

RECORDING REQUESTED BY:
GEORGE A. PEARSON

WHEN RECORDED MAIL TO:
GEORGE A. PEARSON
16868 "A" Street
Huntington Beach, California 92647

(This Space Is Reserved For Recorder's Use ONLY)

CONSENT TO SUBLEASE

Reference is made to the following real property sublease:

- Sublease dated November 22, 1996 for the real property located at 8110 Balboa Avenue, San Diego, CA (the "Great Western Sublease");

As of the date of execution of this Consent, the Great Western Sublease is in full force and effect; the current tenant, George A. Pearson ("Tenant"), is not in default under any of the terms, covenants or conditions of the Great Western Sublease; neither party to the Great Western Sublease has commenced any action or has given or received any notice for the purpose of terminating the Great Western Sublease; and all rents, additional rents and other sums due and payable under the Great Western Sublease have been paid in full. The City of San Diego, ("City"), certifies only that the Master Lease between the City and Great Western Mortgage, ("Landlord") is in full force and effect. The City has no comment on the status of the Great Western Sublease.

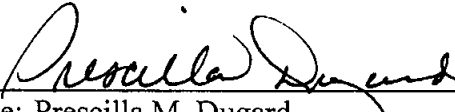
NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Landlord and the City hereby consent to a sublease of the Great Western Sublease by Tenant to G&M Oil Co., LLC, ("G&M Oil"), subject to the following terms and conditions:

1. That no further assignment or subletting of the whole or any part of the subleased premises shall be made without first obtaining the written consent of the Landlord and the City.
2. G&M Oil acknowledges and agrees to comply with all the terms and conditions of the Great Western Sublease referenced above, as well as the Master Lease, dated November 12, 1964 ("Master Lease"). In the event any provision of the Sublease contradicts the Great Western Sublease or the Master Lease, the Sublease shall be subordinate to both the Great Western Sublease and the Master Lease. Additionally, this consent is conditioned upon compliance with the City's "Minimum Standard Sublease Conditions", a copy of which are attached hereto and incorporated herein, as Addendum "A" to this Consent.

3. This Consent shall not relieve Tenant or G&M Oil from the obligation to keep the terms and covenants of the Great Western Sublease, and Tenant agrees to be responsible for any and all payments due under the Sublease in the event G&M Oil fails to make any such payments in a timely manner.
4. That Tenant and G&M Oil shall execute this Consent as evidence of their understanding and acceptance of each of the above conditions upon which this Consent to Sublease is granted.
5. Execution of this document by the City is merely approval of the Sublease between Tenant and G&M Oil. All terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions of the Sublease.
6. For the convenience of the parties, this instrument may be executed in one or more counterparts, which must each be considered an original. All counterparts constitute one and the same agreement.

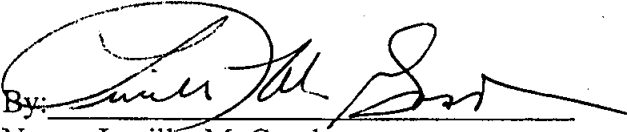
APPROVED AS TO FORM:

CASEY GWINN, CITY ATTORNEY

By: 
Name: Prescilla M. Dugard
Title: Deputy City Attorney

Dated: 1-18-02

THE CITY OF SAN DIEGO

By: 
Name: Lucille, M. Goodman
Title: Supervising Property Agent

Dated: 1-8-02

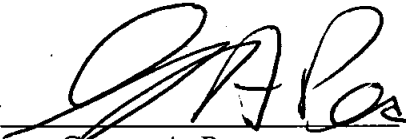
Landlord:

GREAT WESTERN MORTGAGE

By: 
Name: Samuel J. Kahn
Title: President

Dated: 1-10-02

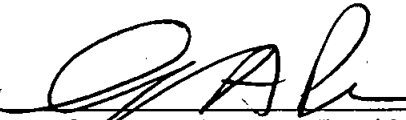
Tenant/Sublessor:

By 
George A. Pearson

Dated: 12-5-01

Sublessee:

G&M OIL CO., LLC,
by its Manager, G & M Oil Company, Inc.

By 
George A. Pearson, President

Dated: 12-5-01

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: Sublessee shall not assign the sublease 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.

HOLD HARMLESS: Sublessee shall assume the defense of, indemnify and hold 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, 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 established active negligence, sole negligence, or sole willful misconduct of the City, its agents, officers, or employees.

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 \$1 million **COMBINED SINGLE LIMIT LIABILITY**. 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.

LEGAL PROCEEDINGS: Should it become necessary for Lessee or City to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated Nov. 12, 1964, 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 hereof contrary to or in conflict with said agreement.



STANDARD SUBLEASE

(Long-form to be used with pre-1996 AIREA leases)

(NOTE: NOT DESIGNED FOR SITUATIONS WHERE LESS THAN ENTIRE PREMISES ARE BEING SUBLET)

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Sublease ("Sublease"), dated for reference purposes only _____, is made by and between GEORGE A. PEARSON_____ ("Sublessor")
and G&M OIL CO., LLC_____ ("Sublessee"),
(collectively the "Parties", or individually a "Party").1.2 Premises: That certain real property, including all improvements therein, and commonly known by the street address of _____ located in the County of _____, State of _____ and generally described as (describe briefly the nature of the property) See Exhibit A

_____ ("Premises").

1.3 Term: See Exhibit A years and _____ months
commencing _____ ("Commencement Date") and
ending _____ ("Expiration Date").1.4 Early Possession: _____
_____ ("Early Possession Date").1.5 Base Rent: \$ See Exhibit A per month ("Base
Rent"), payable on the _____ day of each month commencing _____☐ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.~~1.6 Base Rent and Other Monies Paid Upon Execution:~~~~(a) Base Rent: \$ _____ for the period _____~~~~(b) Security Deposit: \$ _____ ("Security Deposit").~~~~(c) Association Fees: \$ _____ for the period _____~~~~(d) Other: \$ _____ for _____~~~~(e) Total Due Upon Execution of this Lease: \$ _____~~1.7 Agreed Use: Gasoline Service Station or any other lawful use, to the extent such
use is not prohibited by the Master Lease.~~1.8 Real Estate Brokers:~~~~(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction
(check applicable boxes):~~☐ _____ represents Sublessor exclusively ("Sublessor's Broker");☐ _____ represents Sublessee exclusively ("Sublessee's Broker"); or☐ _____ represents both Sublessor and Sublessee ("Dual Agency").~~(b) Payment to Brokers: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers
the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____ %
of the total Base Rent) for the brokerage services rendered by the Brokers.~~1.9 Guarantor. The obligations of the Sublessee under this Sublease shall be guaranteed by Sublessor and
Lessee of Master Lease, George A. Pearson.

_____ ("Guarantor").

1.10 Attachments. Attached hereto are the following, all of which constitute a part of this Sublease:

☐ an Addendum consisting of Paragraphs _____ through _____;☐ a plot plan depicting the Premises;☐ a Work Letter;☐ a copy of the Master Lease;☒ other (specify): Exhibit A describing the premises.

2. Premises.

2.1 Letting. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. Unless otherwise provided herein, any statement of size set forth in this Sublease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether or not the actual size is more or less. Note: Sublessee is advised to verify the actual size prior to executing this Sublease.

Initials_____
Initials

2.2 Condition. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and warrants that existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and any items which the Sublessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Sublessee, shall be in good operating condition on said date. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense.

2.3 Compliance. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("Applicable Requirements") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Sublease the construction of an addition to or an alteration of the Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Building ("Capital Expenditure"), Sublessor and Sublessee shall allocate the cost of such work as follows:

(a) If such Capital Expenditures are required as a result of the specific and unique use of the Premises by Sublessee as compared with uses by tenants in general, Sublessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last two years of this Sublease and the cost thereof exceeds 6 months' Base Rent, Sublessee may instead terminate this Sublease unless Sublessor notifies Sublessee in writing, within 10 days after receipt of Sublessee's termination notice that Sublessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If the Parties elect termination, Sublessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Sublessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Sublessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Sublessee (such as governmentally mandated seismic modifications), then Sublessor shall pay for said Capital Expenditure and the cost thereof shall be prorated between the Sublessor and Sublessee and Sublessee shall only be obligated to pay, each month during the remainder of the term of this Sublease, on the date on which Rent is due, an amount equal to 1/144th the cost of such Capital Expenditure. Sublessee shall pay interest on the unamortized balance at a rate that is then commercially reasonable in the judgment of Sublessor's accountant. Sublessee may, however, prepay its obligation at any time. Provided, however, that if such Capital Expenditure is required during the last 2 years of this Sublease or if Sublessor reasonably determines that it is not economically feasible to pay its share thereof, Sublessor shall have the option to terminate this Sublease upon 90 days prior written notice to Sublessee unless Sublessee notifies Sublessor, in writing, within 10 days after receipt of Sublessor's termination notice that Sublessee will pay for such Capital Expenditure. If Sublessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Sublessee may advance such funds and deduct same, with interest, from Rent until Sublessor's share of such costs have been fully paid. If Sublessee is unable to finance Sublessor's share, or if the balance of the Rent due and payable for the remainder of this Sublease is not sufficient to fully reimburse Sublessee on an offset basis, Sublessee shall have the right to terminate this Sublease upon 10 days written notice to Sublessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Sublessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Sublessee shall be fully responsible for the cost thereof, and Sublessee shall not have any right to terminate this Sublease.

2.4 Acknowledgements. Sublessee acknowledges that: (a) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (b) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Americans with Disabilities Act. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: ☐ Sublessor's expense ☐ Sublessee's expense.

3. Possession.

3.1 Early Possession. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.2 Delay in Commencement. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, Sublessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Sublease. Sublessee shall not, however, be obligated to pay Rent or perform its other obligations until it receives possession of the Premises. If possession is not delivered within 60 days after the commencement date, Sublessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Sublease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Sublessor within said 10 day period, Sublessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Sublessee when required and Sublessee does not terminate this Sublease, as aforesaid, any period of rent abatement that Sublessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Sublessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Sublessee. If possession is not delivered within 120 days after the commencement date, this Sublease shall automatically terminate unless the Parties agree, in writing, to the contrary.

3.3 Sublessee Compliance. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

Initials

Initials

4. **Rent and Other Charges.**

4.1 **Rent Defined.** All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("Rent"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 **Utilities.** Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon.

5. **Security Deposit.** Sublessee shall deposit with Sublessor the sum specified in Paragraph 1.6(b) as security for Sublessee's faithful performance of Sublessee's obligations hereunder. If Sublessee fails to pay Rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Sublease, Sublessor may use, apply or retain all or any portion of said deposit for the payment of any Rent or other charge in default or for the payment of any other sum to which Sublessor may become obligated by reason of Sublessee's default, or to compensate Sublessor for any loss or damage which Sublessor may suffer thereby. If Sublessor so uses or applies all or any, portion of said deposit, Sublessee shall within 10 days after written demand therefore forward to Sublessor an amount sufficient to restore said Deposit to the full amount provided for herein and Sublessee's failure to do so shall be a material breach of this Sublease. Sublessor shall not be required to keep said Deposit separate from its general accounts. If Sublessee performs all of Sublessee's obligations hereunder, said Deposit, or so much thereof as has not therefore been applied by Sublessor, shall be returned, without payment of interest to Sublessee (or at Sublessor's option, to the last assignee, if any, of Sublessee's interest hereunder) at the expiration of the term hereof, and after Sublessee has vacated the Premises. No trust relationship is created herein between Sublessor and Sublessee with respect to said Security Deposit.

