

Seller's Confirmation of Ground Lease Terms

Re: 11759 Carson Street, Lakewood, Calif. (Escrow Number 25760-TC)

This is the confirmation for the above ground lease in conjunction escrow #25760-TC, for selling the ground lease property.

Lease terms: The original Ground Lease started October 10,

2003 with 25 years and 25 years 25 additional option years.

37 years remaining on lease

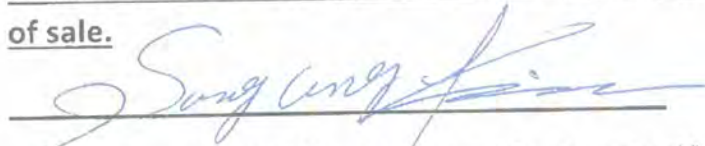
Rent Increase: Ground rental amount increases every 5 years term as follows;

Period	Annual Rent	Increase in %
1-5	\$38,400	0 2003 ~
6-10	41,088	7%
11-15	43,964	7%
16-20	47,041	7%
21-25	\$50,333	7%

Option term (Renewal term 26-30 Years)

The rental during each renewal term shall be set at the rate set forth in Section 1. 04 for each renewal term. (Re: Ground Lease page 1-3)

Ground Lease Lessor will consent to assignment of Lease to Buyer as a condition of sale.



9/7/17

Seller, Sang Ung Kim, Power of attorney

SJ Premier Investments, LLC

GROUND LEASE

THIS LEASE, dated 10-11, 2003 for reference purposes only, is made by and between **THE MAKENA GREAT AMERICAN PIONEER COMPANY, LLC** (hereinafter called "Lessee") and **THE WILLIAMS FAMILY TRUST DATED MARCH 3, 1995, HAROLD F. WILLIAMS AND BERTHA L. WILLIAMS, TRUSTORS AND/OR TRUSTEES** (hereinafter called "Lessor").

ARTICLE I GENERAL TERMS

Section 1.01 Parties.

Lessee: The Makena Great American Pioneer Company, LLC
Lessor: The Williams Family Trust dated March 3, 1993, Harold F. Williams and Bertha L. Williams, Trustors and/or Trustees

Section 1.02 Premises.

11761 Carson Street
Lakewood, California

Section 1.03 Duration of Lease.

Term: Twenty-Five (25) Year Primary

Commencement Date/Early Possession:

The earlier of twelve (12) months from the date of the execution of this Ground Lease or the first date Lessee is open for business. Notwithstanding the foregoing Commencement Date, Lessor and Lessee agree that at any time after Lessee's full execution hereof, Lessee shall be entitled to enter upon and have full possession and use of the Premises, consistent with all legal requirements and other provisions of this Lease, including for the purposes of conducting construction thereon in accordance with the terms of Section 6.01 of this Lease, provided that Lessee shall first

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Ending date:

Twenty-five years following the Commencement date (initial term). Five (5) five year options.

Section 1.04 Rent

Rent		Years
\$	38,400.00	1 - 5
	41,088.00	6 - 10
	43,964.00	11 - 15
	47,041.00	16 - 20
	50,333.00	21 - 25

Section 1.05 Security Deposit. First Month's Rent

Section 1.06 Use. All lawful purposes

Section 1.07 Replacement Value. To Follow

Section 1.08 Insuring Party. Lessee

Section 1.09 Initial Rent. See Paragraph 8 LOI

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ARTICLE II TERM OF LEASE

Section 2.01 Fixed Term. The initial term of this lease shall be a period of twenty-five (25) years starting with the Commencement Date set forth in Article 1.03 and ending twenty-five years thereafter, unless extended by option or sooner terminated as provided herein.

Section 2.02 Renewal Term. Lessee is given the option to extend the term on all the provisions contained in this Lease for five (5) additional five (5) year periods. Lessee shall be deemed to have exercised each consecutive Renewal Term unless the Lessee provides Lessor in writing of Lessee's election not to renew more than one hundred and eighty (180) days prior to each renewal date. The rental during each renewal term shall be set at the rate set forth in Section 1.04 for each renewal term.

Section 2.03 Lessee's Right to Terminate. Notwithstanding any other term of this Lease, in the event Lessee (a) is unable to obtain any or all of the permits and all other governmental approvals required for Lessee's use of the Premises within six months following the full execution and delivery of this Lease (the "Permit Period"); and (b) Lessee, Lessor and Equilon Enterprises LLC (the "Prior Tenant") are unable to come to agreement reasonably acceptable to Lessee regarding the locations of certain monitoring wells upon the Premises at any time within one year of the date of this Lease (the "Well Approval Period"), then in either such event, Lessee shall have the right, on a minimum of ten (10) days prior written notice to Lessor (the "Termination Notice"), to terminate this Lease, effective as of the date set forth in the Notice (the "Termination Date"). Said Termination Notice shall state (i) that Lessee elects to terminate this Lease pursuant to the terms and conditions of this Section 2.03, and (ii) the Termination Date. The Termination Notice shall be delivered to Lessor no later than the end of the Permit Period and/or the Well Approval Period. In the event Lessee elects to terminate this Lease pursuant to the terms of this Section 2.03, this Lease shall automatically terminate and be of no further force or effect and Lessor and Lessee shall be relieved of their respective obligations under this Lease as of the Termination Date, except those obligations set forth in this Lease which specifically survive the expiration or earlier termination of this Lease.

ARTICLE III RENT AND SECURITY DEPOSIT

Section 3.01 Rent. Lessee agrees to pay to Lessor in equal monthly installments rental in the amount set forth in Section 1.04 hereinabove on the first day of each month during the term hereof for the use and occupancy of the Premises. Basic rent for any partial month shall be prorated on the basis of 1/360th of the basic annual rent, per day. All rent shall be paid to Lessor at the address to which notices to Lessor are given, or to such other person or such other place as directed from time to time by written notice to Lessee from Lessor.

Section 3.02 Rent Adjustment Clause. The basic annual rent provided for in Section 3.01 above shall be adjusted at the commencement of the sixth year of the lease term and every fifth year thereafter (the "adjustment date") as set forth in Section 1.04 hereinabove.

Section 3.06 Security Deposit. Lessee shall pay to Lessor as a Security Deposit the amount set forth in Section 1.05 on the execution of this Lease. The "Security Deposit" shall be held as security deposit by Lessor and may be used against the last month's rent.

ARTICLE IV USE OF PREMISES

Section 4.01 Use. The Premises may, during the term of this Lease, be used by Lessee for the sole purpose of constructing, maintaining, and/or leasing a first-class commercial retail business described in Exhibit B and Lessee shall not change that use without the prior written consent of Lessor, which consent shall not be unreasonably withheld.

Section 4.02 Only Lawful Uses Permitted. Lessee shall not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any law, ordinance, or regulation of any federal, state, county, or local governmental agency, body, or entity. Furthermore, Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to the Premises on the Premises or any part of the Premises. Lessee shall, at Lessee's sole cost and expense, comply with all laws, ordinances, regulations or other requirements that are now in force or are subsequently enacted by any federal, state, county, local or other governmental agency, body or entity. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or any portion of the Premises, Lessee shall procure and maintain it throughout the term of this lease. The judgment of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessee by any government entity that Lessee has violated any such statute, ordinance, regulation or other requirement shall be conclusive as between Lessor and Lessee and shall constitute grounds for termination of this lease by Lessor.

ARTICLE V TAXES AND UTILITIES

Section 5.01 Taxes. In addition to the rents required to be paid under this Lease, Lessee shall pay, and Lessee hereby agrees to pay, any and all taxes (general, special, ordinary or extraordinary) against personal or real property (including the leasehold estate created by this lease) assessments, rental levy, and other charges of any description levied or assessed during the term of this Lease by any governmental agency or entity on or against the Premises, any portion of the

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Premises, any interest in the Premises, any improvements or other property in or on the Premises or based on the gross rents hereunder. These taxes will be paid without abatement, deduction or offset of any kind, subject to Lessee's rights under Section 5.06 below.

Section 5.02 Assessments. Notwithstanding the provisions of Section 5.01 of this Lease, all taxes or assessments levied or assessed on or against the Premises during the tax years in which the term of this Lease is to commence and the term of this Lease is to end shall be prorated between Lessor and Lessee as of 12:01 a.m. on the date the term of this Lease is to commence and on the date the term of this Lease is to end respectively on the basis of tax years that commence on July 1st and end on June 30th of each year. Lessor shall pay the taxes for the year in which this lease is to commence and Lessee shall promptly, on service of written request by Lessor, reimburse Lessor for Lessee's share of such taxes. Lessee shall pay the taxes for the year in which this Lease is to end; and Lessor shall promptly, on service of written request by Lessee, reimburse Lessee for his share of such taxes.

Section 5.03 Separate Assessment of Leased Land. Should the Premises be assessed and taxed with or as part of other property owned by Lessor prior to commencement of the term of this Lease, Lessor agrees to arrange with the taxing authorities to thereafter have the Premises taxed and assessed as a separate parcel distinct from any other real or personal property owned by Lessor. Should the Premises be assessed and taxed for the year in which this Lease is to commence with or as part of other property owned by Lessor, for purposes of determining pursuant to Section 5.02 of this Lease the share of such taxes for which Lessee is liable, that portion of such taxes that bears the same ratio to the total of such taxes as the ground area of the Premises bears to the ground area of the total taxed property shall be the taxes levied on and assessed against the Premises.

Section 5.04 Payment Before Delinquency. Any and all taxes and assessments and installments of taxes and assessments required to be paid by Lessee under this lease shall be paid by Lessee at least ten (10) days before each such tax, assessment, or installment of tax or assessment becomes delinquent and the official and original receipt for the payment of such tax, assessment, or installment shall immediately be given to Lessor.

Section 5.05 Taxes Payable In Installments. Should any special tax or assessment be levied on or assessed against the Premises that may be either paid in full prior to a delinquency date within the term of this Lease or paid in installments over a period either within or extending beyond this Lease, Lessee shall have the option of paying such special tax or assessment in installments. The fact the exercise of the option to pay the tax or assessment in installments will cause the Premises to be encumbered with bonds or will cause interest to accrue on the tax or assessment is immaterial and shall not interfere with the free exercise of the option by Lessee. Should Lessee exercise the option to pay any such tax or assessment in installments, Lessee shall be liable to pay only those installments becoming due during the term of this Lease. Lessor shall cooperate with Lessee and on written request of Lessee execute or join with Lessee in executing any instruments required to permit any such special tax or assessment to be paid in installments.

