Fans on the roof of the premises (under landlords supervision with regard to roof penetrations) to pull out Fumes and/or Smells.

TENANT'S INITIALS

LANDLORD'S INITIALS

BASIC SIGN CRITERIA
SPORTS ARENA BUSINESS PARK

Tenants will be required to provide and install new signs designed to conform with the following criteria:

Signs for tenants shall be lighted signs composed of individual cans conforming to the following.

- a. Location-Building A&B install on fascia; Bldg. C install on West elevation.
- b. Height-Bldg. A&B shall be 24 inches; Bldg. C shall be 18 inches.
- c. Maximum Overall Length-Bldg. A&B 10 ft.; Bldg C 8 ft.
- d. Vertical Position-See sign criteria elevation.
- e. Horizontal Position-See sign criteria elevation.
- f. Letter Color-Any harmonious color.
- g. Illumination Color-White fluorescent.
- h. Letter Style-Block or block and script.
- i. Can- 9 inch depth, Aluminum, Dark Bronze Color.
- j. Plastic Tenant Panels-Background color; Ivory.

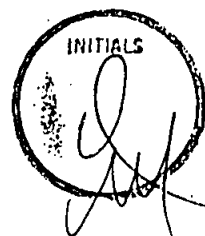
Only lighted signs will be permitted on graphics band. No signs or graphics on building roof or above graphics band. Special graphics, colors other than harmonious, logos, or supplemental informational data, shall not be permitted, unless approved by owner.

The intent of these guidelines is to provide a reasonably uniform, attractive, and acceptable format that will be compatible with architectural and aesthetic image of the center. Each tenants sign and the sign criteria, provided herein, shall be subject to Landlords formal approval in each instance. Notwithstanding anything herein mentioned in said Exhibit C, it is specifically understood that paragraph 20(Signs) of the lease, shall take precedence in all instances.

A typical Sign Graphics is provided in the attached sheets for your reference.

EXHIBIT C

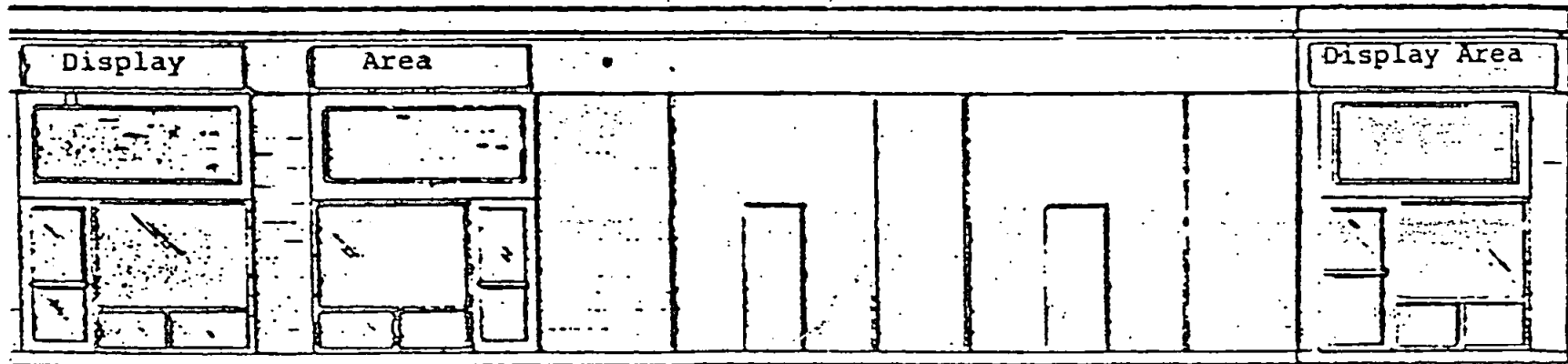
page 1 of 2



TYPICAL TENANT DISPLAY

TYPICAL DISPLAY SIGN 10ft.X 24in.X 9in. depth.

10'-0" 10'-0" 10'-0"



Note: Tenant will connect its signs directly to the electrical panel in leased premises

TYPICAL TENANT DISPLAYS

EXHIBIT

page 2 of 2