6. **Agreed Use.** The Premises shall be used and occupied only for any use authorized by the Master Lease.
_____ and for no other purpose.

7. **Master Lease.**

7.1 Sublessor is the lessee of the Premises by virtue of a lease, hereinafter the "Master Lease", wherein _____
See Exhibit A

is the lessor, hereinafter the "Master Lessor".

7.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

7.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease ~~except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease.~~ Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

7.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: None

7.5 The obligations that Sublessee has assumed under paragraph 7.4 hereof are hereinafter referred to as the "Sublessee's Assumed Obligations". The obligations that Sublessee has not assumed under paragraph 7.4 hereof are hereinafter referred to as the "Sublessor's Remaining Obligations".

7.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

7.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

7.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

8. **Assignment of Sublease and Default.**

8.1 Sublessor hereby assigns and transfers to Master Lessor Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

8.2 Master Lessor, by executing this document, agrees that until a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. In the event, however, that the amount collected by Master Lessor exceeds Sublessor's obligations any such excess shall be refunded to Sublessor. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

8.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such Default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.

8.4 No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

9. **Consent of Master Lessor.**

9.1 In the event that the Master Lease requires that Sublessor obtain the consent of Master Lessor to any subletting by Sublessor then, this Sublease shall not be effective unless, within 10 days of the date hereof, Master Lessor signs this Sublease thereby giving its consent to this Subletting.

9.2 In the event that the obligations of the Sublessor under the Master Lease have been guaranteed by third parties, then neither this Sublease, nor the Master Lessor's consent, shall be effective unless, within 10 days of the date hereof, said guarantors sign this Sublease thereby giving their consent to this Sublease.

9.3 In the event that Master Lessor does give such consent then:

(a) Such consent shall not release Sublessor of its obligations or alter the primary liability of Sublessor to pay the Rent and perform and comply with all of the obligations of Sublessor to be performed under the Master Lease.

(b) The acceptance of Rent by Master Lessor from Sublessee or any one else liable under the Master Lease shall not be deemed a waiver by Master Lessor of any provisions of the Master Lease.

(c) The consent to this Sublease shall not constitute a consent to any subsequent subletting or assignment.

(d) In the event of any Default of Sublessor under the Master Lease, Master Lessor may proceed directly against Sublessor, any guarantors or any one else liable under the Master Lease or this Sublease without first exhausting Master Lessor's remedies against any other person or entity liable thereon to Master Lessor.

Initials

PAGE 3 of 6

Initials

(e) Master Lessor may consent to subsequent sublettings and assignments of the Master Lease or this Sublease or any amendments or modifications thereto without notifying Sublessor or any one else liable under the Master Lease and without obtaining their consent and such action shall not relieve such persons from liability.

(f) In the event that Sublessor shall Default in its obligations under the Master Lease, then Master Lessor, at its option and without being obligated to do so, may require Sublessee to attorn to Master Lessor in which event Master Lessor shall undertake the obligations of Sublessor under this Sublease from the time of the exercise of said option to termination of this Sublease but Master Lessor shall not be liable for any prepaid Rent nor any Security Deposit paid by Sublessee, nor shall Master Lessor be liable for any other Defaults of the Sublessor under the Sublease.

(g) Unless directly contradicted by other provisions of this Sublease, the consent of Master Lessor to this Sublease shall not constitute an agreement to allow Sublessee to exercise any options which may have been granted to Sublessor in the Master Lease (see Paragraph 39.2 of the Master Lease).

9.4 The signatures of the Master Lessor and any Guarantors of Sublessor at the end of this document shall constitute their consent to the terms of this Sublease.

9.5 Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no Default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.

9.6 In the event that Sublessor Defaults under its obligations to be performed under the Master Lease by Sublessor, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any Default of Sublessor described in any notice of default within ten days after service of such notice of default on Sublessee. If such Default is cured by Sublessee then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

~~10. Additional Brokers Commissions~~

~~10.1 Sublessor agrees that if Sublessee exercises any option or right of first refusal as granted by Sublessor herein, or any option or right substantially similar thereto, either to extend the term of this Sublease, to renew this Sublease, to purchase the Premises, or to lease or purchase adjacent property which Sublessor may own or in which Sublessor has an interest, then Sublessor shall pay to Broker a fee in accordance with the schedule of Broker in effect at the time of the execution of this Sublease. Notwithstanding the foregoing, Sublessor's obligation under this Paragraph is limited to a transaction in which Sublessor is acting as a Sublessor, lessor or seller.~~

10.2 Master Lessor agrees that if Sublessee shall exercise any option or right of first refusal granted to Sublessee by Master Lessor in connection with this Sublease, or any option or right substantially similar thereto, either to extend or renew the Master Lease, to purchase the Premises or any part thereof, or to lease or purchase adjacent property which Master Lessor may own or in which Master Lessor has an interest, or if Broker is the procuring cause of any other lease or sale entered into between Sublessee and Master Lessor pertaining to the Premises, any part thereof, or any adjacent property which Master Lessor owns or in which it has an interest, then as to any of said transactions, Master Lessor shall pay to Broker a fee, in cash, in accordance with the schedule of Broker in effect at the time of the execution of this Sublease.

10.3 Any fee due from Sublessor or Master Lessor hereunder shall be due and payable upon the exercise of any option to extend or renew, upon the execution of any new lease, or, in the event of a purchase, at the close of escrow.

10.4 Any transferee of Sublessor's interest in this Sublease, or of Master Lessor's interest in the Master Lease, by accepting an assignment thereof, shall be deemed to have assumed the respective obligations of Sublessor or Master Lessor under this Paragraph 10. Broker shall be deemed to be a third-party beneficiary of this paragraph 10.

11. **Representations and Indemnities of Broker Relationships.** The Parties each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Sublease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Sublessee and Sublessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

12. **Attorney's fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Sublessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

13. **No Prior or Other Agreements; Broker Disclaimer.** This Sublease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. ~~Sublessor and Sublessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Sublease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Sublessor or Sublessee under this Sublease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Sublease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY ANY REAL ESTATE BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS SUBLEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS SUBLEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR SUBLESSEE'S INTENDED USE.

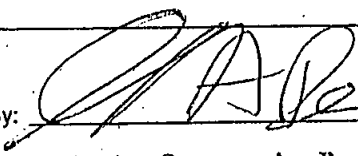
WARNING: IF THE SUBJECT PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE SUBLEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED

Executed at: Huntington Beach, California

on: _____

By SUBLESSOR:

George A. Pearson

By: 

Name Printed: George A. Pearson

Title: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Federal ID No. _____

BROKER:

Attn: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Email: _____

Federal ID No. _____

Executed at: Huntington Beach, California

on: _____

By SUBLESSEE:

G&M Oil Co., LLC

by its Manager, G&M Oil Company, Inc.

By: 

Name Printed: George A. Pearson

Title: President

By: _____

Name Printed: _____

Title: _____

Address: 16868 A Street
Huntington Beach, CA 92647

Telephone: (714) 375-4700

Facsimile: (714) 375-2001

Federal ID No. _____

BROKER:

Attn: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Email: _____

Federal ID No. _____

Consent to the above Sublease is hereby _____.

Executed at: _____

on: _____

By MASTER LESSOR: _____

By: _____

Name Printed: _____

Title: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Federal ID No. _____

Executed at: Huntington Beach, California

on: _____

By GUARANTOR(S): _____

By:  _____

Name Printed: George A. Pearson

Address: 16868 A Street

Huntington Beach, CA 92647

By: _____

Name Printed: _____

Address: _____

NOTE: These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 So. Flower St., Suite 600, Los Angeles, CA 90017. (213) 687-8777.

©Copyright 1997 By American Industrial Real Estate Association. All rights reserved. No part of these works may be reproduced in any form without permission in writing.

Initials



Initials

SUBLEASE EXHIBIT A

<u>SS #</u>	<u>ADDRESS</u>	<u>BASE RENT</u>
5	1201 E. Orangethorpe (Raymond)	Fullerton 92831 3,500
6	13741 Beach Blvd. (21st St.)	Westminster 92683 3,500
15	17106 Bellflower Blvd. (Park)	Bellflower 90702 3,500
24	3301 S. Bristol (Alton)	Santa Ana 92704 3,500
34	15971 Golden West (Edinger)	Huntington Beach 92647 3,500
38	14600 Edwards (Royal Oak)	Westminster 92683 3,500
40	23991 El Toro Rd. (De La Carlota)	Laguna Hills 92653 3,500
41	73455 29 Palms Hwy. (Split Rock)	29 Palms 92277 3,500
43	1740 Newport Blvd. (Cabrillo)	Costa Mesa 92627 14,000
47	501 Inland Center Dr. (E St.)	San Bernardino 92408 3,500
54	8110 Balboa Ave. (Mercury)	San Diego 92111 14,000
59	1701 E. Main St. (Greenfield)	El Cajon 92021 3,500
64	3477 Telegraph Rd. (Mills)	Ventura 93003 3,500
65	984 Beach Blvd. (Ball)	Anaheim 92804 3,500
67	187 N. F St. (2nd)	San Bernardino 92410 3,500
68	1700 W. Wardlow (Santa Fe)	Long Beach 90810 3,500
73	3602 El Cajon Blvd. (36th)	San Diego 92104 3,500
74	140 E. Alameda Ave. (San Fernando)	Burbank, CA 91502 3,500
76	4095 N. University Pkwy. (I-215)	San Bernardino 91722 3,000
78	9402 Artesia Blvd. (Clark)	Bellflower 90706 3,000
80	499 Sandalwood (Calimesa Blvd.)	Calimesa 92320 3,000
84	500 N. Garfield Ave. (Beverly Blvd.)	Montebello 90640-1602 8,000
91	3962 Artesia (Prairie)	Torrance 90504 16,000
96	7360 Florence Ave. (Old River School)	Downey, 90240
104	1110 W. Gladstone St. (N. Lone Hill)	San Dimas 91773 10,000
105	22483 Barton Rd. (Mt. Vernon)	Grand Terrace 92323-5008 8,000
107	13255 Osborne St. (I-5)	Pacoima 91331-4057 9,000

CONSENT TO SUBLEASE AGREEMENT

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

GREAT WESTERN MORTGAGE

(LESSEE) and filed in the Office of the City Clerk as Document 678883, as amended, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

GEORGE A. PEARSON

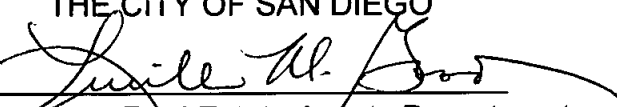
(SUBLESSEE) dated November 1996. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. 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:

Pursuant to City Charter Section 225, the City Manager must review and approve every person or entity which will have an interest in this sublease as a sublessee or assignee. The City Manager's approval will not be unreasonably withheld, provided all such persons and entities are of good character and reputation in the community.