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Section 5.06 Contest of Tax. Lessee shall have the right to contest, oppose, or object to the amount or validity of any tax assessment, or other charge levied on or assessed against the Premises or any part of the Premises; provided, however, that the contest, opposition, or objection must be filed before the tax, assessment, or other charge at which it is directed becomes delinquent and written notice of the contest, opposition, or objection must be given to Lessor at least ten (10) days before the date the tax, assessment, or other charge becomes delinquent. Lessor shall, on written request of Lessee, join in any such contest, opposition, or objection if Lessee determines such joinder is necessary or convenient for the proper prosecution of the proceedings but Lessor shall not be liable for any costs or expenses incurred or awarded in the proceeding. Furthermore, no such contest, opposition, or objection shall be continued or maintained after the date the tax, assessment, or other charge at which it is directed becomes delinquent unless Lessee has either:

(a) Paid such tax, assessment, or other charge under protest prior to its becoming delinquent; or

(b) Obtained and maintained a stay of all proceedings for enforcement and collection of the tax, assessment, or other charge by posting such bond or other matter required by law for such a stay; or

(c) Delivered to Lessor a good and sufficient undertaking in an amount specified by Lessor and issued by a bonding corporation authorized to issue undertakings in California conditioned on the payment by Lessee of the tax, assessment, or charge together with any fines, interest, penalties, costs, and expenses that may have accrued or been imposed thereon within thirty (30) days after final determination of Lessee's contest, opposition, or objection to such tax, assessment, or other charge.

Lessee shall be responsible for and shall pay any and all costs and expenses in any contest or legal proceeding instituted by Lessee. In no event shall Lessor be subjected to any liability for costs or expenses.

Section 5.07 Tax Returns and Statements. Lessee shall, as between Lessor and Lessee, have the duty of attending to, preparing, making, and filing any statement, return, report, or other instrument required or permitted by law in connection with the determination, equalization, reduction, or payment of any taxes, assessments, or other charges that are or may be levied on or assessed against the Premises, any portion of the Premises, any interest in the Premises, or any improvements or other property on the Premises.

Section 5.08 Tax Hold Harmless Clause. Lessee shall indemnify and hold Lessor and the property of Lessor, including the Premises and any improvements now or hereafter on the Premises, free and harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges required by this Article to be paid by Lessee and from all interest, penalties, and other sums

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imposed thereon and from any sales or other proceedings to enforce collection of such taxes, assessments, or other charges.

Section 5.09 Utilities. Lessee shall pay or cause to be paid, and hold Lessor and the property of Lessor including the Premises free and harmless from, all charges for the furnishing of gas, water, electricity, telephone service, and other public utilities to the Premises during the term of this Lease and for the removal of garbage and rubbish from the Premises during the term of this Lease. Lessor shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Premises, and no such failure or interruption shall entitle Lessee to terminate this Lease or withhold any rent or other sums due pursuant to the terms of this Lease.

Section 5.10 Payment by Lessor. Should Lessee fail to pay within the time specified in this Article any taxes, assessments, or other charges required by this Article to be paid by Lessee, Lessor may, without notice to or demand on Lessee, pay, discharge, or adjust such tax, assessment, or other charge for the benefit of Lessee. In such event, Lessee shall promptly on written demand of Lessor reimburse for the full amount paid by Lessor in paying, discharging, or adjusting such tax, assessment, or other charge with interest thereon at the rate of twelve percent (12%) per annum, but not to exceed the maximum rate allowed by law. Where no time within which any charge required by this Article to be paid by Lessee is specified in this Article, such charge must be paid by Lessee ten (10) days before it becomes delinquent.

ARTICLE VI CONSTRUCTION BY LESSEE

Section 6.01 Right To Construct. The Premises shall be delivered to Lessee in a level, and graded fashion. Lessee shall have the right, at Lessee's sole cost and expense, to construct or cause to be constructed on the Premises such buildings, parking areas, driveways, walks, gardens and other similar and dissimilar improvements as Lessee shall from time to time determine, provided, that the same shall be in compliance with all then applicable building codes and ordinances. All work performed on the Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

Section 6.02 Lessor's Approval of Plans. No structure or other improvement of any kind shall be erected or maintained on the Premises unless and until the plans, specifications, and proposed location of such structure or improvement have been approved (which approval shall not be unreasonably withheld and which response shall be within 10 business days of the date such plans, specifications, and proposed location of such structure or improvement are actually received by Lessor) in writing by Lessor. Within 60 days of approval from Lessor, Lessee shall provide detailed working drawings, plans and specifications and a revised statement of estimated construction costs. No structure or other improvement shall be erected or maintained on the Premises that does not comply with plans, specifications, and locations approved in writing by Lessor. Furthermore, no material addition to or structural alteration of any structure or

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improvement now or hereafter on the Premises shall be commenced until and unless plans and specifications for such addition or alteration shall be approved in writing by Lessor.

Section 6.03 Time Limit. Within ten (10) business days after receipt by Lessor of any of the documents submitted to Lessor for approval pursuant to Section 6.02 of this Lease, Lessor shall either approve such documents by endorsing Lessor's approval on each such document and returning one set of the documents to Lessee, or Lessor shall give written notice to Lessee of any objections Lessor may have to such documents. Lessor's failure to give written notice to Lessee within such five (5) day period of any objections Lessor may have to the documents shall constitute approval of the documents by Lessor.

Section 6.04 Changes In Plans. After approval by Lessor of the documents pertaining to said building project, any substantial changes in the plans or specifications for said building project must be approved by Lessor. For purposes of this Section, "substantial change" means one that materially changes the exterior appearance of any building on the Premises or that results in a decrease in construction costs of \$25,000 or more. Lessor's failure to give written notice to Lessee of any objections Lessor may have to any proposed changes within five (5) business days after a written statement of the proposed changes has been given to Lessor by Lessee shall constitute Lessor's approval of the changes. Minor changes in work or materials not affecting the general character of said building project need not be approved by Lessor but a copy of the altered plans and specifications reflecting such change must be given to Lessor.

Section 6.05 No Construction Before Notice - Notice of Nonresponsibility. No work of any kind shall be commenced on and no building or other materials shall be delivered for said building project, nor shall any other building or land development work be commenced or building materials be delivered on the Premises until at least five (5) business days after written notice has been given by Lessee to Lessor of the commencement of such work or the delivery of such materials. Lessor shall, at any and all times during the term of this Lease, have the right to post and maintain on the Premises and to record as required by law notice or notices of nonresponsibility provided for by the mechanic's lien laws of the State of California. The work prohibited by this section until five (5) business days' written notice thereof has been given to Lessor includes as well as actual construction work any site preparation work, installation of utilities, street construction or improvement work, or any grading or filling of the Premises.

Section 6.06 All Work On Written Contract. All work required in the construction of said building project, including any site preparation work, landscaping work, utility installation work as well as actual construction work on said building project, shall be performed only by competent contractors duly licensed as such under the laws of the State of California and shall be performed pursuant to written contracts with such contractors.

Section 6.07 Performance and Lien Bonds. Each major trade sub-contractor engaged by Lessee's general contractor to perform any services for construction or other improvement on the

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Premises, under contract pursuant to Section 6.06 above, including any building construction, site preparation, utility installation, landscaping, or parking lot construction services, shall furnish to Lessee, who shall deliver copies of both of the following to Lessor, at the contractor's own expense at the time of entering into a contract with Lessee for those services:

(a) A bond issued by a corporate surety authorized to issue surety insurance in California in an amount equal to 100 percent of the contract price payable under the contract securing the faithful performance by the contractor of its contract with Lessee; and

(b) A bond issued by a corporate surety authorized to issue surety insurance in California in an amount equal to 50 percent of the contract price payable under the contract securing payment of all claims for the performance of labor or services on, or the furnishing of materials for the performance of the contract.

Section 6.08 Compliance With Law and Quality. Said building project shall be constructed, and all work performed on the Premises and all buildings or other improvements erected on the Premises shall be in accordance with all laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the Premises; provided, however, that any structure or other improvement erected on the Premises, including said building project, shall be deemed to have been constructed in full compliance with all such laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy entitling Lessee and tenants of Lessee to occupy and use of the structure or other improvement has been duly issued by proper governmental agencies or entities. All work performed on the Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

Section 6.09 Time For Completion. Lessee shall cause construction of said building project to be commenced no later than thirty (30) days after approval by Lessor of the documents, shall cause construction of said building project to thereafter be diligently pursued without unnecessary interruption.

Section 6.10 Mechanic's Liens. At all times during the term of this Lease, Lessee shall keep the Premises and all building and improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. Should Lessee fail to pay and discharge or cause the Premises to be released from any such lien or claim of lien within twenty (20) days after service on Lessee of written request from Lessor to do so, Lessor may pay, adjust, compromise, and discharge any such lien or claim of lien on such terms and manner as Lessor may deem appropriate. In such event, Lessee shall, on or before the first day of the next calendar month following any such payment by Lessor, reimburse Lessor for the full amount paid by Lessor in paying, adjusting, compromising, and discharging such lien or claim of lien, including any attorney's fee or other costs

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expended by Lessor together with interest thereon at the rate of twelve percent (12%) per annum but not to exceed the maximum rate allowed by law.

Section 6.11 Zoning and Use Permits. Should Lessee deem it necessary or appropriate to obtain any use permit variance, or rezoning of the Premises in order to construct or operate said building project, Lessor agrees to execute such documents, petitions, applications, and authorizations as may be necessary or appropriate in obtaining the same provided, however, that any such permits, variances, or rezoning shall be obtained at the sole cost and expense of Lessee and Lessee agrees to protect and save Lessor and the property of Lessor, including the Premises, free and harmless from any such cost and expense.

Section 6.12. Ownership of Building Project. Any and all buildings and improvements placed or erected on the Premises as part of said building project as well as any and all other alterations, additions, improvements, and fixtures, except furniture and trade fixtures, made or placed in or on the Premises by Lessee or any other person shall be considered the property of the Lessee until expiration or sooner termination of the Lease at which time the above shall be considered part of the real property of the Premises and on expiration or sooner termination of this Lease shall remain on the Premises and become the property of Lessor. Lessee shall then surrender the improvements to Lessor free and clear of all liens and encumbrances, other than those, if any, permitted under this lease or otherwise created or consented to by Lessor. Lessee agrees to execute, acknowledge, and deliver to Lessor any instrument requested by Lessor as necessary or convenient in Lessor's opinion to perfect Lessor's right, title and interest to the improvements and Premises.

ARTICLE VII ENCUMBRANCE OF LEASEHOLD ESTATE

Section 7.01 Lessee's Right To Encumber. Lessee may, at any time and from time to time during the term of this Lease, encumber to any person or entity, herein called "Lender," by deed of trust or mortgage or other security instrument all of Lessee's interest under this Lease and the leasehold estate hereby created in Lessee for any purpose or purposes without the consent of Lessor; provided, however, that no encumbrance incurred by Lessee pursuant to this section shall, and Lessee shall not have power to incur any encumbrance that will, constitute in any way a lien or encumbrance on any interest of Lessor in the Premises. Lessor agrees to execute a Landlord's Consent and/or Memorandum of Lease substantially in the forms of Exhibit B and C respectively within 30 days of request by Lessee; Lessor shall not be entitled to any reimbursement fee in connection with review and execution of said documents. Any encumbrance shall be subject to all covenants, conditions, and restrictions set forth in this lease and to all rights and interest of Lessor, except as otherwise stated in this lease. Lessee shall give Lessor prior written notice of any encumbrance, together with a copy of the deed of trust, mortgage, or other security interest evidencing the encumbrance.