THE CITY OF SAN DIEGO

Date 11-21-96

By 
Supervisor, Real Estate Assets Department

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

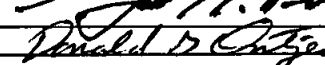
Date 11/20/96

By 
Chief Deputy

ACKNOWLEDGED AND ACCEPTED:

GREAT WESTERN MORTGAGE

Date 11-22-96

BY  President
By  Secretary

GEORGE A. PEARSON

Date 11-25-96

By 

SUBLEASE

This Sublease ("Sublease"), dated as of November 22, 1996 is between Great Western Mortgage, a California corporation ("Landlord"), and George A. Pearson, an individual ("Tenant").

1. A. Premises. Subject to the terms herein, Landlord leases to Tenant the real estate (the "Premises") in the City of San Diego, County of San Diego, State of California, more particularly described in the attached Exhibit A.

B. Subject to Master Lease Terms. This Sublease is made with reference to a Master Lease agreement dated November 12, 1964 between the City of San Diego, a Municipal corporation, as Lessor, and Sandy, Inc., a California corporation as lessee, filed as document no. 678883 in the Office of the City Clerk of the City of San Diego, pursuant to resolution no. 182080 adopted on November 12, 1964 by the counsel of the City of San Diego as set forth in document no. 678758 filed in the Office of the Clerk of the City of San Diego. Landlord is the successor-in-interest, by assignment, to the leasehold estate of Sandy, Inc. described above.

This Sublease is subject and subordinate to all of the terms, covenants and conditions of the Master Lease with the City of San Diego described hereinabove, which are incorporated by reference herein as though fully set forth in this Sublease. Any conflict between the terms of this Sublease and the Master Lease shall be resolved conclusively in favor of the Master Lease.

2. A. Term. The original term of this Sublease shall commence the day Tenant opens its business at the Premises or May 1, 1997, whichever occurs first, and shall end November 11, 2014.

(1) Permits. Tenant has received or will receive on terms acceptable to Tenant, all of the permits, governmental approvals and licenses necessary to effect Tenant's plans (collectively, the "Permits"). (In connection therewith, Landlord shall cooperate with Tenant to effect the transfer of any of the Permits that are transferable. Landlord shall co-sign or approve in writing Tenant's applications in connection with the Permits if required by any governmental body. Tenant shall hold Landlord harmless from any loss Landlord may suffer on account of any such transfer, co-signing or approval.)

(2) Layout, Soil, and Utilities. Tenant is satisfied, in Tenant's sole opinion, that the Premises' layout, soil, and utility availability, location, and connection costs are consistent with Tenant's plans.

(3) Improvements. Tenant is satisfied, in Tenant's sole opinion, with any buildings and other improvements

on the Premises or Tenant is satisfied that any existing buildings or other improvements including underground storage tanks, piping and dispensers can be removed by Tenant, at Tenant's sole cost and expense, to permit construction of new buildings, improvements, equipment, underground storage tanks, pipes, dispensers or any similar improvement necessary to the operation of Tenant's business on the premises.

(4) Environmental Condition. Tenant is satisfied, in Tenant's sole opinion, with the environmental condition of the Premises and any buildings and other improvements thereon, including without limitation, any contamination of the soil, groundwater, or improvements.

Tenant shall continue with and pay for any site assessment, remediation, mitigation, and clean-up activities, if necessary, in connection with unauthorized releases of petroleum products on the leased premises and fully comply with all requirements of the County of San Diego, Department of Health Services and Environmental Health Services, Site Assessment and Mitigation Division in connection with case no. H12107-001. Tenant shall comply with all requirements of the County of San Diego in its interpretation of the requirements of State and Federal regulations until such time as the County of San Diego, or other agency with jurisdiction, certifies the premises for a risk based closure, or other similar written determination, which would have the legal effect of certifying that the Tenant, and any predecessor in interest of Tenant, or Landlord, has completed compliance with its responsibilities under Municipal, County, State and Federal environmental regulations applicable to the premises, including California Health & Safety Code 25280 et seq.

(5) Administrative Proceedings. Tenant has received evidence of satisfactory settlement, dismissal, or other resolution of any agency or other administrative proceeding, threatened or begun, adversely affecting Tenant's plans for the Premises by the County of San Diego, City of San Diego, State of California, or any other governmental agency with jurisdiction.

B. Confirmation of Commencement Date. Tenant and Landlord shall confirm in writing the Commencement Date. Rent shall be prorated for any fraction of a month.

3. A. Rent. Rent payments shall commence on the Commencement Date. Subsequent monthly rent payments shall be payable in advance on the first day of each month. Rent shall be paid as follows: Fourteen Thousand Dollars (\$14,000), payable on the first of each month during the term of the Sublease (base amount). The base amount shall be adjusted, commencing in the sixth year and the eleventh year of the term in accordance with percentage increases, if any, in the Department of Labor, Bureau

of Labor Statistics, Consumer Price Index, Subgroup "Urban Wage Earners and Clerical Workers (Revised)," Los Angeles-Anaheim-Riverside Metropolitan Area (1982-84 = 100), hereinafter referred to as the "Index," or if publication of the Index is discontinued, then any successor index published by an agency of the United States or other recognized authority which Landlord may select.

As used herein, the Index always refers to the latest Index available for the period ending immediately prior to January of the year in which reference is made. The base amount shall be subject to an upward adjustment to reflect the cumulative increases, if any, in the Index for the preceding five years. The adjustment shall be computed by multiplying the base amount by a fraction, the numerator of which shall be the current Index, minus the Index for the previous year, and the denominator of which shall be the Index for the previous year. The product of this calculation shall be added to the base amount and the sum shall become the new base amount for all purposes of this Sublease until the next adjustment, provided, however, that in no event shall the base amount for any subsequent period be less than that for any preceding period.

The rent during the term of the Lease shall be adjusted at the commencement of the sixth year of the term, and again adjusted at the commencement of the eleventh year of the term.

Landlord shall compute and furnish Tenant a statement of the adjustment and of the new base amount which will be effective commencing in the sixth year and the eleventh year of the term. The adjustment of the base amount commencing in the sixth year of the term, if it results in an increase in the base amount shall not exceed an amount in excess of 5% annually for the five year period preceding the year of the adjustment. Also, the adjustment of the base amount which will be made commencing in the eleventh year of the term, if it results in an increase, shall not exceed 5% annually for the five year period preceding the year of the adjustment.

The base amount is also subject to adjustment under the terms of paragraph 22(D) of the Master Lease on November 12, 2,004. In the event that a rental adjustment pursuant to this provision of the Master Lease occurs, the base amount shall be increased by the amount of the adjustment to the extent the adjustment exceeds the amount of the increase based on the adjustment formula using the Consumer Price Index described above. In no event, at any time during the term of this Lease, shall the base amount be adjusted to an amount less than the base amount during the initial five year term of the Lease.

The following represents an example of how the adjustment contemplated in the preceding paragraphs would be calculated based on hypothetical increases in the Consumer Price Index during years one through five of the Lease:

Lease Year	Percentage Increase in Consumer Price Index	Annual Adjustment Amount	Adjusted Base Amount
1	2.00	\$280	\$14,280
2	2.00	\$286	\$14,566
3	0	0	\$14,566
4	-[1.00]	0	\$14,566
5	2.00	\$291	\$14,857

In the above-referenced example, the base amount adjustments would require the amount of \$14,857 to be paid commencing in the sixth year of the term of the Lease. Continuing the hypothetical example above, if on November 12, 2,004, the base amount adjustment under the terms of paragraph 22(D) of the Master Lease resulted in an increase of \$857, or less, then the base amount adjusted rent in the example above would not increase above \$14,857.

However, if in the hypothetical example above, the Landlord's rent payable to the City of San Diego pursuant to the terms of the Master Lease agreement described in paragraph 1B above were to increase by \$900, then the base amount of the Tenant's rent would be adjusted to increase to \$14,900, rather than the \$14,857 amount described in the preceding example.

The base amount shall be reduced by the amount of \$1,100 per month for any period during the term during which the Sublease with Subtenant Leer, Inc. is still in effect. This adjustment in the base amount shall terminate at the earlier of the expiration of the term of the Leer, Inc. Sublease, or upon any earlier termination of the Leer, Inc. Sublease by operation of law or agreement of the parties. Tenant shall be entitled to receive the rent from Subtenant Leer, Inc. which amount is \$2,900 per month.

Tenant acknowledges that the late payment by Tenant of any monthly installment of rent or any other amount due under the Lease, will cause Landlord to incur certain costs and

EXHIBIT "A"

PARCEL 1

That portion of Lot 1 of the Highlands in the City of San Diego, County of San Diego, State of California, according to Map No. 5594, filed in the Office of the San Diego County Recorder on July 1, 1965, more particularly described as follows:

Commencing at a Nail with Tag Marked "L.S. 2881" set for a point on the Northerly line of said City Highlands, said point being the Easterly terminus of that course shown as "North 89°20'15" East, 25.00 feet" on said Map No. 5594; thence along said Northerly line North 89°32'38" East, a distance of 10.00 feet to the Westerly line of said Lot 1; thence along said Westerly line South 00°42'47" West, a distance of 539.24 feet to the TRUE POINT OF BEGINNING; said point being the beginning of a 60.00 foot radius curve, concave Northeasterly, thence Southerly, Southeasterly and Easterly along the arc of said curve through a central angle of 90°57'33", an arc length of 95.26 feet to a point in the Southerly line of said Lot 1; thence along said Southerly line North 89°44'54" East, a distance of 185.48 feet; thence North 00°17'51" West, 263.25 feet; thence North 89°18'52" West, a distance of 187.03 feet to the beginning of a 55.00 foot radius curve, concave Southeasterly; thence Westerly, Southwesterly and Southerly along the arc of said curve through a central angle of 89°58'21", an arc length of 86.37 feet to a point in the Westerly line of said Lot 1; thence along said Westerly line Southerly 00°42'47" West, a distance of 141.26 feet, returning to the TRUE POINT OF BEGINNING.

expenses not contemplated under this Lease, the exact amount of which cost being extremely difficult or impractical to fix. Such costs and expenses will include, without limitation, administrative and collection costs, and processing and accounting expenses. Therefore, if any such installment is not received by Landlord from Tenant within ten (10) days after it is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss suffered by such nonpayment by Tenant.

3. B. Security Deposit. Tenant shall pay to Landlord, upon execution of this Lease, a security deposit in the amount of \$14,000. The deposit shall be held by Landlord without liability for interest as security for the faithful performance by Tenant of all of its obligations under the Lease. The security deposit shall not be mortgaged, assigned, transferred, or encumbered by Tenant without the written consent of Landlord and any such act on the part of Tenant shall be without force and effect and shall not be binding upon Landlord.

If any of the rents herein reserved or any other sum payable by Tenant to Landlord shall be overdue and unpaid or paid by Landlord on behalf of Tenant, or if Tenant shall fail to perform any of its obligations under this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have on account thereof, appropriate and apply said entire security deposit or so much thereof as may be necessary to compensate Landlord for rent, loss or damage sustained by Landlord or other similar cost or expense.

Tenant shall forthwith upon demand restore the security deposit to the original sum deposited in the event of the application of all or any portion of the security deposit by Landlord in the manner described above. Provided Tenant complies with all of its obligations and promptly pays all rents when due and all other sums payable by Tenant to Landlord under the terms of the Lease, the security deposit shall be returned in full to Tenant at the expiration of the term.

4. A. Use; Landlord's Cooperation. Tenant's intended use of the Premises is for the operation of a convenience food store and gasoline service station, and other retail operations subject to Landlord's written approval. The convenience food store will sell groceries, fast food, beer and wine and similar products. Tenant shall specifically, and not by way of limitation, have the right to engage in the retail sale of any merchandise customarily sold at Tenant's other convenience food store locations. The convenience food store and gasoline station shall be operated exclusively by G & M Oil Company, Inc., a California corporation.

4. B. Improvement and Alteration of Premises. At any time during the original term of this Lease, or during any extension thereof, Tenant may install, remove, construct, reconstruct or alter any or all of the improvements and property on, under and from the Premises.

4. C. Taxes and Assessments. Tenant shall pay directly to the taxing or assessing authority before the same become delinquent, the total amount of any taxes and assessments levied or assessed against or payable by Tenant pursuant to any law, ordinance or regulation, which taxes and assessments arise out of or in any way connected with the Tenant's use of the Premises or Tenant's business conducted thereon, including but not limited to any taxes on Tenant's inventory and gross excise taxes on Tenant's sales. If under any law, ordinance or regulation, whether now existing or hereafter adopted, Landlord is or may become liable for such taxes and assessments in the event of Tenant's nonpayment thereof, Landlord may require Tenant to remit to Landlord monthly as additional rent 1/12 of the estimated annual amount thereof and the balance, if any, not less than ten (10) days before the same is due. In no event shall Landlord have any obligation to Tenant to advance or to pay any such tax or assessment unless and then only to the extent that Tenant previously shall have remitted to Landlord's sufficient funds to pay the same. The definition of taxes and assessments for purposes of this paragraph is intended by the parties to be used in its broadest sense, and Tenant agrees that Tenant shall be responsible for any interest, penalties, redemption fees, or similar charges for late payment accruing as a result of any tax or assessment not being paid in a timely manner.

5. A. Maintenance; Utilities. During the original term or any extension thereof, Tenant shall be responsible for maintenance of the Premises and improvements thereon and for payment of all utilities and all other services provided thereto.

B. Surrender; Holdover. At the expiration, termination or cancellation (the "Termination") of this Lease as provided herein, or as soon thereafter as is reasonably possible, Tenant shall surrender possession of the Premises, together with all improvements. Title to any remaining improvements shall pass to Landlord upon termination including underground storage tanks, piping and dispensers and Tenant shall have an independent outside consultant assess whether the Premises have become contaminated. Tenant will undertake to remediate contamination if and to the extent required by the appropriate government environmental agency (the "Agency"). Such assessment will be commenced during the last twelve months of the term hereof, including any noticed extensions. However, such assessment obligation shall require a final evaluation after removal of the improvements, and shall not be waived or omitted if such final removal or remediation shall be delayed until after the

conclusion of the Lease term or extensions. If Tenant shall be unable to surrender possession by the Termination date of this Lease in order to effect removal of its improvements or of any contamination, or if such holdover is required pursuant to some law, or governmental or court order, Tenant shall be deemed to be in possession of the Premises pursuant to a month-to-month holdover tenancy (the "Holdover Tenancy") until the Premises can be surrendered to Landlord for Landlord's redevelopment or use. The Holdover Tenancy shall be on all of the terms, covenants and conditions provided in this Lease, including rent, which shall be due according to the provision applicable to the month prior to the Termination date. The respective obligations set forth in this Lease, and specifically in this provision, shall remain unchanged and in effect during any Holdover Tenancy, notwithstanding any otherwise potentially exculpatory law, and subject only to subsequent mutual written agreement executed by the parties.

C. Tenant's Access Rights. If, upon Tenant's surrender of the Premises to Landlord for Landlord's redevelopment or use, any of Tenant's remediation or monitoring equipment remains on the Premises, Tenant and Tenant's Representatives shall have unrestricted access to the Premises, during all normal business hours and business days of the week, at no cost to Tenant, to operate, modify, and monitor the environmental remediation system and monitoring wells and verify to the Agency that the remediation has been completed. Tenant shall give Landlord prior oral or written notice of its exercise of such access rights and shall not unreasonably interfere with the operation of the business on the Premises in exercising such access rights, except in the case of an emergency, as determined by Tenant. Such access shall include the right to have service trucks on the Premises. Such access rights shall terminate upon the issuance of a letter from the Agency stating that no further remediation will be necessary (the "Letter"). However, if after the issuance of the Letter, the Agency requires that Tenant perform any further environmental remediation, then Tenant shall have all access rights as set forth in this Lease.

D. Tenant's Environmental Indemnification. Tenant shall defend, indemnify and hold harmless Landlord regarding government or third party claims and awards against Landlord for any environmental contamination occurring, or hazardous materials existing, on the Premises. The indemnification contemplated by this paragraph gives an indemnity against claims, demands, liability, and embraces the costs of defense against any claim, demand, or liability asserted against or incurred by Landlord with respect to the matters embraced by the indemnity. Landlord shall have the right to conduct such defenses, and select its counsel if Landlord chooses to do so. The scope of the indemnity shall expressly include any administrative claim, proceeding, or hearing asserted by any governmental agency, arbitration,

mediation, or other alternative dispute resolution methods, as well as any civil or criminal investigation, proceeding, or litigation, including appeals, in the event of an adverse determination against Landlord.

Tenant shall indemnify, defend, protect, and hold Landlord and its shareholders, officers and directors, harmless from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses, including reasonable fees and disbursements of counsel incurred by Landlord arising from or caused in whole or in part by (a) the presence in, on or under the Premises of any Hazardous Materials or Regulated Materials due to the actions of Tenant, on which the Premises are located, (b) Tenant's failure to comply with any environmental laws with respect to Hazardous Materials or Regulated Materials in, on or under the Premises due to actions of the Tenant on the Premises, or (c) the presence in, on, or under the Premises of any Hazardous Materials or Regulated Materials emanating from any location not in, on or under the Premises due to the actions of Tenant or on which the Premises is located. Tenant's obligations hereunder shall include all costs of any required or necessary site assessment, remediation, mitigation, clean-up, detoxification, decontamination, or other similar process on the Premises, either during or following Tenant's tenancy and the preparation and implementation of any closure, remediation or other required action in connection therewith, and shall survive the expiration or earlier termination of this Lease. For purposes of this indemnity, the term "environmental laws" shall mean any Federal, State or local law, ordinance or regulation pertaining to the protection of human health or the environment. The term Hazardous Material shall include, in addition to hydrocarbons and other similar petroleum byproducts, any asbestos, flammable, explosive, radioactive, hazardous, toxic, contaminating, polluting matter, waste or substance or related injurious materials, whether injurious by themselves or in combination with other material. The term "regulated materials" means any material substance or chemical which is regulated by a Federal, State or local law, rule, ordinance or regulation.

E. Removal of Existing Property. As of the date of final mutual execution of this Sublease, provided that all of the Provision 2.A(1)-(5) contingencies have been met, any existing buildings, improvements, equipment, fixtures, underground storage tanks, piping, dispensers and other property (the "Property") located on the Premises may be removed, altered or destroyed by Tenant, at its expense without any remuneration by Tenant to Landlord. Landlord acknowledges and agrees that title to all Property remaining on the Premises on the Commencement Date shall pass to Tenant, and further waives any right Landlord might otherwise have had to remove or maintain the Property.

F. Landlord Approval of Tenant's Plans. Prior to Tenant commencing the construction of any buildings, improvements, equipment, including underground storage tanks, piping and dispensers, on the Premises, Tenant shall submit written plans and specifications to Landlord for Landlord's written review and approval. Tenant shall submit plans prepared in compliance with all local building codes, ordinances, and all existing site conditions. Tenant's architect, engineers, contractors, and consultants shall be fully qualified and licensed in the State of California by the appropriate licensing authority. Tenant's architect shall submit written plans and specifications to Landlord in accordance with all City, County, State and Federal ordinances, rules and regulations relating to the Premises.

Landlord shall have ten (10) days following receipt of Tenant's completed plans and specifications within which to approve or disapprove same with specific written objections. Landlord's failure to either approve or disapprove the plans and specifications within the ten (10) day period shall constitute Landlord's acceptance of the plans and specifications.

Tenant shall obtain the necessary building permit for the construction of Tenant's improvements by submitting its construction drawings to the applicable governmental agencies. If any such governmental agency rejects Tenant's construction drawings, plans and specifications, and thereby prevents the issuance of a building permit, Tenant shall immediately make all necessary corrections required by governing agencies. Upon agency approval of Tenant's plan check and permit application, Tenant shall obtain the building permit from the governing agency. Tenant shall pay for plan check, general building permit fees required on the permit application, and any other fees required in connection with the building permit and shall apply for and obtain all approvals and permits from any local health department, or other agency with jurisdiction of the Premises.

Tenant agrees, at its own expense, as soon as practical after its drawings, plans and specifications have been adopted and approved to construct those improvements on the Premises.

Tenant shall not be excused from the performance of its obligation to pay rent pursuant to the provisions of paragraph 3A as a result of any delay in the opening of the Premises for business by Tenant. Rent shall not be abated for any cause related to delays in obtaining necessary permits or during the construction of the improvements on the Premises.

6. Assignment and Subletting. Tenant shall not assign this Sublease or sublet the Premises or any part thereof without the prior written consent of the Landlord, and the City of San

Diego. An assignment by operation of law shall automatically terminate this Sublease.

7. Notices. Notices relating to this transaction shall be in writing and shall be deemed given when personally delivered, or when deposited with the U.S. Postal Service, certified mail, postage prepaid or when deposited with a common carrier, freight prepaid addressed as provided below or in accordance with subsequently provided written instructions, or when sent by electronic facsimile. Notices to Landlord shall be sent to:

Landlord: Great Western Mortgage
1025 W. Laurel Street, Suite 104
San Diego, California 92101

Facsimile: (619) 696-1115

Tenant: George A. Pearson
c/o G & M Oil Company, Inc.
16868 A Street
Huntington Beach, California 92647

8. Eminent Domain. In the event the entire premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this Sublease shall terminate and expire as of the date of such taking, and Landlord and Tenant shall each thereupon be released from any further liability accruing under this Sublease. For purposes of this provision, a "taking" occurs on the day that the condemning authority first obtains possession of the real estate to be condemned, whether by court order, judgment or mutual agreement. In the event of a partial taking which would not defeat Tenant's ability to operate the business on the premises, this Sublease shall end only as to the real estate taken and rent shall be reduced by a proportion equal to the same proportion as the amount of square footage taken bears to the total square footage under this Sublease. If this Sublease is terminated, Landlord shall be entitled to the entire award or compensation in such proceedings, but the rental and other charges for the last month of Tenant's occupancy shall be prorated and Landlord agrees to refund to Tenant any rent or other charges paid in advance. Tenant's right to receive compensation or damages pursuant to California Code of Civil Procedure section 1263.010 through 1263.770 shall not be affected in any manner by this provision.

9. Mechanic's Liens. Tenant agrees that it will pay, or cause to be paid, all costs for work done by it, or cause to be done by it, on the premises and Tenant will keep the Premises free and clear of all mechanic's liens and other such liens on account of work done for Tenant or persons claiming under Tenant. Tenant agrees to and shall indemnify, defend, and hold Landlord harmless from any and all liability, claims, loss, damage, costs,

attorneys' fees and all other expenses on account of claims of lien, of labors or materialmen or others for work performed or materials or supplies furnished for Tenant or persons claiming under Tenant.