Section 7.02 Request For Notice of Loan Default. Immediately after the recording of any deed of trust or mortgage executed by Lessee pursuant to Section 7.01 of this Lease and containing a power of sale as defined by California law, Lessee shall at Lessee's own cost and expense record in the office of the County Recorder of Los Angeles County, California, a written request executed and acknowledged by Lessor for a copy of any notice of default and a copy of any notice of sale under such deed of trust or mortgage to be mailed to Lessor at the address specified in the request by Lessor.

Section 7.03 Notice To and Service on Lender. Lessor shall mail to Lender, should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, a duplicate copy of any and all notices Lessor may from time to time give to or serve on Lessee pursuant to or relating to this Lease. Lessee shall at all times keep Lessor informed in writing of the name and mailing address of Lender and any changes in Lender's mailing address. Any notices or other communications permitted by this or any other section of this Lease or by law to be served on or given to Lender by Lessor shall be deemed duly served on or given to Lender when deposited in the United States mail, first-class postage prepaid, addressed to Lender at the last mailing address for Lender furnished in writing to Lessor by Lessee or Lender.

Section 7.04 No Modification Without Lender's Consent. Should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, Lessee and Lessor hereby expressly stipulate and agree that they will not modify this Lease in any way nor cancel this Lease by mutual agreement without the written consent of Lender having such encumbrance. Subject to Lender's right to cure under Section 7.06, Lender's consent shall not be required, however, for forfeiture or termination of this lease, for breach thereof or otherwise, pursuant to the terms of this lease or the laws of this state.

Section 7.05 Rights of Lender. Should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, Lender having such encumbrance shall have the right at any time during the term of this Lease and the existence of his encumbrance to:

(a) Do any act or thing required of Lessee under this Lease, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Lessee's rights under this Lease as if done by Lessee himself;

(b) Realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security document, herein called the "Trust Deed," and to:

(i) Transfer, convey, or assign the title of Lessee to the leasehold estate created by this Lease to any purchaser at any foreclosure sale, whether the foreclosure sale be conducted pursuant to court order or pursuant to a power of sale contained in the Trust Deed; and

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- (ii) Acquire and succeed to the interest of Lessee under this Lease by virtue of any foreclosure sale, whether the foreclosure sale be conducted pursuant to a court order or pursuant to a power of sale contained in the Trust Deed.

Section 7.06 Rights of Lender to Cure Defaults. Should Lessee incur an encumbrance pursuant to Section 7.01 of this Lease, before Lessor may terminate this Lease because of any default under or breach of this Lease by Lessee, Lessor must give written notice of the default or breach to Lender and afford Lender the opportunity after service of the notice to:

- (a) Cure the breach or default within fifteen (15) days where the default can be cured by the payment of money to Lessor or some other person;
- (b) Cure the breach or default within thirty (30) days where the breach or default must be cured by something other than the payment of money and can be cured within that time; or
- (c) Cure the breach or default in such reasonable time as may be required where something other than money is required to cure the breach or default and cannot be performed within thirty (30) days provided that acts to cure the breach or default are commenced within that time period after service of notice of default on Lender by Lessor and are thereafter diligently continued by Lender.

Section 7.07 Foreclosure in Lieu of Curing Default. Notwithstanding any other provision of this Lease, a Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease may forestall termination of this Lease by Lessor for a default under or breach of this Lease by Lessee by commencing proceedings to foreclose his encumbrance on the leasehold estate created by this lease. The proceeding so commenced may be for foreclosure of the encumbrance by order of court or for foreclosure of the encumbrance under a power of sale contained in the instrument creating the encumbrance. The proceedings shall not, however, forestall termination of this Lease by Lessor for the default or breach by Lessee unless:

- (a) They are commenced within fifteen (15) days after service on Lender of the notice described in Section 7.06 of this Lease;
- (b) They are, after having been commenced, diligently pursued in the manner required by law to completion; and
- (c) Lender keeps and performs all of the terms, covenants, and conditions of this Lease requiring the payment or expenditure of money by Lessee until the foreclosure proceedings are completed or are discharged by redemption, satisfaction, payment, or conveyance of the leasehold estate to Lender.

Section 7.08 Assignment Without Consent On Foreclosure. Provided that Lender under any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease gives written notice of transfer to Lessor setting forth the name and address of the transferee as well as the effective date of the transfer, the written consent of Lessor shall not be required for transfer of Lessee's interest under this Lease to:

(a) A purchaser at a foreclosure sale of the encumbrance whether the foreclosure sale be conducted pursuant to court order or pursuant to a power of sale in the instrument creating the encumbrance, provided Lender under the encumbrance gives Lessor written notice of the transfer, including the name and address of the purchaser and the effective date of transfer; or

(b) A purchaser from Lender after foreclosure where Lender was the purchaser of Lessee's interest at the foreclosure sale of the encumbrance and Lender is an established bank, savings and loan association, or insurance company.

Section 7.09 New Lease To Lender. Notwithstanding any other provision of this Lease, should this Lease terminate because of the insolvency or bankruptcy of Lessee or because of any default under or breach of this Lease by Lessee, Lessor will execute a new Lease for the Premises to the Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease as Lessee, provided:

(a) A written request for the new lease is served on Lessor by Lender within fifteen (15) days after service on Lender of the notice described in Section 6.06 of this Lease.

(b) The new lease is for a term ending on the same date the term of this Lease would have ended had not this lease been terminated, provides for the payment of rent at the same rate that would have been payable under this Lease during the remaining term of this Lease had this lease not been terminated, and contains the same terms, covenants, conditions, and provisions as are contained in this Lease.

(c) Lender, on execution of the new lease by Lessor, shall pay any and all sums that would at the time of the execution of the new lease be due under this Lease but for its termination and shall otherwise fully remedy, or agree in writing to remedy, any other defaults under or breaches of this Lease committed by Lessee that can be remedied.

(d) Lender, on execution of the new lease, shall pay all reasonable costs and expenses, including attorney's fees and court costs, incurred in terminating this

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Lease, recovering possession of the Premises from Lessee or the representative of Lessee, and preparing the new lease.

(e) The new lease shall be subject to all existing subleases under which the sublessee is not in default and shall be assignable by Lender but not by any assignee of Lender without the consent of Lessor.

(f) The new lease shall:

(i) Extend the time for performance of any unperformed acts required by Article 6 of this Lease for such period as is equal to the delay in performance of the act caused by Lessee's inability or failure to perform the act and the time required to terminate this Lease and execute a new lease to Lender; and

Section 7.10 No Merger of Leasehold and Fee Estate. Should Lessee incur an encumbrance pursuant to Section 7.01 of this Lease then there shall thereafter, during the existence of the encumbrance, be no merger without the consent of Lender under such encumbrance of the leasehold estate created by this Lease and the fee estate in the Premises merely because both estates have been acquired or become vested in the same person or entity.

Section 7.11 Lender as Assignee of Lease. No Lender under any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease shall be liable to Lessor as an assignee of this Lease unless and until such time as Lender acquires all rights of Lessee under this Lease through foreclosure or other proceedings in the nature of foreclosure or as a result of some other action or remedy provided by law or the instrument creating the encumbrance.

Section 7.12 Lender as Including Subsequent Security Holders. The term "Lender" as used in this Lease shall mean not only the person, persons, or entity that loaned money to Lessee and is named as beneficiary, mortgagee, secured party, or security holder in the instrument creating any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease but also all subsequent assignees and holders of the security interest created by such instrument.

ARTICLE VIII REPAIRS AND RESTORATION

Section 8.01 Maintenance by Lessee. At all times during the term of this Lease, Lessee shall, at Lessee's own cost and expense, keep and maintain the Premises and all improvements now or hereafter on the Premises as well as all facilities now or hereafter appurtenant to the Premises in

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good order and repair and in a safe and clean condition. Furthermore, Lessee shall, at Lessee's own cost and expense, maintain at all times during the term of this Lease the whole of the Premises as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, neat, tidy, orderly, and attractive condition.

Section 8.02 Requirements of Governmental Agencies. Except as set forth in Section 8.04 or as otherwise restricted in this Lease, at all times during the term of this Lease, Lessee, at Lessee's own cost and expense, shall:

(a) Make all alterations, additions, or repairs to the Premises or the improvements or facilities on the Premises required by any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity;

(b) Observe and comply with all laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting the Premises or the improvements or facilities on the Premises by any federal, state, county, local, or other governmental agency or entity.

(c) Contest if Lessee, with Lessor's approval, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in the name Lessee, or in the name of Lessee and Lessor where appropriate or required, the validity or application to the Premises of any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity; provided, however, that any such contest or proceeding, though maintained in the names of Lessee and Lessor, shall be without cost to Lessor, and Lessee shall protect the Premises and Lessor from Lessee's failure to observe or comply during the contest with the contested law, ordinance, statute, order or regulation;

(d) Indemnify and hold Lessor and the property of Lessor, including the Premises, free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from Lessee's failure to comply with and perform the requirements of this section.

Section 8.03 Lessee's Duty to Restore Premises. Should, at any time during the term of this Lease, any buildings or improvements now or hereafter on the Premises be destroyed in whole or in part by fire, theft, the elements, or any other cause not the fault of Lessor and provided, such destruction is covered by insurance that Lessee is required to maintain as provided in this Lease, Lessee at Lessee's own cost and expense, shall repair and restore the damaged or destroyed building, buildings, improvement, or improvements according to the original plan thereof or according to such modified plans therefore as shall be approved in writing by Lessor. The work of repair and restoration shall be done in accordance with the requirements for original construction

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work on the Premises set forth in Article 6 of this Lease. Regardless of whether Lessee is required to repair and restore as set forth above, this Lease shall continue in full force and effect and rent shall not be abated hereunder. Lessee's obligations for restoration described in this Section shall exist whether or not funds are available from insurance proceeds.

Section 8.04 Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the term of this lease because of damage to or destruction of any improvements on the premises shall be paid to Lessee and applied by Lessee toward the cost of repairing and restoring the damaged or destroyed improvements in the manner required by this lease, or, if this lease is terminated, applied by Lessee toward payment of encumbrances.

Section 8.05 Environmental Matters.

(a) Indemnification by Lessee. Lessee agrees to indemnify and hold Lessor and its successors and assigns thereof harmless from any requirement of performing and the costs of performing any investigation, clean up, remedial, removal, restoration, monitoring or mitigation activities, if any, arising out of events first occurring after the date of this Lease and relating to Lessee's use and occupancy of the Premises. This includes those actions which are ordered by any federal, state or local government unit or agency. This indemnification of Lessor includes any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims) or loss, including attorney's fees, consultant fees and expert fees.