Should any claim of lien be filed against the Premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

Landlord or its representative shall have the right to go upon and inspect the Premises at all reasonable times and shall have the right to post thereon notices of nonresponsibility or other such notices which Landlord may deem to be proper for the protection of Landlord's interest in the Premises. 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 such notices.

10. Liability Insurance. During the term hereof, Tenant shall obtain and maintain from a reputable insurer acceptable to Landlord and the City of San Diego, comprehensive general liability insurance (applicable to automobiles, products and operations) against claims for injuries to person or damage to property occurring on or about the Premises, or as a result of business thereat, in the amount of \$1,000,000.00, combined single limit coverage against claims for bodily injury, death or property damage arising out of the use and occupancy of the Premises. Tenant may insure under this Sublease within the coverage of any blanket policy or policies of insurance which it or any parent, subsidiary or affiliate may now or hereinafter carry, provided Landlord's protection herein shall not be diminished. During the term of this Sublease, Tenant shall furnish Landlord with a copy of the policy of the insurance herein required, naming Landlord and the City of San Diego as additional insureds. Such policy shall indicate that Landlord and the City of San Diego be notified in writing at least thirty (30) days prior to any alteration or cancellation of any insurance herein.

11. Indemnification. Tenant shall assume the defense of, indemnify and save harmless, Landlord and the City of San Diego 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 Tenant, his agents and invitees.

12. Defaults by Tenant; Remedies.

A. Events of Default. The occurrence of any of the following shall constitute a default by Tenant and a breach of this Lease:

(1) Failing or refusing to pay any amount of base amount rent or additional rent when due in accordance with the provisions of this Sublease;

(2) Abandoning the Premises by failing or refusing to occupy and operate the Premises in accordance with the terms of this Sublease.

(3) Failing or refusing to perform fully and promptly any covenant or condition of this Sublease, other than those specified in subparagraphs (1) and (2) above, the breach of which the Tenant is capable of curing after reasonable notice from Landlord; or

(4) Maintaining, committing or permitting on the Demised Premises waste, a nuisance, or use of the Premises for an unlawful purpose.

B. Notices. Following the occurrence of any of the defaults specified in subparagraphs (1), (2), and (3) above, Landlord shall give Tenant, and any subtenant, a written notice specifying the nature of the default and the provisions of this Sublease breached and demanding that Tenant, and any subtenant, either fully cure each such default within the time period specified in the correspondingly lettered subparagraphs below or quit the Premises and surrender the same to Landlord:

(1) For nonpayment of base amount rent or additional rent, ten (10) days;

(2) For abandonment of the Premises, ten (10) days;

(3) For a curable default, thirty (30) days; provided, however, that if such default cannot be cured within thirty (30) days Tenant shall be deemed to have cured such default if Tenant so notifies Landlord in writing and commences cure of the default within said thirty (30) day period and diligently and in good faith continues with and actually completes said cure;

(4) With regard to those noncurable defaults specified in subparagraph (4) above, Landlord shall give Tenant, and any subtenant, a written notice specifying the nature of the default and the provisions of the Lease breached and shall have

the right to demand that Tenant quit the Demised Premises within ten (10) days.

13. Landlord's Rights and Remedies. Should Tenant fail to cure within the time periods specified any default specified in subparagraphs (1), (2) or (3) of Section 11, or fail to quit the Demised Premises in accordance with subparagraph (4) of Section B for any default specified in subparagraph (4) of Section 11, Landlord may exercise any of the following rights without further notice or demand of any kind to Tenant or any other person, except as required by applicable State law:

A. The right of Landlord to terminate this Sublease and to re-enter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder;

B. The right of Landlord, without declaring this Sublease terminated, to re-enter the Premises and occupy the whole or any part thereof for and on account of Tenant and to collect any unpaid rentals and other charges, which have become payable, or which may thereafter become payable; or

C. The right of Landlord, even though it may have reentered the Premises, to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

Should Landlord have reentered the Premises under the provisions of subparagraph (b) of this Section, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay any rental or other charges thereafter accruing, or to have terminated Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Demised Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease. In the event of any entry or taking possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense and risk of Tenant. The rights and remedies given to Landlord in this paragraph shall be additional and supplemental to all other rights or remedies which Landlord may have under laws in force when the default occurs.

14. Bankruptcy; Involuntary Transfers. Should any of the following events occur, Landlord may terminate this Lease and any interest of Tenant herein, effective with the commencement of the event:

a. Proceedings are instituted whereby all, or substantially all, of Tenant's assets are placed in the hands of a receiver, trustee or assignee for the benefit of Tenant's creditors, and such proceedings continue for at least thirty (30) days;

b. Any creditor of Tenant institutes judicial or administrative process to execute on, attach or otherwise seize any of Tenant's property and Tenant fails to discharge, set aside, exonerate by posting a bond, or otherwise obtain a release of such property within thirty (30) days;

c. Tenant becomes a debtor in any case filed under the Bankruptcy Code or similar law providing relief to bankrupt or insolvent debtors;

d. Tenant makes a bulk sale of all, or substantially all, of Tenant's assets or personal property; and

e. Any of the foregoing events occurs with respect to any guarantor of this Sublease.

15. Subordination; Attornment. Upon the written request of Landlord, or any first mortgagee or first trust deed beneficiary of Landlord, or any lessor of Landlord, Tenant will, in writing, subordinate its rights under this Lease to the lien or security interest of the first mortgage, first deed of trust, or the interest of any lease in which Landlord is the lessee, including the Master Lease described in paragraph 1B above.

So long as Tenant is not in default hereunder, this Sublease shall remain in full force and effect from the commencement date until the end of the lease term.

If Landlord's equity of redemption or other interest in the Premises under a mortgage or deed of trust encumbering the Premises is foreclosed judicially or nonjudicially, or if Landlord's rights and interests, if any, as lessee with respect to the Premises are terminated, Tenant shall attorn to Landlord's lawful successor, provided said successor accepts the Premises subject to this Sublease.

The provisions of this paragraph, concerning attornment, are subject to the rights of the City of San Diego as Master Lessor in connection with the Master Lease described in paragraph 1B above, and where the rights created by this paragraph are inconsistent with the rights of the City of San

Diego pursuant to the Master Lease, the Master Lease provision shall supersede and control the rights of all parties.

16. Landlord's Damages. Should Landlord elect to terminate this Lease, pursuant to the provisions of paragraph 12, Landlord may recover from Tenant as damages the following:

A. The worth at the time of award of any unpaid rental which had been earned at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid rental for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

D. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs or expense incurred by Landlord in (i) retaking possession of the Premises, including reasonably attorney's fees therefor; (ii) maintaining or preserving the Premises after such default; (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting; (iv) leasing commissions; or (v) any other costs necessary or appropriate to relet the Premises.

As used in subparagraphs A and B above, the "worth at the time of award" is computed by allowing interest at the maximum lawful rate. As used in subparagraph C above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank in San Francisco, California at the time of the award.

17. Personal Property. In the event any of Tenant's equipment, fixtures and personal property remains at the Premises after Tenant has vacated, it shall be disposed of as agreed to by the parties; or if the parties fail to agree, in accordance with the statutory procedures established in California Civil Code section 1980, et seq., or any subsequent procedures established by law to deal with the disposition of personal property of Tenant remaining on the Demised Premises after Tenant has vacated.

18. No Waiver. The waiver by Landlord of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition contained in this Lease. The subsequent acceptance of rental hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease or of any right of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rental. No term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing and signed by Landlord.

19. Obligations of Successors. Landlord and Tenant agree that all of the provisions of this Sublease are to be construed as covenants and agreements and that the lease provisions shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

20. Consent of Landlord and Tenant. Wherever in this Sublease Landlord or Tenant is required to give his consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld, unless otherwise expressly provided. Consent by the Landlord shall not be deemed to be unreasonably withheld where, under the terms and provisions of the Master Lease described in paragraph 1B above, the consent of other parties is also required to certain matters and said other parties fail or refuse to give their consent.

21. Relationship of Parties. It is agreed that nothing contained in this Sublease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party or causing Landlord to be responsible in any way for the debts or obligations of Tenant or any other party.

22. Severability. Landlord and Tenant agree that, if any provision of this Sublease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Sublease and all other such provisions shall remain in full force and effect. It is the intention of the parties hereto that, if any provision of this Sublease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

23. Entire Agreement. It is understood that there are no oral or written agreements or representations between the parties effecting this Sublease, and that this Sublease supersedes and cancels any and all previous negotiations, arrangements,

representations, projections, estimates, agreements and understandings, if any, made by or between Landlord and Tenant with respect to the subject matter of the lease. This Sublease, and any amendments to it, shall be considered to be the only agreement between the parties and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included in the lease. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this lease. Although the printed provisions of this Sublease were drawn by Landlord, the parties agree that this circumstance alone shall not create any presumption or canon of construction favoring the position of either Landlord or Tenant.

24. Governing Law. The enforcement and interpretation of this Sublease shall be determined according to the laws of the State of California.

25. Landlord's Remedies in the Event of Abandonment. If for any reason whatsoever substantial completion of the improvements to the Premises, by Tenant, have not occurred on or before the end of the twelfth month following the commencement date, then Landlord, at its option, may elect to terminate this Sublease by giving thirty (30) days written notice of such election to the Tenant, or the Tenant's successor in interest. If such notice is given, this Sublease and rights and obligations of the Landlord and Tenant hereunder shall thereupon cease and terminate without need for the execution of any further or other instruments, but if Landlord shall request, Tenant shall execute an instrument in recordable form whereby Tenant shall release and surrender all right, title and interest which it may have in and to the Premises.

26. Amendments. To be effective and binding on Landlord and Tenant, any amendment, modification, addition or deletion to the provisions of this Sublease must be made in writing and executed by both parties in the same manner as the Sublease itself.

27. Nonrecordation of Lease. Tenant shall not record this Sublease or a short form memorandum thereof without the prior written consent of Landlord.

28. Time. Time is of the essence with respect to the performance of every provision of this Sublease in which time or performance is a factor.

29. Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rent payment stipulated herein shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or

any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Sublease.

30. Brokers. Landlord and Tenant represent and warrant to each other that no broker, agent, finder, or other representative has negotiated or was instrumental in negotiating or consummating this Sublease and that Tenant knows of no real estate broker, agent, or finder, who is, or might be, entitled to a commission or compensation in connection with this Sublease. Any broker, agent or finder of Tenant whom Tenant has failed to disclose shall be paid by Tenant. Tenant shall hold Landlord harmless from all damages and indemnify Landlord from any such damages paid or incurred by Landlord resulting from any claims that may be asserted against Landlord by any broker, agent, or finder undisclosed by Tenant.

31. Attorney's Fees. If at any time after the execution of this Sublease by both parties, either Landlord or Tenant institutes any action or proceeding against the other relating to the provisions of this Sublease, or any default under the Sublease, the nonprevailing party in the action or proceeding shall reimburse the prevailing party for the reasonable expenses of attorneys' fees and costs and disbursements incurred by the prevailing party, including, without limitation, any such fees, costs or disbursements incurred on any appeal from such action or proceeding.

32. Compliance with Law. Tenant shall, at its sole cost and expense, comply and secure compliance with all the requirements of all municipal, county, State and Federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, or the operations conducted thereon, and shall faithfully observe, and secure observance with, in the use of the Premises, all municipal ordinances and State and Federal statutes now in force or which may hereafter be in force.

/ / /

/ / /

/ / /

/ / /

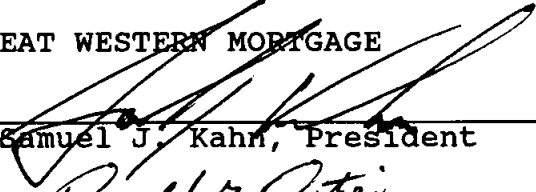
/ / /

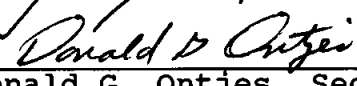
/ / /

Tenant shall comply with all environmental statutes, laws, regulations, policies, and procedures which may be enacted subsequent to executing this Sublease applicable to the Premises.

Dated: 11-22-96

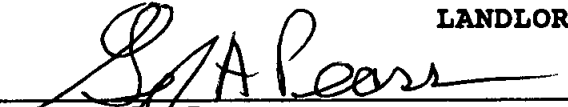
GREAT WESTERN MORTGAGE

By 
Samuel J. Kahn, President

By 
Donald G. Ontjes, Secretary

Dated: 10-25-96

LANDLORD


George A. Pearson

TENANT

*amendment
to sublease*

SUPPLEMENT AND ADDENDUM TO SUBLEASE

That certain sublease dated December 9, 1965 between J-Mart Stores, Inc., a corporation, therein designated Lessor, and ARMOUR OIL COMPANY, a corporation, therein referred to as Lessee (the "Sublease") is hereby supplemented and amended in the following respects:

1. The leased premises referred to on page 1 of its Sublease and described in Exhibit A thereto, shall be deemed to include the 17,234 square foot area outlined in red on the attached Exhibit A to this Supplement and Addendum (the "Additional Area").

2. The following shall be added at the end of paragraph 2 of the Sublease: "Provided Lessee exercises the aforesaid option described above and shall not then be in default in the performance of its obligations, Lessee shall have and is hereby given the right and option to extend the Sublease for an additional term of five (5) years from and after the expiration of the first five year option period; said additional option to be exercised by notice in writing given to Lessor at least ninety (90) days prior to the expiration of the additional term."

3. Paragraph 3(a) of the Sublease is amended to read as follows:

"3 (a) A sum equal to one cent (\$.01) for each gallon of gasoline or diesel fuel sold in, at or from the leased premises each month, plus the sum of \$100.00 per month to cover the sale of other goods, wares or merchandise, or performance of services at or from the leased premises (not including the "Additional Area"); plus a sum equal to ten percent (10%) of the rental income generated by Lessee from the leased premises (not including the "Additional Area")."

*not receiving
revenue from Car Rental Agency on premises*

4. Lessee also agrees to pay rent in the amount of \$150.00 per month for the Additional Area; provided, however, that said sum shall be adjusted upward each five year option period to reflect any cost of living increase at the start of each such option period over the present cost of living as measured by the Consumer Price Index for October, 1978; provided further, however, that in no event (for the first or second five year option period) shall the rent for the Additional Area be an amount in excess of \$300.00 per month.

5. The following shall be added at the end of paragraph 6 of the Sublease: "The 'Additional Area' referred to in this Supplement and Addendum may be used by Lessee for any lawful purpose permitted by the zoning laws covering such 'Additional Area'."

This Supplement and Addendum shall be effective January 1, 1979.

SANDY, Inc

J-MART STORES, INC.

by Hamilton Mosley, President

LESSOR

ARMOUR OIL COMPANY

by Henry Ogden Armour

LESSEE

OWNER'S CONSENT

SANDY, INC., a corporation, hereby consent to the execution of the above Supplement and Addendum to Sublease.

DATED: December 13, 1978

SANDY, INC.

by Hamilton Mosley

President

39,375 5
.903

OWNER'S CONSENT

WHEREAS, SANDY, INC.

(hereinafter referred to as "Owner") leased to J-Mart Stores, Inc. by lease dated November 28, 1964 (said lease being hereinafter referred to as "the Master Lease") certain real property which includes the following premises located in the City of San Diego, County of San Diego, State of California:

A portion of Lot 30, The Highlands, in the City of San Diego, California, which premises, having dimensions of 125 feet by 225 feet, more or less, are more particularly described in Exhibit A attached hereto, initialled by the parties, and incorporated herein by this reference.

and

WHEREAS, J-Mart Stores, Inc. by sublease dated December 9, 1965, (hereinafter referred to as "the sublease") subleased said premises to Armour Oil Company;

NOW, THEREFORE, in consideration of the benefits accruing to Owner and to J-Mart Stores, Inc. by reason of the execution of the sublease by Armour Oil Company, and for other good and valuable consideration receipt of which is hereby acknowledged, Owner hereby agrees and consents to all of the terms and provisions of said sublease and to the execution thereof, and agrees to notify Armour Oil Company of any failure by J-Mart Stores Inc. to perform any of the terms or conditions of the Master Lease. Should J-Mart Stores Inc. fail to exercise any options to renew or extend the Master Lease within the time required, or in the event of termination for any cause of the Master Lease, Owner agrees to notify Armour Oil Company in writing of such failure or termination and in any of such events said sublease shall remain in full force and effect and as a direct lease from Owner to Armour Oil Company; provided, however, that Armour Oil Company

... to and shall fulfill for the benefit of Owner all the
... and conditions contained in said sublease on the part of
Armour Oil Company to be observed and performed. Owner further
acknowledges the right and option of Armour Oil Company to extend
the term of said sublease and to remove all property placed by
Armour Oil Company in the premises at the times and in the manner
set forth in said sublease, and Owner hereby agrees to recognize
the aforementioned rights and options in the event of termination of
the Master Lease.

All agreements contained herein shall inure to the benefit
of and be binding upon the parties hereto and their respective successors
and assigns.

DATED this 9th day of Dec. 1965.

SANDY, INC.
By [Signature] Owner

ARMOUR OIL COMPANY

By [Signature]

By _____

MERCURY

STREET

E. f

Land for City of San Diego

South Run = 1.39 AT 12-31-74
Ac.

175.00'

S 89° 18' 52" E 242.00'

225.00'

17,234 S.F.

N 00° 17' 51" W

257.22'

67.00'

25' setback

BALBOA

AVENUE

E-1 N 89° 42' 09" E

50' 63'

Subd. Boundary

CITY
City of San Diego

14784

R/W = 4.0

SUBLEASE

THIS SUBLEASE made and entered into this 9th day of December, 1985, by and between J-MART STORES, INC., a corporation, hereinafter for convenience referred to as LESSOR, and ARMOUR OIL COMPANY, a corporation, hereinafter for convenience referred to as LESSEE.

WITNESSETH:

Lessor agrees to and does hereby sublease to Lessee, and Lessee agrees to and does hereby hire from Lessor, those certain premises (hereinafter referred to as "the leased premises") generally described as a portion of Lot 30, The Highlands, in the City of San Diego, California, which premises, having dimensions of 125 feet by 225 feet, more or less, are more particularly described in Exhibit A attached hereto, initialled by the parties, and incorporated herein by this reference. Said Exhibit A contains a legal description of the leased premises as well as a scale diagram thereof.

This sublease shall be upon the terms and conditions hereinafter set forth.

1. The initial term of this sublease shall be for approximately nineteen years and eleven months commencing on the day this sublease is executed, and terminating October 31, 1985, it being the intention of the parties that the initial term hereof shall terminate with the termination of the initial term of Lessor under Lessor's Master Lease.

2. Lessor hereby grants to Lessee the right and option to extend this sublease for an additional period of FIVE (5) YEARS from and after the expiration of the initial term hereof on the same terms and conditions as herein set forth, provided that at the expiration of said initial term, Lessee shall not then be in default in the performance of the terms and conditions of this sublease on the part of Lessee to be performed. This option shall be exercised by notice in writing given

to Lessor at least ninety (90) days prior to the expiration of the initial term.

3. Lessee shall pay to Lessor rent for said premises as follows:

(a) A sum equal to one cent (.01¢) for each gallon of gasoline sold in, at or from the leased premises each month, plus a sum equal to ten percent (10%) of the gross receipts derived each month from the sale of all goods, wares and merchandise (other than gasoline) ~~and other than beverage sold from coin-operated machines~~ and from the sale or performance of all services rendered in, at or from the leased premises.

(b) In computing "gross receipts" as used in sub-paragraph (a) above there shall be deducted the following:

1. The net amount of cash or credit refunds in fact made upon sales from the premises where the merchandise is sold, or some part of it is returned by the purchaser to, and accepted by Lessee, but not exceeding in any instance the selling price of the item in question.

2. Exchanges or transfers of merchandise between locations of Lessee where such exchanges or transfers are made solely for the convenient operation of Lessee's business and do not have the effect of consummating a sale which has been made in, at, upon or from the premises, or depriving the Lessor of the benefit of a sale which otherwise would have been made in, at, upon or from the premises.

3. Returns to shippers, suppliers or manufacturers.

4. Sales of fixtures or equipment after their substantial use in the conduct of Lessee's business in the premises.

5. The amount of any City, County, State or Federal taxes on sales from the premises where taxes are both added to the selling price and paid to the taxing authorities by Lessee.

(c) Notwithstanding the foregoing, Lessee shall pay to Lessor a minimum rent in the sum of TWELVE HUNDRED DOLLARS (\$1,200.00) per month, which minimum rent shall be credited in favor of Lessee against the rentals accruing pursuant to sub-paragraph (a) above. Said minimum rent shall be paid in advance on the 1st day of each and every month of the term hereof. Lessor hereby acknowledges receipt of the sum of TWENTY-FOUR HUNDRED DOLLARS (\$2,400.00) as payment of said minimum rent for the first and last full calendar months of the initial term hereof. Rent shall commence to accrue pursuant to sub-paragraph (a) above on the day the service station on the leased premises opens for business to the general public, and in the event this day is other than the first day of a calendar month the minimum rent payable for the balance of such calendar month shall be proportionately reduced from \$1,200, the amount of such reduction being the product of \$40.00 multiplied by the number of days in such calendar month which precede such opening day.

(d) On or before the 10th day of each month, commencing with the second month of the term hereof, Lessee shall deliver to Lessor a written statement certified by Lessee to be true and correct showing the number of gallons of gasoline sold and the amount of gross receipts derived in the preceding month. At the time such statement shall be delivered to Lessor, Lessee shall pay to Lessor any rent in excess of the minimum rent required to be paid for such preceding month. Lessee shall keep true and complete records and

accounts of all sales and business transacted in the leased premises and Lessor shall have access at reasonable times to said records and accounts.