ARTICLE IX INDEMNITY AND INSURANCE

Section 9.01 Indemnity Agreement. In addition to the indemnity set forth in Section 8.05, Lessee shall indemnify and hold Lessor and the property of Lessor, including the Premises and any buildings or improvements now or hereafter on the Premises, free and harmless from any and all liability, claims, loss, damages, or expenses first arising after the date hereof and resulting from Lessee's occupation and use of the Premises, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

(a) The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or by any person who is an employee or agent of Lessee, from any cause whatsoever while such person or property is in or on the Premises or in any way connected with the Premises or with any of the improvements or personal property on the Premises;

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(b) The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, caused or allegedly caused by either (i) the condition of the Premises or some building or improvement on the Premises, or (ii) some act or omission on the Premises of Lessee or any person in, on, or about the Premises;

(c) Any work performed on the Premises or materials furnished to the Premises at the instance or request of Lessee or any person or entity acting for or on behalf of Lessee; or

(d) Lessee's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Lessee or the Premises by any duly authorized governmental agency or political subdivision.

Section 9.02 Liability Insurance. Lessee shall, at Lessee's own cost and expense, secure promptly after execution of this Lease and maintain during the entire term of this Lease a broad form comprehensive coverage policy of public liability insurance issued by an insurance company acceptable to Lessor and authorized to issue liability insurance in California insuring Lessee and Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this Lease in amounts not less than \$1,000,000.00, combined single limit. The amount of such insurance may be increased from time to time based on increases in the Index as set forth in Section 3.02(a), but without regard to the percentage limitations set forth herein.

Section 9.03 Fire and Casualty Insurance. Lessee shall, at Lessee's own cost and expense, at all times during the term of this Lease keep all buildings, improvements, and other structures on the Premises, as well as any and all additions thereto, insured for their full replacement value (or, if that's not possible, full insurable value with the Lessor's prior written consent to such amount) by insurance companies authorized to issue such insurance in California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the county where the Premises are located. Any loss payable under such insurance shall be payable to Lessee, Lessor and any Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease as their interest may appear. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Article 8 of this Lease.

Section 9.04 Deposit of Insurance With Lessor. Lessee shall, within 10 days after the execution of this lease and promptly thereafter when any such policy is replaced, rewritten or renewed, deliver to Lessor a true and correct copy of each insurance policy required by this Article or a certificate executed by the insurance company or companies or their authorized agent evidencing that policy or policies.

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Section 9.05 Notice of Cancellation Of Insurance. Each insurance policy required by this Article of this Lease shall contain a provision that it cannot be canceled for any reason unless thirty (30) days' prior written notice of the cancellation is given to Lessor in the manner required by this Lease for service of notice on Lessor by Lessee.

ARTICLE X CONDEMNATION

Section 10.01 Definitions.

(a) "Condemnation" means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (ii) a voluntary sale or transfer by lessor to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(b) "Date of Taking" means the date the condemnor has the right to possession of the property being condemned.

(c) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

(d) "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

Section 10.02 Parties' Rights and Obligations To Be Governed by Lease. If, during the term or during the period of time between the execution of this Lease and the date the term commences, there is any taking of all or any part of the building, other improvements, or land of which the premises are a part or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 10.

Section 10.03 Total Taking. If the premises are totally taken by condemnation, this Lease shall terminate on the date of taking.

Section 10.04 Partial Taking.

(a) If any portion of the premises is taken by condemnation this Lease shall remain in effect, except that either party can elect to terminate this Lease if 20% or more of the total number of square feet of the premises are taken or if the portion of the premises so taken renders the premises unusable for the Lessee. If Lessee elects to terminate this Lease, Lessee must exercise its right to terminate pursuant to this paragraph by giving notice to Lessor within 30 days after the nature and the extent of the taking have been finally

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determined. If Lessee elects to terminate this Lease as provided in this paragraph, Lessee also shall notify Lessor of the date of termination, which date shall not be earlier than 30 days nor later than 90 days after Lessee has notified Lessor of its election to terminate; except that this Lease shall terminate on the date of taking if the date of taking falls on a date before the date of termination as designated by Lessee.

(b) Effect on Rent. If any portion of the premises is taken by condemnation and this Lease remains in full force and effect, on the date of taking the monthly rent shall be reduced by an amount that is in the same ratio to monthly rent as the value of the area of the portion of the premises taken bears to the total value of the premises immediately before the date of taking.

(c) Waiver of CCP Section 1265.130. Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease in the event of a partial taking of the premises.

Section 10.05 Award Distribution. The award shall belong to and be paid to Lessor, except that Lessee shall receive from the award the following:

(a) A sum (reduced by depreciation) attributable to Lessee's cost of improvements, alterations and fixtures made to the premises by Lessee in accordance with this Lease. Lessee to receive his original costs adjusted reasonably for depreciation.

(b) A separately stated sum paid to Lessor from the condemnor for loss of goodwill, relocation and compensation not related to the value of the real property and the lease.

ARTICLE XI ASSIGNMENT AND SUBLEASING

Section 11.01 No Assignment Without Lessor's Consent. Except as provided in Section 11.02 of this Lease, Lessee shall not assign or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without the express written consent of Lessor first had and obtained. Any assignment or transfer by Lessee without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void. A consent by Lessor to one assignment shall not be deemed to be a consent to any subsequent assignment of this Lease by Lessee. The consent of Lessor to any assignment of Lessee's interest in this Lease, however, shall not be unreasonably withheld.

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Section 11.02 Permitted Assignments and Transfers. Notwithstanding the provisions of Section 11.01 of this Lease, Lessee may without the prior written consent of Lessor transfer and assign all Lessee's interest under this Lease and the leasehold estate hereby created in Lessee to:

(a) Any trustee named in a deed of trust, any mortgagee named in a mortgage, or any person named in any other type of security instrument for the purpose of incurring an encumbrance on such interest and such leasehold estate pursuant to Section 7.01 of this Lease.

(b) A corporation, LLC, or partnership now or hereafter organized in which Lessee owns at least 50% of all outstanding shares of stock or in which Lessee maintains effective control.

If Lessee requests Lessor's consent to an assignment other than as stated in (a) and (b) above, Lessor will be entitled to review, which review cost will not exceed \$500.00, detailed and complete financial statements of the proposed assignee, audited by a certified public accountant reasonably satisfactory to Lessor, together with detailed and complete information about the business of the proposed assignee, including experience in operating such commercial businesses, together with any other information Lessor may reasonably require to assist in determining whether or not the proposed assignee is so qualified.

Section 11.03 Lessee's Right to Sublease. Lessee shall have the right to sublease any portion of the Premises from time to time, and at all times during the term of this Lease, without Lessor's consent and Lessor shall have no claim upon any rent paid by such sublessee to Lessee; provided, however, that the term of any sublease shall not extend beyond the term of this Lease and any and all subleases shall be expressly made subject to all of the terms, covenants, and conditions of this Lease. Any sublessee shall be required to attorn to Lessor in the event of Lessee's default under this lease.

Section 11.04 Probate Transfer of Assignment. Notwithstanding any other provision of this Article, the transfer or assignment of Lessee's interest to any person or entity as a result of the death of Lessee is exempted from the provisions of Section 11.01 of this Lease.

ARTICLE XII DEFAULT AND TERMINATION

Section 12.01. Abandonment by Lessee. Should Lessee breach this Lease and abandon the Premises prior to the natural expiration of the term of this Lease, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor shall be entitled to enforce all Lessor's rights and remedies under this Lease including the right to recover the rent specified in this Lease as it becomes due under this Lease.

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Section 12.02 Termination for Breach by Lessee. All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the term hereby demised to Lessee. Should Lessee default in the performance of any covenant, condition, or agreement contained in this Lease and the default not be cured within six (6) business days after written notice of the default is served on Lessee by Lessor for defaults involving payment of money and within thirty (30) days after written notice of the default is served on Lessee for all other defaults, then Lessor may terminate this Lease and:

(a) Bring an action to recover from Lessee:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination of the lease;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform his obligations under this Lease; and

(b) Bring an action, in addition to or in lieu of the action described in subparagraph (a) of this section, to re-enter and regain possession of the Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Section 12.03 Breach and Default by Tenant. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby leased to Lessee. Should Lessee fail to perform any covenant, condition or agreement contained in this lease and the default is not cured within 30 days after written notice of the default is served on Lessee, then Lessee shall be in default under this lease. In addition, Lessee's failure to perform any covenant, condition or agreement contained in this lease within the cure period permitted by this section, the following shall constitute a default by Lessee:

(a) Has a receiver appointed to take possession of all or substantially all of Lessee's property because of insolvency;

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- (b) Makes a general assignment for the benefit of creditors; or
- (c) Allows any material judgment against Lessee to remain unsatisfied and unbonded for a period of thirty (30) days or longer;

(d) The voluntary filing by Lessee or the involuntary filing against Lessee of a petition, other court action, or suit under any law for the purpose of (i) adjudicating Lessee bankrupt, (ii) extending time for payment, (iii) satisfaction of Lessee's liabilities, (iv) reorganization, dissolution, or arrangement on account of, or to prevent bankruptcy or insolvency; provided, however, that in the case of an involuntary proceeding, if all consequent orders, adjudications, custodies and supervisions are dismissed, vacated, stayed or terminated within 90 days after the filing, then Lessee shall not be in default under this section.

(e) The subjection of any right or interest of Lessee to or under this lease to attachment, execution, or other levy, or to seizure under legal process when the claim against Lessee is not released within 90 days.

Section 12.04 Cumulative Remedies. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

Section 12.05 Waiver of Breach. The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this Lease.

Section 12.06 Surrender of Premises. On expiration or sooner termination of this Lease, Lessee shall surrender the Premises, all improvements in or on the Premises, and all facilities in any way appertaining to the Premises, to Lessor in as good, safe, and clean condition as practicable, reasonable wear and tear excepted. Lessor, at its option may require the Lessee to remove any improvements to the Premises at the sole cost and expense of the Lessee. Upon expiration or sooner termination of this Lease, Lessee shall deliver to Lessor, if required by any local, state or federal agency or entity, at Lessee's sole cost and expense, a closure letter or agreement from the appropriate governmental agency or agencies having jurisdiction over environmental matters concerning the Premises.

Section 12.07 Right of First Refusal. During the Term of the Lease and any Extensions thereof, Lessee or his nominee shall have a right of first refusal (hereinafter referred to as the "Purchase Right") to purchase the Premises upon the same terms and conditions as those of any bona fide offer received by and acceptable to Lessor. Lessor, before accepting or making any offer or agreement to sell, shall notify Lessee in writing of the terms and conditions of such offer, giving Lessee ten (10) days (in the event of a non-contingent offer or agreement) or twenty (20) days (in

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the event of a contingent offer or agreement) after receipt of such notice to exercise Lessee's Purchase Right by written notice to Lessor.