4. Lessee agrees to construct, or cause to be constructed, on or before January 31, 1966, on the leased premises a gasoline station and automotive service facility fully equipped, adequately illuminated, including signs comparable to those utilized on the exterior of the existing discount store, paving for the entire leased area, landscaping and sprinklers to comply with governmental regulations and to conform to existing landscaping, sprinklers and paved area. Said gasoline station shall consist of three (3) gasoline service islands equipped with eighteen (18) pumps and a building having dimensions of 35 feet by 207 feet, more or less, containing seven (7) bays in the automotive service section. Said building and facilities shall be constructed in accordance with plans and specifications prepared by Lessee, provided that Lessor shall have the right to approve the same, such approval not to be unreasonably withheld.

5. Lessor warrants and represents that the leased premises are zoned for the uses intended by Lessee and that there are no covenants, conditions, restrictions, easements, rights or rights of way, recorded or unrecorded, which will in any way restrict or impede Lessee's use of said premises or Lessee's access thereto.

6. Lessee shall have the right to enter the premises at any time subsequent to the date of execution hereof for the purpose of making investigations and surveys, and to construct the facilities hereinabove referred to. Lessee shall use the premises for all lawful purposes incidental to or commonly maintained in connection with gasoline and automotive service stations, it being specifically understood and agreed that Lessee shall have the right to sell the usual products and perform the usual services performed by gasoline and automobile service stations, including the sale of gasoline, motor oils, greases, gear oils, gasoline and oil additives, radiator additives such as anti-freeze,

anti-rust, lubricating, flushing, anti-leak compounds, block sealers, brake oil, and similar products, and including wheel balancing, wheel alignment, brake overhaul, and minor motor tune-up.

7. All buildings, improvements, equipment and other property constructed, installed or placed on the premises by Lessee or acquired by Lessee at any time during the initial term or any extension hereof, shall be and remain Lessee's property and Lessee shall have the right to remove any or all of the same from the leased premises at any time within sixty (60) days after any termination of this sublease. At any termination of this sublease, Lessee shall surrender the premises to Lessor subject to ordinary wear and tear and to Lessee's rights under this paragraph 7.

8. If, without Lessee's fault, the operation on the premises of a gasoline and automotive service station (a) becomes illegal, or (b) is prevented or substantially impaired for more than ninety (90) days by (1) any act or omission of any governmental authority, or (2) by the closing, relocation, change of grade or alteration of, or re-routing of traffic on or away from any street or highway adjoining or leading to the leased premises, or (3) by the deprivation or limitation of any access thereto or therefrom, or (c) if a one-third or larger part of the leased premises is acquired or taken for any public or quasi-public use as a result of negotiation or a condemnation proceeding, Lessee may terminate this sublease by giving to Lessor at least thirty (30) days' notice; provided, however, that in the event of such acquisition or taking such notice may be given at any time not later than ninety (90) days after physical possession of the premises is taken or the judgment in the condemnation proceeding becomes final, whichever occurs later. In the event the taking or acquisition is total, the rent shall immediately abate, or, if only partial, but sufficient in Lessee's judgment to prevent or substantially impair operation of the gasoline and automotive service station as then located on the premises, the rent shall abate when

physical possession of the premises is taken. Neither the existence nor Lessee's exercise of any right under this sublease to terminate, nor the abatement of rent, shall waive, limit or affect in any way Lessee's rights then accrued or thereafter to accrue in any proceeding, settlement or award for condemnation or for damages resulting from any other of the events specified in this paragraph.

9. Lessee shall pay all taxes, assessments, and charges levied or assessed against the land leased by Lessee, Lessee's buildings, improvements, equipment and other property on the leased premises, and all licenses, utilities, including but not limited to connection and hook-up charges, and other charges incurred by Lessee's use or operation of the leased premises, and if any of such taxes or charges are assessed against the property leased by Lessee, and subsequently paid by Lessor, Lessee shall reimburse Lessor therefor upon Lessor's demand and presentation to Lessee of receipted bills.

10. Lessee shall keep and maintain the leased premises in good, sanitary order, condition and repair, reasonable wear and tear and damage by the elements excepted, and shall comply in all respects with all requirements of pertinent governmental authorities.

11. Lessor shall not be responsible or liable for any personal injury or damage to Lessee or to any other person or persons on or about the leased premises, nor for any injury or damage to the leased premises, or to the goods, wares, or merchandise or property of Lessee or any other person located therein, and Lessee hereby agrees to indemnify and hold Lessor free and harmless against any and all claims and liabilities arising from any such injury or damage.

12. Lessee shall procure and maintain public liability and property damage insurance naming Lessee and Lessor as co-insured, having limits of not less than \$200,000 for any one person injured, \$500,000 for any one accident, and \$20,000 property damage. In addition thereto, Lessee shall procure and maintain products liability insurance adequate for the business in which Lessee shall engage, and

fire and extended coverage insurance covering the building and improvements located or to be located on the leased premises to the extent of not less than ninety per cent (90%) of their sound insurable value. All policies of insurance hereinabove referred to shall designate Lessee and Lessor as co-insured.

13. Lessor agrees to expend each month for advertising of Lessee's business and the products and services offered by Lessee, a sum equal to ten per cent (10%) of the rent payable by Lessee hereunder after excluding therefrom the rent payable on gasoline sales, and Lessee in turn agrees to expend a like amount each month for such advertising. All of said advertising shall be conducted in cooperation with and at the direction of Lessor.

14. Lessor shall have the right at any time and from time to time to audit all of the books of account, bank statements, documents, records, returns, papers, and files of Lessee relating to gross sales and business transacted, and, on request by Lessor, Lessee shall make all such matters available for examination at the premises. If Lessor should have an audit made for any lease month and the gross sales and business transacted shown by Lessee's statement for such month should be found to be understated by more than 2%, Lessee shall immediately pay to Lessor the cost of such audit as well as the additional rent payable by Lessee to Lessor; otherwise the cost of such audit shall be paid by Lessor. Lessor's right to have such an audit made with respect to any lease month shall expire 18 months after each calendar year.

15. At all times Lessee shall keep the premises, the walkways adjacent to the premises, and any loading platform, service areas, and freight elevators allocated for the use of Lessee, whether or not such use be exclusive, clean and free from rubbish and dirt. Lessee shall not burn any trash or garbage of any kind in or about the premises or discount store.

16. Lessee shall pay, when due, all sums of money that may become due or purportedly due for any labor, services, materials, supplies, or equipment alleged to have been furnished or to be furnished to or for Lessee in, at, on or about the premises and which may be secured by any mechanics, material men, or other lien against the premises or Lessor's interest in the premises, and Lessee shall cause each lien to be fully discharged and released at the time performance of the obligation secured matures or becomes due. Lessor shall have the right to post and maintain on the premises such notices of non-responsibility as are provided for under the mechanic's lien law of California.

17. During all business hours, and on all such days as comparable business in the shopping center or business of like manner in the area are open for business, Lessee shall continuously and uninterruptedly occupy and use the entire premises for the purposes specified herein and shall continuously merchandise 100% of the premises. This requirement shall not apply during times when the premises are untenable by reason of fire or other casualty. Lessee shall, however, continue operation of its business to the extent reasonably practicable from the standpoint of good business during the period of reconstruction or repair. At all times Lessee shall carry a full and complete stock of seasonable merchandise offered for sale at competitive prices and shall maintain adequate personnel for the efficient service of its customers. In general, Lessee shall employ its business judgment, efforts, and abilities to operate the business conducted by it on the premises in a manner calculated to produce the maximum profitable and practical volume of sales and transactions obtainable and to enhance the reputation and attractiveness of the discount store.

18. Lessee shall not knowingly sell or offer for sale any goods, wares, merchandise or services for a price in excess of that

offered for sale by any other discount store within a radius of 50 miles and shall sell at a competitive price comparable merchandise.

19. Lessee agrees that at all times during the term hereof it will abide by the following:

(a) Carry an adequate and sufficient inventory to achieve maximum sales volume.

(b) Sell any item at a markup in excess of 33 1/3% of the selling price thereof without receiving written consent from Lessor's manager to do so.

(c) Maintain such prices for merchandise and/or services sold or rendered by Lessee at a level consistent with the operation of Lessor's enterprise as a discount store, and such prices shall be maintained at a level as will be competitive with other similar discount stores in the area.

Lessee agrees that in the event any instance of non-conformity to the provisions of this paragraph is called to Lessee's attention by Lessor, Lessee will immediately correct such non-conformity, and if Lessee fails to do so within three days after such notice, such failure shall be deemed to be a material breach of this agreement and shall entitle Lessor to terminate this lease.

20. Lessee shall stock its department with a full, complete and adequate line of saleable merchandise. Lessee shall at no time, without Lessor's written consent, stock or offer for sale any irregulars, seconds or rejects. Lessee agrees to stock and display such goods, wares and merchandise and such brands of merchandise appropriate to and in keeping with the department operated by Lessee, as Lessor shall deem necessary, and in the event Lessee shall fail to stock and display as provided herein, Lessor shall have the right, at its option, in addition to any other remedies reserved to Lessor, to allow any other Lessee in the discount store to stock and sell such lines or brands of merchandise.

21. Lessor shall have the authority to investigate complaints against Lessee, whatever the cause of such complaint may be, and if Lessor, in its sole and absolute judgment, determines that any complaint is well founded, Lessee agrees to make such adjustment as Lessor may direct, and if Lessor shall so direct, Lessee shall cheerfully refund the customer's money.

22. The premises shall be kept open for business during such daily hours and during such days of the week, including Sundays and holidays, as Lessor may from time to time provide.

23. Lessee agrees that all of its property of every description in said building shall at all times be at the sole risk and hazard of Lessee, and without intending hereby to limit the generality of the foregoing, Lessee agrees that neither Lessor nor anyone under or through whom it claims shall be responsible for any loss or damage to property of Lessee from pilferage, shoplifting, robbery, theft, burglary, holdup or disappearance, whether or not done by act or commission of or attributable to Lessor.

24. Lessee agrees that Lessor shall have no liability or responsibility for or in respect of any money or property which Lessee or anyone acting for Lessee shall entrust, deposit or deliver to Lessor, whether for safekeeping, custody, transportation, or otherwise, whether or not such money or property shall belong to Lessee and whether or not Lessor or anyone in its behalf shall receipt for or agree to return the same to or for the account of Lessee; and without intending hereby to limit the generality of the foregoing, Lessee agrees that all money and property of every description, whether belonging to Lessee or to others, which Lessee or anyone acting for Lessee shall entrust, deposit with, or deliver to Lessor, shall be at all times at the sole risk and hazard of Lessee, and neither Lessor nor any officer, employee or associate thereof shall be responsible for any loss of or damage to such property or money from robbery.

theft, burglary, hold-up, disappearance, pilferage, the conversion thereof by or with the connivance of any employee or agent of Lessor, or from fire, explosion, water, steam, gas, electricity or the elements, no matter how or where originating and whether or not such cause of loss or damage shall be done by act or omission of or attributable to Lessor. Lessee further agrees that if Lessor shall have in force or effect, at the time of any such loss or damage, insurance of any kind which might cover or extend to Lessee or anyone claiming by, through or under Lessee, then and irrespective of the tenor or coverage of the policy by which such insurance was effected, neither Lessee nor anyone claiming under it shall have any right under or in relation to such insurance unless Lessor shall consent thereto in writing after occurrence of the event giving rise to such loss or damage nor unless or until Lessor and others designated by it shall have recovered under said policy the full amount of such loss or damage as each of them sustained by reason or in consequence of said occurrence.