Failure of Lessee to exercise his Purchase Right on one or more occasions shall not affect Lessee's right to exercise it on any subsequent occasion unless Lessor successfully completes the sale of the Premises in which case the Lessee's rights hereunder shall terminate. Any sale or transfer of the Premises or any part thereof shall be expressly made subject to all of the terms, covenants and conditions of this Lease.

The above right of first refusal shall not apply to any sale or other disposition of the Premises to any person or entity "related" to Lessor or any partner in Lessor or any beneficiary of a trust which is a partner of Lessor as of the date hereof (as the term "related" is defined in either Section 267(b) or (c) or 318 of the Internal Revenue Code of 1986, as amended).

Section 12.08 Late Charge. Lessee hereby acknowledges that late payment by Lessee of any amounts due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges, and late charges, which may be imposed upon Lessor by any lender. Accordingly, if any amount due hereunder shall not be received by Lessor within ten (10) days after such amount shall be due, then, without any requirement or notice to Lessee, Lessee shall pay to Lessor a one-time late charge equal to ten percent (10%) of each such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the exercise of any other rights or remedies granted hereunder.

Section 12.09 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within thirty (30) days following the date on which it was due, shall bear interest from the thirty first (31st) day after it was due at the rate of twelve percent (12%) per annum, but not to exceed the maximum rate allowed by law. Interest is payable in addition to the late charge provided for in Section 12.08 above.

Section 12.10 Holding Over. Lessee shall not hold over on the Premises after the expiration or sooner termination of the Lease term without the express prior written consent of Lessor, which may be withheld in Lessor's sole and absolute discretion. Lessee shall indemnify Lessor for, and hold Lessor harmless from and against, any and all claims, demands, damages, liabilities, obligations, losses, costs and expenses (including reasonable attorney's fees) arising out of or in connection with any delay by Lessee in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding lessee based upon any delay, and any liabilities arising out of or in connection with such claims, and Lessor's damages should any such succeeding lessee cancel its lease based upon such holding over by Lessee. If possession of the Premises is not surrendered to Lessor on the expiration or sooner termination of the Lease term, in addition to any other rights and remedies of Lessor hereunder or at law or equity, Lessee shall pay

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to Lessor for each month, or a portion thereof during which Lessee holds over in the Premises, a sum equal to one hundred and twenty five percent (125%) of the rent in effect for the last month of the Lease term. If any tenancy is created by Lessee's holding over in the Premises, the tenancy shall be on all of the terms and conditions of this Lease, except that the rent shall be increased as set forth above and the tenancy shall be a month-to-month tenancy. Nothing in this Section shall be deemed to permit Lessee to retain possession of the Premises after the expiration or sooner termination of the Lease term.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Force Majeure - Delays. Except as otherwise expressly provided in this Lease, should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; provided, however, that nothing contained in this section shall excuse the prompt payment of rent by Lessee as required by this Lease or the performance of any act rendered difficult or impossible solely because of the financial condition of the party, Lessor or Lessee, required to perform the act.

Section 13.02 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning the Premises, this Lease, or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum as and for his attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

Section 13.03 Notices. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to any party shall be in writing and shall be deemed duly served and given when personally delivered to any party, any managing employee of any party, or, in lieu of such personal service, when deposited in the United States mail, certified mail, return receipt requested, first-class postage prepaid, addressed as set forth on the signature page hereof. Any party may change his address for the purpose of this section by giving written notice of such change to any other party.

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Section 13.04 Governing Law. This Lease, and all matters relating to this Lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this Lease or any decision or holding concerning this Lease arises.

Section 13.05 Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, Lessor and Lessee, but nothing in this section shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee except as provided in Article 11 of this Lease.

Section 13.07 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

Section 13.08 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting the Premises, the leasing of the Premises to Lessee, the construction of the said building project described in this Lease on the Premises, or the lease terms herein specified, and correctly set forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Lessee by Lessor, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void.

Section 13.09 Time of Essence. Time is expressly declared to be the essence of this Lease.

Section 13.10 Memorandum of Lease for Recording. Except as otherwise provided herein (i.e. in connection with financing for the Lessee) neither party, Lessor or Lessee, shall record this Lease without the written consent of the other. However, Lessor and Lessee shall, at the request of either at any time during the term of this Lease, execute a memorandum of "short form" of this Lease for purposes of, and in a form suitable for, being recorded. The memorandum or "short Form" of this Lease shall describe the parties, Lessor and Lessee, set forth a description of the leased Premises, specify the term of this Lease, and shall incorporate this Lease by reference.

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EXECUTED on the _____ day of _____, 2003, at Tustin, County of Orange,
California.

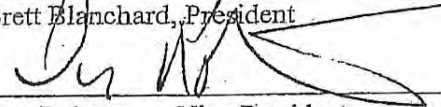
"Lessee"

The Makena Great American Pioneer Company, LLC
A California limited liability company

By: Makena Capital, LLC
A California limited liability company
Its Member

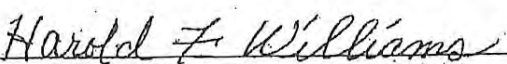
By: Makena Resources, Inc.
A California corporation
Its Managing Member

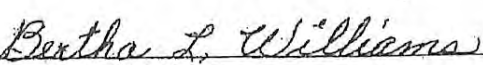
By: 
Brett Blanchard, President

By: 
Don Robertson, Vice President

"Lessor"

THE WILLIAMS FAMILY TRUST DATED
MARCH 3, 1995, HAROLD F. WILLIAMS
AND BERTHA L. WILLIAMS, TRUSTORS
AND/OR TRUSTEES

By: 
Harold F. Williams

By: 
Bertha L. Williams

Address:

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CONSTRUCTION ADDENDUM

Landlord agrees to construct, at its expense, the improvements for the Premises as set forth herein ("Landlord's Work") on or before June 30, 2005. Notwithstanding anything to the contrary herein or in the Lease, should Landlord fail for any reason to complete construction of Landlord's Work before October 15, 2005, Tenant may, at its option, elect to terminate the Lease. Landlord's Work shall include the preparation by Landlord, at its sole cost and expense, any plans and specifications, structural and energy calculations (herein collectively "Landlord's Plan"), if required, for the necessary improvements. All construction shall be in conformance with all local and state building codes and the Americans With Disabilities Act ("ADA"). Landlord, at its expense, shall obtain all permits required to construct Landlord's Work.

In the event Tenant's façade and layout for the Premises have not been submitted to and approved by Landlord at the execution by Landlord of the Lease, then as an additional condition precedent for Tenant's benefit, within ten (10) days if submission to Landlord, Landlord shall review and approve Tenant's façade and layout. In the event Landlord does not approve the façade and layout or notify Tenant of Landlord's disapproval within said days, then the façade and layout shall be deemed approved.

1. BUILDING AND PREMISES DISCLOSURE: Within fourteen (14) days after receipt of Tenant's request, Landlord shall submit to Tenant's Construction Manager: (i) full written disclosure of any known hazardous conditions or substances that exist in or about the Premises or Building; (ii) a copy of any asbestos surveys conducted in the Premises certified by a duly qualified environmental contractor; and (iii) copies of any other environmental surveys or studies conducted of the Building. Tenant shall not be obligated to accept the Premises until it has received all such disclosure(s) and survey(s).

2. COMPLETION DATE:

A. As soon as possible, but in no event less than ninety (90) days prior to Landlord's anticipated delivery of possession to Tenant, Landlord shall obtain and submit to Tenant's Construction Manager: (i) a site plan noting ground elevation changes and the location of any handicap parking spaces and ramps; (ii) architectural, mechanical, electrical and plumbing drawings of the Premises and Building; and (iii) a list of all approved permit numbers which are necessary to perform all Landlord's Work, hereinafter defined.

B. Landlord shall pay all impact fees, complete all Landlord's Work, receive all required inspections for the Premises and the Building and deliver the Premises to Tenant within thirty (30) days of Tenant's satisfaction or waiver of the conditions in Article 20 of the Lease. Notwithstanding anything contained in the Lease to the contrary, all notices of delivery of possession of the Premises shall also be sent to the CONSTRUCTION DEPARTMENT at Tenant's address.

C. Landlord shall notify Tenant in writing of Landlord's completion of the Landlord Work and the purported delivery of possession of the Premises in accordance with the Lease upon: (i) completion of all such Landlord Work in accordance with this Construction Addendum; and (ii) receipt of all applicable final inspections and approvals. Landlord shall also submit copies of any final inspection report to Tenant's Construction Manager. Tenant shall be entitled to enter the Premises from and after the date of such notice whether or not all of the Landlord's Work has been completed in accordance with this Construction Addendum.

D. Upon receipt of the delivery of possession notice (which shall include the complete store address, the electrical meter number and gas meter number) from Landlord, Tenant may enter the Premises and commence Tenant's Work therein. If Tenant discovers that Landlord did not complete all Landlord Work in accordance with this Construction Addendum as of the date of Landlord's delivery of possession notice, Tenant shall notify Landlord in writing of any incomplete or inconsistent items discovered by Tenant ("Notice of Incompletion"). If Landlord fails to correct or complete such items within ten (10) business days of receipt of such Notice of Incompletion (subject to force majeure): (i) Tenant shall have the right, but not the obligation, to correct and/or complete such items and Landlord shall reimburse Tenant for the cost of same within thirty (30) days after receipt of a bill therefor, including copies of applicable invoices, and (ii) delivery of possession shall be tolled day for day until all Landlord Work is completed. Landlord, at its sole expense, shall indemnify and defend Tenant from all claims for damages resulting from any Landlord Work so performed by Tenant on Landlord's behalf. If Landlord fails to reimburse Tenant as aforesaid, Tenant shall have the right to deduct such cost from all Fixed Minimum Rent and additional charges due to Landlord until such cost is fully recovered.

3. **LANDLORD'S WORK:** Landlord shall, at its sole cost and expense, perform the Landlord's Work as set forth in this Construction Addendum, including all demolition, materials, labor, permit fees and utility meter installation fees and assessments. For the purposes of this Construction Addendum, the term "Codes" shall be defined as and shall mean all federal laws, rules and regulations, (including the Americans with Disabilities Act of 1990 as amended), and all state, county and municipal or other local codes, regulations, requirements and ordinances applicable to the Premises, including any requirements of the local fire marshal and/or building inspector. All Landlord Work shall be done using new materials and equipment, and shall be performed in a first-class workmanlike manner and shall be in a good and usable condition. Certain materials can be purchased from Tenant (utilizing Tenant's national discount pricing) by contacting Tenant's Construction Manager. Landlord Work shall also include but not be limited to:

A. Demolish and remove all previously installed interior partitions; floor coverings; fixtures and equipment including but not limited to exhaust heads, sinks, counters, booths, vaults, floor safes, abandoned electrical material, abandoned ductwork, grease traps and floor drains.

B. Furnish a continuous smooth, clean, level, watertight concrete slab floor (with impervious type moisture barrier).

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C. Furnish and install storefront to Tenant specifications, which Tenant shall use commercially reasonable efforts to provide to Landlord sixty (60) days prior to Landlord's estimated date of commencement of construction in accordance with a schedule provided to Tenant.

D. Furnish all walls to the underside of the roof with metal studs and gypsum board on both sides of the studs, taped and sealed to maintain one (1) hour fire rating (or higher rating as required by Codes), smooth and ready for paint.

E. Furnish and install on rear wall a new fire-rated hollow-core self-closing metal door and frame, including all hardware and weatherproofing, with combination metal lock bar and panic devices, pursuant to Tenant's approved layout specifications.

F. Furnish and install a new individual electric meter, new copper service wire(s), and new rigid metal conduit sized per one of the following voltage types:

- (1) 120/240 volt...600 amp service; or
- (2) 120/208 volt...600 amp service.

Furnish and install one new electrical panel per Tenant's specifications and a photo light sensor approved by Tenant, for Tenant's exterior signs. All electrical wiring shall be per Tenant's specifications.

G. Furnish and install new rigid electrical conduit, access panels and/or chases, junction boxes terminating on the sign fascia wall at the center-point of each of Tenant's exterior signs per Tenant's specifications to connect to Tenant's storefront and other exterior signs, if any, including Tenant's pylon sign(s), if any. Landlord shall provide a separate thirty (30) amp circuit for each of Tenant's signs.

H. If required by Landlord's property insurance carriers or applicable Codes, furnish and install any sprinkler system compatible with a ten foot (10') ceiling clearance.

I. Furnish and install a complete new HVAC system (10 ton minimum) with gas (or electric if gas is not available) heat, including insulated metal ductwork, symmetrically spaced supply diffusers, return registers, all to be specified by Tenant based engineered load requirements. Landlord shall leave forty feet (40') of thermostat wire connected to the thermostat so that Tenant may relocate same if necessary.

J. Install two (2) new restroom(s). Restroom(s) shall include all walls and doors, floor coverings, lights, plumbing fixtures, handicap fixtures, hardware and all accessories (including mirrors and paper holders) per Tenant's specifications for the approved layout. To the extent required by applicable Codes, Landlord also shall make all such restrooms visible and accessible to the public, and shall obtain Tenant's prior written consent as to the location and visibility of, and means of public access to, such restrooms prior to commencement of construction.

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K. Furnish and install a new gas in-line water heater for all hot water service in the Premises with gallonage as per Tenant's specifications.

L. Furnish and install a minimum of R19 insulation to the underside of the roof deck and R11 insulation in all demising walls or higher if required by local code.

M. Furnish and install new white two foot by four foot (2' x 4') T-Bar construction ceiling with new white acoustical drop-in tiles positioned as approved by Tenant at ten foot (10') clearance level throughout the demised Premises.

N. Furnish and install new emergency lights, exit light for each exit door, light fixtures throughout the demised Premises as approved by Tenant.

O. Furnish and install one (1) duplex outlet, ceiling mounted, including conduit and circuits, per ten (10) linear feet of storefront, and evenly spaced.

P. Landlord shall provide from a telephone room or utility source a new one inch (1") round metal conduit with a pull string capable of carrying at least four (4) telephone cable service lines to the rear interior demising wall of the demised Premises.

Q. Cap all previously installed roof vents except such vents that are required by Codes.

R. As required by Codes, furnish and install any exterior or interior access ramps, including guard rails and threshold risers and handicap signage for all entrance and exit doors and from the parking lot to the sidewalk or any other access modifications.

S. Remove any existing interior or exterior signage, repair any damage caused by any such removal, and repaint or restore all sign fascias to a like-new condition.

T. Landlord shall deliver the Premises "broom clean" free of trash and/or debris.

4. **LANDLORD'S WARRANTY:** Landlord shall warrant all Landlord Work, including any Landlord Work performed by Tenant as set forth herein, to be free from defects in workmanship and materials for one (1) year from the date of completion thereof. Upon receipt of written notice from Tenant of any such Landlord Work defect, Landlord shall promptly correct such condition, provided the date of Tenant's notice occurs during the warranty period. Landlord's correction of such Landlord Work during the warranty period shall include, without additional charge to Tenant, all expenses and damages in connection with the removal, replacement or repair of any part of any other work which may be damaged or disturbed thereby. The provisions of this paragraph shall be in addition to any warranties required of Landlord pursuant to any portion of the Lease; however, in the event of any conflict between the provisions of this paragraph and any related provision of the Lease, the provisions of this paragraph shall prevail.

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5. TENANT'S CONSTRUCTION MANAGER ADDRESS:

6. **TENANT'S WORK:** It is understood by the parties hereto that Tenant may make alterations to the Premises (such alterations, together with all other improvements, shall be collectively defined as the "Improvements") subject to the provisions of the Lease. Tenant agrees at its expense to promptly make application for all permits necessary for the construction on the Premises of the Improvements and/or alterations, in conformity with the Floor Plan and Tenant's plans and specifications No. _____ (herein "Tenant's Work"). Tenant shall locate remote condenser units servicing Tenant's equipment at a location mutually acceptable to Tenant and Landlord. Tenant's Work shall be at Tenant's sole cost and expense and shall be performed by Tenant in a good and workmanlike manner, free and clear of mechanics' and materialmen's liens. In the event Tenant is unable to obtain all permits and approvals required for Tenant's Work and for operation of its business on the Premises within the time period provided for in Article 20 of this Lease, Tenant shall have the option to terminate this Lease. Landlord agrees to cooperate with Tenant in meeting the requirements to obtain such permits. All such improvements by Tenant shall become the property of Landlord on the termination or expiration of this Lease.

Within the time period provided for in Article 23 of this Lease, Tenant shall, at Landlord's expense, obtain through LandAmerica National Commercial Services or other title company acceptable to Tenant ("Title Company") preliminary title documentation and extended coverage leasehold title insurance acceptable to Title Company for such title insurance. A preliminary title report or binder (the "Binder") shall be issued giving the current condition of title to the Premises, together with copies of all instruments necessary to fully explain the scope and effect of any matters listed as exceptions in the Binder whereby Title Company is bound to issue to Tenant or its nominee, for an amount to be determined by Tenant, an A.L.T.A. Policy - Standard Form B 1992, or a comparable form, (herein the "Title Policy"). In the event the Binder reflects any matters or conditions which Tenant reasonably determines will interfere with its intended development or use of the Premises, or the rights granted Tenant in this Lease, Tenant shall provide Landlord with written notice of same. If Landlord does not cure or remove any such objection by endorsement or otherwise in a manner reasonably acceptable to Tenant within fifteen (15) days after receipt of such notice, Tenant may terminate this Lease.

Any improvements or repairs to the Building including, but not limited to, improvements or repairs to foundation, footings, load bearing walls or utilities provided to the Building discovered to be necessary during Tenant's Work or as a result of Tenant's obtaining permits and approvals for any construction, shall be completed by Landlord at Landlord's expense (unless caused by Tenant's negligence).

EXHIBIT A

Premises Description

The Premises consists of approximately 2,430 square feet of retail space, located at the northwest corner of Carson Street and Pioneer Boulevard, Lakewood, California, being a part of the Shopping Center described on Exhibit A-1 attached hereto.

Common Address: 11761 CARSON ST.

APN No.: 7065-024-023

THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE EASTERLY 120 FEET OF THE SOUTHERLY 141.03 FEET OF PARCEL 50, IN THE CITY OF LAKEWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID PARCEL; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID PARCEL TO A LINE PARALLEL WITH AND DISTANT 15 FEET, MEASURED AT RIGHT ANGLES FROM THE EAST LINE OF SAID PARCEL; THENCE NORTHERLY TO A LINE PARALLEL WITH AND DISTANT 20 FEET, MEASURED AT RIGHT ANGLES FROM SAID SOUTH LINE; THENCE NORTHEASTERLY IN A DIRECT LINE TO A POINT ON SAID EAST LINE, DISTANT THEREON NORTHERLY 35 FEET FROM SAID SOUTHEAST CORNER; THENCE SOUTHERLY TO THE POINT OF BEGINNING, AS CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED FEBRUARY 10, 1956, IN BOOK 50289 PAGE 204, OFFICIAL RECORDS.

EXHIBIT B

Original Lease

(attached)

EXHIBIT C

Shopping Center Description

POOR QUALITY ORIGINAL

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THE LAND REFERRED TO IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE EASTERLY 120 FEET OF THE SOUTHERLY 141.03 FEET OF PARCEL 50, IN THE CITY OF LAKEWOOD, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 43 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID PARCEL; THENCE WESTERLY ALONG THE SOUTH LINE OF SAID PARCEL TO A LINE PARALLEL WITH AND DISTANT 15 FEET, MEASURED AT RIGHT ANGLES FROM THE EAST LINE OF SAID PARCEL; THENCE NORTHERLY TO A LINE PARALLEL WITH AND DISTANT 20 FEET, MEASURED AT RIGHT ANGLES FROM SAID SOUTH LINE; THENCE NORTHEASTERLY IN A DIRECT LINE TO A POINT ON SAID EAST LINE, DISTANT THEREON NORTHERLY 35 FEET FROM SAID SOUTHEAST CORNER; THENCE SOUTHERLY TO THE POINT OF BEGINNING, AS CONVEYED TO THE STATE OF CALIFORNIA, BY DEED RECORDED FEBRUARY 10, 1956, IN BOOK 50289 PAGE 204, OFFICIAL RECORDS.

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EXHIBIT D

Mortgages

None

POOR QUALITY ORIGINAL

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EXHIBIT E

Supplemental Agreement

SUPPLEMENTAL AGREEMENT, made this ____ day of _____, 20____,
by and between _____ (Name of Ground Lessor) ("Master Lessor"),
and 7-Eleven, Inc., a Texas corporation ("Sublessee"), and _____ (Name of Sublessor)
____ ("Sublessor").

1. Whereas Master Lessor and Sublessor have entered into a lease dated _____
____ ("Master Lease") by which Master Lessor has demised to Sublessor the right and
privilege of occupying and using the premises described as follows:

(Insert Legal Description)

; and

2. Whereas Sublessee desires, by lease from Sublessor ("Sublease"), to sublease a
portion of said premises (the "Sublet Premises"); and

3. Whereas Master Lessor specifically consents to the Sublease as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the
parties agree as follows:

Master Lessor consents to the execution of the Sublease and to all the terms and
conditions thereof and agrees, to the extent inconsistent, that the Sublease shall supersede the
Master Lease with respect to Sublessee's use of the Sublet Premises, and Sublessee's leasehold
rights therein.