25. Lessee shall use the name and trade name of Jo-Mart and none other, in its relations with retail customers of the discount store in the normal conduct thereof. However, Lessee shall not and may not at any time, or under any circumstances, pledge the credit of Lessor, or incur any obligation or liability in its name or behalf. Without intending thereby to limit the generality of the foregoing, Lessee agrees that it will not purchase merchandise or services, hire employees or incur any other obligation or expense in the name of Lessor and that it will not use or permit the use of the name or trade name of Lessor in connection with the sale or disposition of any merchandise or service except incidental to sales thereof at retail in the discount store.

26. Lessor expects to furnish credit facilities for the financing of sales of department goods and deferred payment arrangements with respect thereto, but it shall not be obligated to do so. If

it does offer the same, then Lessee shall be bound to use such facilities and arrangements in any transaction to which the pattern thereof might apply without obligation or liability on the part of Lessor to handle or accept or effect the handling or acceptance of any transactions so offered. Any credit facilities so furnished by Lessor shall be on the basis that Lessee

(a) shall assume no obligation to Lessor in the event of non-payment by the customer,

(b) shall not be required to enter into any repurchase agreements, and

(c) shall not have withheld from it any amount as a reserve for losses.

27. If Lessee shall have failed to keep or perform any covenant, agreement or obligation incumbent on it under the terms hereof and shall not have corrected such default to the satisfaction of Lessor within ten (10) days after receiving written notice thereof from Lessor, or if Lessee shall become insolvent or make any assignment for the benefit of its creditors, or if a petition under the bankruptcy act as amended shall be filed by or against it, or if a receiver, trustee or other officer shall be appointed to exercise any right or privilege conferred upon it in or by this agreement or to take charge of any of its property in the department in the lease space, or if any of such property shall be seized, levied upon or become otherwise involved in legal proceedings of any kind, whether or not meritorious, or if stockholders of Lessee owning a majority in number of its shares of common stock shall sell or otherwise dispose of the same, then in such event Lessor may, at its sole and exclusive option, terminate this lease and all other rights granted to Lessee in and by this agreement, by and upon giving Lessee written notice of its election to do so, which notice may be operative presently or prospectively, as Lessor in its discretion may specify, and notwithstanding any such termination

and possession regained, Lessee shall be and remain liable to Lessor for all obligations previously incurred hereunder.

28. This sublease is contingent upon the owner of the leased premises, i. e., the Lessor under the Master Lease, agreeing in writing that in the event the Master Lease is terminated for any reason, said owner will recognize this sublease and will permit Lessee to continue occupancy of the leased premises in accordance with all terms and conditions of this lease, including the right to extend the term hereof as herein provided.

29. Lessee shall not assign this sublease or any interest therein and shall not sublet said premises or any part thereof, or suffer any other person, agents and servants of Lessee excepted, to occupy or use said premises or any portion thereof without the written consent of Lessor first had and obtained, which consent shall not be arbitrarily or unreasonably withheld.

30. In the event of the bringing of any action by either party hereto as against the other hereon or hereunder, or by reason of the breach of any covenant or condition on the part of the other party, or arising out of this sublease, the party in whose favor final judgment shall be entered shall be entitled to reasonable attorney's fees to be fixed by the court wherein such judgment shall be entered.

31. Any and all notices to be given hereunder shall be given either personally or by registered or certified mail, or by telegraph. If served by certified or registered mail, service shall be conclusively deemed made forty-eight (48) hours after the deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice is to be given. If served by telegraph, service shall be conclusively deemed made at the time the telegraph agency shall confirm to the sender delivery thereof to the addressee. Any notice to Lessor may be given at 4750 Kearney Mesa Road, San Diego, California, and any notice to Lessee may be given at Lessee's office, 22nd Floor, United States National Bank Building, San Diego, California.

32. Lessor's lease is subject to all of the terms, covenants and conditions of its lease with Sandy, Inc. Sandy, Inc., in its lease with Lessor, has incorporated therein all of the pertinent provisions of the lease that Sandy, Inc. has with the City of San Diego. It is expressly understood and agreed by and between Lessor and Lessee that that portion of the City lease, to-wit, deletion of area, applies to this lease. Such portion of said City lease provides as follows:

"City anticipates that an interchange may be constructed on the leased premises within the foreseeable future. In the event said interchange is constructed, then City shall have the right to delete from the leased premises whatever land is necessary for construction of said interchange. Lessee shall have the right to continue the lease on the remaining area. In the event the remaining area is not suitable for Lessee's uses, in the opinion of the Lessee, then Lessee may terminate this agreement upon thirty (30) days written notice after City's notice of deletion."

It is understood and agreed by and between ^{SUB}Lessor and ^{SUB}Lessee that in the event the City ^{SHOULD TAKE A SUBSTANTIAL} ~~portion of the premises hereby leased~~ which would MAKE THE USE UNSUITABLE ~~of the premises,~~ ^{SUB} ~~to~~ ^{OR SUB} Lessee, ~~the~~ ^{IN SUCH EVENT SUBLESSEE OR} Lessor shall have the right to cancel ^{SUB} ~~this lease.~~ ^{LESSOR}

33. This sublease merges and supersedes all prior negotiations, representations and agreements and constitutes the entire contract between Lessor and Lessee concerning the subleasing of the premises, and the consideration therefor.

34. This sublease and all options herein shall bind and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto
set their hands by their duly authorized officers the day and year first
above written.

J-MART STORES, INC.

By John Meyer

By _____

LESSOR

ARMOUR OIL COMPANY

By Armour

By _____

LESSEE

SUPPLEMENT AND ADDENDUM TO SUBLEASE.

That certain sublease dated December 9, 1965 between J-Mart Stores, Inc., a corporation, therein designated Lessor, and ARMOUR OIL COMPANY, a corporation, therein referred to as Lessee (the "Sublease") is hereby supplemented and amended in the following respects:

1. The leased premises referred to on page 1 of its Sublease and described in Exhibit A thereto, shall be deemed to include the 17,234 square foot area outlined in red on the attached Exhibit A to this Supplement and Addendum (the "Additional Area").

2. The following shall be added at the end of paragraph 2 of the Sublease: "Provided Lessee exercises the aforesaid option described above and shall not then be in default in the performance of its obligations, Lessee shall have and is hereby given the right and option to extend the Sublease for an additional term of five (5) years from and after the expiration of the first five year option period; said additional option to be exercised by notice in writing given to Lessor at least ninety (90) days prior to the expiration of the additional term."

3. Paragraph 3(a) of the Sublease is amended to read as follows:

"3(a) A sum equal to one cent (\$.01) for each gallon of gasoline or diesel fuel sold in, at or from the leased premises each month, plus the sum of \$100.00 per month to cover the sale of other goods, wares or merchandise, or performance of services at or from the leased premises (not including the "Additional Area"); plus a sum equal to ten percent (10%) of the rental income generated by Lessee from the leased premises (not including the "Additional Area")."

4. Lessee also agrees to pay rent in the amount of \$150.00 per month for the Additional Area; provided, however, that said sum shall be adjusted upward each five year option period to reflect any cost of living increase at the start of each such option period over the present cost of living as measured by the Consumer Price Index for October, 1978; provided further, however, that in no event (for the first or second five year option period) shall the rent for the Additional Area be an amount in excess of \$300.00 per month.

5. The following shall be added at the end of paragraph 6 of the Sublease: "The 'Additional Area' referred to in this Supplement and Addendum may be used by Lessee for any lawful purpose permitted by the zoning laws covering such 'Additional Area'."

This Supplement and Addendum shall be effective January 1, 1979.

SANDY Inc.
SMART STORES, INC.
by Hamilton Morley, President
LESSOR

ARMOUR OIL COMPANY
by Harry Ogden Armour
LESSEE

OWNER'S CONSENT

SANDY, INC., a corporation, hereby consent to the execution of the above Supplement and Addendum to Sublease.

DATED: December, 13 1978

SANDY, INC.
by Hamilton Morley
President

PROPERTY DEPARTMENT

CONSENT TO SUBLEASE

THE CITY OF SAN DIEGO (City), as Lessor under the Lease Agreement and amendments, if any, hereafter called "Master Lease", filed in the Office of the City Clerk as Document No. 678833, hereby consents to the sublease executed by Sandy, Inc. and J-Mart Stores, Inc., filed in the Office of the City Clerk as Document No. 689779 upon the following terms and conditions:

1. No assignment or sublease of, or amendment to the sublease shall be effective until approved in writing by the City.
2. The sublease shall not effect the rent due the City under the Master Lease.
3. The sublease shall be subordinate to the Master Lease and any amendments executed subsequent to this consent.
4. All documents on file in the office of the City Clerk referred to herein are hereby incorporated by reference.

DATED: Aug. 24 1965

THE CITY OF SAN DIEGO

By: Walter Kahn, Jr.
Assistant City Manager

Irvin J. Kahn, as lessee under the Master Lease,
President,
accepts the terms and conditions set forth above and agrees to be bound thereby.

DATED: August 2 1965

Approved Edward J. Butler
City Attorney
By H. E. Cavanaugh
Deputy City Attorney

CITY OF SAN DIEGO	
Resolution	_____
Doc. No.	<u>689779</u>
Filed	<u>AUG 26 1965</u>
	(DATE)

184637

AUG 19 1965

CONSENT TO SUBLEASE

THE CITY OF SAN DIEGO (City), as Lessor under the Lease Agreement and amendments, if any, hereafter called "Master Lease", filed in the Office of the City Clerk as Document No. 678033, hereby consents to the sublease executed by Sonny, Inc. and J-Mart Stores, Inc., filed in the Office of the City Clerk as Document No. 689779 upon the following terms and conditions:

1. No assignment or sublease of, or amendment to the sublease shall be effective until approved in writing by the City.
2. The sublease shall not affect the rent due the City under the Master Lease.
3. The sublease shall be subordinate to the Master Lease and any amendments executed subsequent to this consent.
4. All documents on file in the office of the City Clerk referred to herein are hereby incorporated by reference.

DATED: Aug 24, 1965

THE CITY OF SAN DIEGO

By: Walter Hahn, Jr.

Irvin J. Hahn, as Lessee under the Master Lease, accepts the terms and conditions set forth above and agrees to be bound thereby.

DATED: Aug 27, 1965

By: _____

CITY OF SAN DIEGO	
Resolution	_____
Doc. No.	_____
Filed	_____ (DATE)

RESOLUTION No. _____

184637

ADOPTED ON _____

AUG 19 1965

BE IT RESOLVED by the Council of The City of San Diego as follows:

That the City Manager be, and he is hereby authorized and empowered to execute, for and on behalf of said City, a Consent to Sublease with Sandy, Inc., by which the City consents to Sandy, Inc. subleasing to J-Mart Stores, Inc. for the purpose of automobile parking, a portion of Lot 30 of The Highlands leased by said City to said Sandy, Inc. by that lease agreement, copy of which lease agreement is on file in the office of the City Clerk as Document No. 678883, under the terms and conditions set forth in the form of Consent to Sublease on file in the office of the City Clerk as Document No. 689551.

Presented by _____

APPROVED: EDWARD T. BUFLER, City Attorney

By _____

Hubert C. Cavanagh, Deputy

rb/8-12-65

RECEIVED

AUG 24 '65

Property Dept.