Master Lessor and Sublessee agree that, in the event of any termination of said Master
Lease, or any surrender or transfer by Sublessor under said Master Lease to Master Lessor under
said Master Lease, of the interests, leasehold estate, rights or any part thereof, of Sublessor under
said Master Lease, whether such termination, surrender or transfer be voluntary, involuntary, by
operation of law, or otherwise, the Sublease between Sublessor and Sublessee shall remain in full
force and effect as a lease directly between Master Lessor and Sublessee as lessee and all
obligations of Sublessee under said Sublease shall continue in full force and effect and be
enforceable against Sublessee by Master Lessor, and the obligations of Sublessor under the
Sublease shall continue in full force and effect and be enforceable against Master Lessor by
Sublessee, all with the same force and effect as if the Sublease had originally been made and
entered into directly by and between Master Lessor and Sublessee as lessee; provided, however,
that Sublessee's obligation to perform shall be subject to any assignment made by Sublessor, its
successors or assigns, of its rights under the Sublease, including, but not limited to, any
assignment of rents. Except as provided in this paragraph, neither the Sublease nor this

Agreement shall be construed to be a covenant by Sublessee to undertake the obligations of Sublessor under said Master Lease.

Master Lessor shall furnish Sublessee with a copy of all notices required to be given Sublessor under said Master Lease.

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Master Lessor, Sublessor and Sublessee.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first hereinabove written.

SUBLESSEE:

7-ELEVEN, INC.

By: _____
Vice President

Attest:

Assistant Secretary

MASTER LESSOR:

By: _____

Attest:

SUBLESSOR:

By: _____

Attest:

EXHIBIT F

Master Lease

POOR QUALITY ORIGINAL

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GROUND LEASE

THIS LEASE, dated 10 - 11, 2003 for reference purposes only, is made by and between THE MAKENA GREAT AMERICAN PIONEER COMPANY, LLC (hereinafter called "Lessee") and THE WILLIAMS FAMILY TRUST DATED MARCH 3, 1995, HAROLD F. WILLIAMS AND BERTHA L. WILLIAMS, TRUSTORS AND/OR TRUSTEES (hereinafter called "Lessor").

ARTICLE I GENERAL TERMSSection 1.01 Parties.

Lessee: The Makena Great American Pioneer Company, LLC

Lessor: The Williams Family Trust dated March 3, 1993, Harold F. Williams and Bertha L. Williams, Trustors and/or Trustees

Section 1.02 Premises.

11761 Carson Street
Lakewood, California

Section 1.03 Duration of Lease.

Term: Twenty-Five (25) Year Primary

Commencement Date/Early
Possession:

The earlier of twelve (12) months from the date of the execution of this Ground Lease or the first date Lessee is open for business. Notwithstanding the foregoing Commencement Date, Lessor and Lessee agree that at any time after Lessee's full execution hereof, Lessee shall be entitled to enter upon and have full possession and use of the Premises, consistent with all legal requirements and other provisions of this Lease, including for the purposes of conducting construction thereon in accordance with the terms of Section 6.01 of this Lease, provided that Lessee shall first

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Ending date:

Twenty-five years following the Commencement date (initial term). Five (5) five year options.

Section 1.04 Rent.

	Rent	Years
\$	38,400.00	1 - 5
	41,088.00	6 - 10
	43,964.00	11 - 15
	47,041.00	16 - 20
	50,333.00	21 - 25

Section 1.05 Security Deposit.

First Month's Rent

Section 1.06 Use.

All lawful purposes

Section 1.07 Replacement Value.

To Follow

Section 1.08 Insuring Party.

Lessee

Section 1.09 Initial Rent.

See Paragraph 8 LOI

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ARTICLE II TERM OF LEASE

Section 2.01 Fixed Term. The initial term of this lease shall be a period of twenty-five (25) years starting with the Commencement Date set forth in Article 1.03 and ending twenty-five years thereafter, unless extended by option or sooner terminated as provided herein.

Section 2.02 Renewal Term. Lessee is given the option to extend the term on all the provisions contained in this Lease for five (5) additional five (5) year periods. Lessee shall be deemed to have exercised each consecutive Renewal Term unless the Lessee provides Lessor in writing of Lessee's election not to renew more than one hundred and eighty (180) days prior to each renewal date. The rental during each renewal term shall be set at the rate set forth in Section 1.04 for each renewal term.

Section 2.03 Lessee's Right to Terminate. Notwithstanding any other term of this Lease, in the event Lessee (a) is unable to obtain any or all of the permits and all other governmental approvals required for Lessee's use of the Premises within six months following the full execution and delivery of this Lease (the "Permit Period"); and (b) Lessee, Lessor and Equilon Enterprises LLC (the "Prior Tenant") are unable to come to agreement reasonably acceptable to Lessee regarding the locations of certain monitoring wells upon the Premises at any time within one year of the date of this Lease (the "Well Approval Period"), then in either such event, Lessee shall have the right, on a minimum of ten (10) days prior written notice to Lessor (the "Termination Notice"), to terminate this Lease, effective as of the date set forth in the Notice (the "Termination Date"). Said Termination Notice shall state (i) that Lessee elects to terminate this Lease pursuant to the terms and conditions of this Section 2.03, and (ii) the Termination Date. The Termination Notice shall be delivered to Lessor no later than the end of the Permit Period and/or the Well Approval Period. In the event Lessee elects to terminate this Lease pursuant to the terms of this Section 2.03, this Lease shall automatically terminate and be of no further force or effect and Lessor and Lessee shall be relieved of their respective obligations under this Lease as of the Termination Date, except those obligations set forth in this Lease which specifically survive the expiration or earlier termination of this Lease.

ARTICLE III RENT AND SECURITY DEPOSIT

Section 3.01 Rent. Lessee agrees to pay to Lessor in equal monthly installments rental in the amount set forth in Section 1.04 hereinabove on the first day of each month during the term hereof for the use and occupancy of the Premises. Basic rent for any partial month shall be prorated on the basis of 1/360th of the basic annual rent, per day. All rent shall be paid to Lessor at the address to which notices to Lessor are given, or to such other person or such other place as directed from time to time by written notice to Lessee from Lessor.

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Section 3.02 Rent Adjustment Clause. The basic annual rent provided for in Section 3.01 above shall be adjusted at the commencement of the sixth year of the lease term and every fifth year thereafter (the "adjustment date") as set forth in Section 1.04 hereinabove.

Section 3.06 Security Deposit. Lessee shall pay to Lessor as a Security Deposit the amount set forth in Section 1.05 on the execution of this Lease. The "Security Deposit" shall be held as security deposit by Lessor and may be used against the last month's rent.

ARTICLE IV USE OF PREMISES

Section 4.01 Use. The Premises may, during the term of this Lease, be used by Lessee for the sole purpose of constructing, maintaining, and/or leasing a first-class commercial retail business described in Exhibit B and Lessee shall not change that use without the prior written consent of Lessor, which consent shall not be unreasonably withheld.

Section 4.02 Only Lawful Uses Permitted. Lessee shall not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any law, ordinance, or regulation of any federal, state, county, or local governmental agency, body, or entity. Furthermore, Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to the Premises on the Premises or any part of the Premises. Lessee shall, at Lessee's sole cost and expense, comply with all laws, ordinances, regulations or other requirements that are now in force or are subsequently enacted by any federal, state, county, local or other governmental agency, body or entity. If any license, permit, or other governmental authorization is required for the lawful use or occupancy of the Premises or any portion of the Premises, Lessee shall procure and maintain it throughout the term of this lease. The judgment of any court of competent jurisdiction, or the admission by Lessee in a proceeding brought against Lessee by any government entity that Lessee has violated any such statute, ordinance, regulation or other requirement shall be conclusive as between Lessor and Lessee and shall constitute grounds for termination of this lease by Lessor.

ARTICLE V TAXES AND UTILITIES

Section 5.01 Taxes. In addition to the rents required to be paid under this Lease, Lessee shall pay, and Lessee hereby agrees to pay, any and all taxes (general, special, ordinary or extraordinary) against personal or real property (including the leasehold estate created by this lease) assessments, rental levy, and other charges of any description levied or assessed during the term of this Lease by any governmental agency or entity on or against the Premises, any portion of the

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Premises, any interest in the Premises, any improvements or other property in or on the Premises or based on the gross rents hereunder. These taxes will be paid without abatement, deduction or offset of any kind, subject to Lessee's rights under Section 5.06 below.

Section 5.02 Assessments. Notwithstanding the provisions of Section 5.01 of this Lease, all taxes or assessments levied or assessed on or against the Premises during the tax years in which the term of this Lease is to commence and the term of this Lease is to end shall be prorated between Lessor and Lessee as of 12:01 a.m. on the date the term of this Lease is to commence and on the date the term of this Lease is to end respectively on the basis of tax years that commence on July 1st and end on June 30th of each year. Lessor shall pay the taxes for the year in which this lease is to commence and Lessee shall promptly, on service of written request by Lessor; reimburse Lessor for Lessee's share of such taxes. Lessee shall pay the taxes for the year in which this Lease is to end; and Lessor shall promptly, on service of written request by Lessee, reimburse Lessee for his share of such taxes.

Section 5.03 Separate Assessment of Leased Land. Should the Premises be assessed and taxed with or as part of other property owned by Lessor prior to commencement of the term of this Lease, Lessor agrees to arrange with the taxing authorities to thereafter have the Premises taxed and assessed as a separate parcel distinct from any other real or personal property owned by Lessor. Should the Premises be assessed and taxed for the year in which this Lease is to commence with or as part of other property owned by Lessor, for purposes of determining pursuant to Section 5.02 of this Lease the share of such taxes for which Lessee is liable, that portion of such taxes that bears the same ratio to the total of such taxes as the ground area of the Premises bears to the ground area of the total taxed property shall be the taxes levied on and assessed against the Premises.

Section 5.04 Payment Before Delinquency. Any and all taxes and assessments and installments of taxes and assessments required to be paid by Lessee under this lease shall be paid by Lessee at least ten (10) days before each such tax, assessment, or installment of tax or assessment becomes delinquent and the official and original receipt for the payment of such tax, assessment, or installment shall immediately be given to Lessor.

Section 5.05 Taxes Payable In Installments. Should any special tax or assessment be levied on or assessed against the Premises that may be either paid in full prior to a delinquency date within the term of this Lease or paid in installments over a period either within or extending beyond this Lease, Lessee shall have the option of paying such special tax or assessment in installments. The fact the exercise of the option to pay the tax or assessment in installments will cause the Premises to be encumbered with bonds or will cause interest to accrue on the tax or assessment is immaterial and shall not interfere with the free exercise of the option by Lessee. Should Lessee exercise the option to pay any such tax or assessment in installments, Lessee shall be liable to pay only those installments becoming due during the term of this Lease. Lessor shall cooperate with Lessee and on written request of Lessee execute or join with Lessee in executing any instruments required to permit any such special tax or assessment to be paid in installments.

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Section 5.06 Contest of Tax. Lessee shall have the right to contest, oppose, or object to the amount or validity of any tax assessment, or other charge levied on or assessed against the Premises or any part of the Premises; provided, however, that the contest, opposition, or objection must be filed before the tax, assessment, or other charge at which it is directed becomes delinquent and written notice of the contest, opposition, or objection must be given to Lessor at least ten (10) days before the date the tax, assessment, or other charge becomes delinquent. Lessor shall, on written request of Lessee, join in any such contest, opposition, or objection if Lessee determines such joinder is necessary or convenient for the proper prosecution of the proceedings but Lessor shall not be liable for any costs or expenses incurred or awarded in the proceeding. Furthermore, no such contest, opposition, or objection shall be continued or maintained after the date the tax, assessment, or other charge at which it is directed becomes delinquent unless Lessee has either:

- (a) Paid such tax, assessment, or other charge under protest prior to its becoming delinquent; or
- (b) Obtained and maintained a stay of all proceedings for enforcement and collection of the tax, assessment, or other charge by posting such bond or other matter required by law for such a stay; or
- (c) Delivered to Lessor a good and sufficient undertaking in an amount specified by Lessor and issued by a bonding corporation authorized to issue undertakings in California conditioned on the payment by Lessee of the tax, assessment, or charge together with any fines, interest, penalties, costs, and expenses that may have accrued or been imposed thereon within thirty (30) days after final determination of Lessee's contest, opposition, or objection to such tax, assessment, or other charge.

Lessee shall be responsible for and shall pay any and all costs and expenses in any contest or legal proceeding instituted by Lessee. In no event shall Lessor be subjected to any liability for costs or expenses.

Section 5.07 Tax Returns and Statements. Lessee shall, as between Lessor and Lessee, have the duty of attending to, preparing, making, and filing any statement, return, report, or other instrument required or permitted by law in connection with the determination, equalization, reduction, or payment of any taxes, assessments, or other charges that are or may be levied on or assessed against the Premises, any portion of the Premises, any interest in the Premises, or any improvements or other property on the Premises.

Section 5.08 Tax Hold Harmless Clause. Lessee shall indemnify and hold Lessor and the property of Lessor, including the Premises and any improvements now or hereafter on the Premises, free and harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges required by this Article to be paid by Lessee and from all interest, penalties, and other sums

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imposed thereon and from any sales or other proceedings to enforce collection of such taxes, assessments, or other charges.

Section 5.09 Utilities. Lessee shall pay or cause to be paid, and hold Lessor and the property of Lessor including the Premises free and harmless from, all charges for the furnishing of gas, water, electricity, telephone service, and other public utilities to the Premises during the term of this Lease and for the removal of garbage and rubbish from the Premises during the term of this Lease. Lessor shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Premises, and no such failure or interruption shall entitle Lessee to terminate this Lease or withhold any rent or other sums due pursuant to the terms of this Lease.

Section 5.10 Payment by Lessor. Should Lessee fail to pay within the time specified in this Article any taxes, assessments, or other charges required by this Article to be paid by Lessee, Lessor may, without notice to or demand on Lessee, pay, discharge, or adjust such tax, assessment, or other charge for the benefit of Lessee. In such event, Lessee shall promptly on written demand of Lessor reimburse for the full amount paid by Lessor in paying, discharging, or adjusting such tax, assessment, or other charge with interest thereon at the rate of twelve percent (12%) per annum, but not to exceed the maximum rate allowed by law. Where no time within which any charge required by this Article to be paid by Lessee is specified in this Article, such charge must be paid by Lessee ten (10) days before it becomes delinquent.

ARTICLE VI CONSTRUCTION BY LESSEE

Section 6.01 Right To Construct. The Premises shall be delivered to Lessee in a level, and graded fashion. Lessee shall have the right, at Lessee's sole cost and expense, to construct or cause to be constructed on the Premises such buildings, parking areas, driveways, walks, gardens and other similar and dissimilar improvements as Lessee shall from time to time determine, provided, that the same shall be in compliance with all then applicable building codes and ordinances. All work performed on the Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

Section 6.02 Lessor's Approval of Plans. No structure or other improvement of any kind shall be erected or maintained on the Premises unless and until the plans, specifications, and proposed location of such structure or improvement have been approved (which approval shall not be unreasonably withheld and which response shall be within 10 business days of the date such plans, specifications, and proposed location of such structure or improvement are actually received by Lessor) in writing by Lessor. Within 60 days of approval from Lessor, Lessee shall provide detailed working drawings, plans and specifications and a revised statement of estimated construction costs. No structure or other improvement shall be erected or maintained on the Premises that does not comply with plans, specifications, and locations approved in writing by Lessor. Furthermore, no material addition to or structural alteration of any structure or

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improvement now or hereafter on the Premises shall be commenced until and unless plans and specifications for such addition or alteration shall be approved in writing by Lessor.

Section 6.03 Time Limit. Within ten (10) business days after receipt by Lessor of any of the documents submitted to Lessor for approval pursuant to Section 6.02 of this Lease, Lessor shall either approve such documents by endorsing Lessor's approval on each such document and returning one set of the documents to Lessee, or Lessor shall give written notice to Lessee of any objections Lessor may have to such documents. Lessor's failure to give written notice to Lessee within such five (5) day period of any objections Lessor may have to the documents shall constitute approval of the documents by Lessor.

Section 6.04 Changes In Plans. After approval by Lessor of the documents pertaining to said building project, any substantial changes in the plans or specifications for said building project must be approved by Lessor. For purposes of this Section, "substantial change" means one that materially changes the exterior appearance of any building on the Premises or that results in a decrease in construction costs of \$25,000 or more. Lessor's failure to give written notice to Lessee of any objections Lessor may have to any proposed changes within five (5) business days after a written statement of the proposed changes has been given to Lessor by Lessee shall constitute Lessor's approval of the changes. Minor changes in work or materials not affecting the general character of said building project need not be approved by Lessor but a copy of the altered plans and specifications reflecting such change must be given to Lessor.

Section 6.05 No Construction Before Notice - Notice of Nonresponsibility. No work of any kind shall be commenced on and no building or other materials shall be delivered for said building project, nor shall any other building or land development work be commenced or building materials be delivered on the Premises until at least five (5) business days after written notice has been given by Lessee to Lessor of the commencement of such work or the delivery of such materials. Lessor shall, at any and all times during the term of this Lease, have the right to post and maintain on the Premises and to record as required by law notice or notices of nonresponsibility provided for by the mechanic's lien laws of the State of California. The work prohibited by this section until five (5) business days' written notice thereof has been given to Lessor includes as well as actual construction work any site preparation work, installation of utilities, street construction or improvement work, or any grading or filling of the Premises.

Section 6.06 All Work On Written Contract. All work required in the construction of said building project, including any site preparation work, landscaping work, utility installation work as well as actual construction work on said building project, shall be performed only by competent contractors duly licensed as such under the laws of the State of California and shall be performed pursuant to written contracts with such contractors.

Section 6.07 Performance and Lien Bonds. Each major trade sub-contractor engaged by Lessee's general contractor to perform any services for construction or other improvement on the

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Premises, under contract pursuant to Section 6.06 above, including any building construction, site preparation, utility installation, landscaping, or parking lot construction services, shall furnish to Lessee, who shall deliver copies of both of the following to Lessor, at the contractor's own expense at the time of entering into a contract with Lessee for those services:

(a) A bond issued by a corporate surety authorized to issue surety insurance in California in an amount equal to 100 percent of the contract price payable under the contract securing the faithful performance by the contractor of its contract with Lessee; and

(b) A bond issued by a corporate surety authorized to issue surety insurance in California in an amount equal to 50 percent of the contract price payable under the contract securing payment of all claims for the performance of labor or services on, or the furnishing of materials for the performance of the contract.

Section 6.08 Compliance With Law and Quality. Said building project shall be constructed, and all work performed on the Premises and all buildings or other improvements erected on the Premises shall be in accordance with all laws, ordinances, regulations, and orders of all federal, state, county, or local governmental agencies or entities having jurisdiction over the Premises; provided, however, that any structure or other improvement erected on the Premises, including said building project, shall be deemed to have been constructed in full compliance with all such laws, ordinances, regulations, and orders when a valid final Certificate of Occupancy entitling Lessee and tenants of Lessee to occupy and use of the structure or other improvement has been duly issued by proper governmental agencies or entities. All work performed on the Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner and only with new materials of good quality and high standard.

Section 6.09 Time For Completion. Lessee shall cause construction of said building project to be commenced no later than thirty (30) days after approval by Lessor of the documents, shall cause construction of said building project to thereafter be diligently pursued without unnecessary interruption.

Section 6.10 Mechanic's Liens. At all times during the term of this Lease, Lessee shall keep the Premises and all building and improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. Should Lessee fail to pay and discharge or cause the Premises to be released from any such lien or claim of lien within twenty (20) days after service on Lessee of written request from Lessor to do so, Lessor may pay, adjust, compromise, and discharge any such lien or claim of lien on such terms and manner as Lessor may deem appropriate. In such event, Lessee shall, on or before the first day of the next calendar month following any such payment by Lessor, reimburse Lessor for the full amount paid by Lessor in paying, adjusting, compromising, and discharging such lien or claim of lien, including any attorney's fee or other costs

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expended by Lessor together with interest thereon at the rate of twelve percent (12%) per annum but not to exceed the maximum rate allowed by law.

Section 6.11 Zoning and Use Permits. Should Lessee deem it necessary or appropriate to obtain any use permit variance, or rezoning of the Premises in order to construct or operate said building project, Lessor agrees to execute such documents, petitions, applications, and authorizations as may be necessary or appropriate in obtaining the same provided, however, that any such permits, variances, or rezoning shall be obtained at the sole cost and expense of Lessee and Lessee agrees to protect and save Lessor and the property of Lessor, including the Premises, free and harmless from any such cost and expense.

Section 6.12 Ownership of Building Project. Any and all buildings and improvements placed or erected on the Premises as part of said building project as well as any and all other alterations, additions, improvements, and fixtures, except furniture and trade fixtures, made or placed in or on the Premises by Lessee or any other person shall be considered the property of the Lessee until expiration or sooner termination of the Lease at which time the above shall be considered part of the real property of the Premises and on expiration or sooner termination of this Lease shall remain on the Premises and become the property of Lessor. Lessee shall then surrender the improvements to Lessor free and clear of all liens and encumbrances, other than those, if any, permitted under this lease or otherwise created or consented to by Lessor. Lessee agrees to execute, acknowledge, and deliver to Lessor any instrument requested by Lessor as necessary or convenient in Lessor's opinion to perfect Lessor's right, title and interest to the improvements and Premises.

ARTICLE VII ENCUMBRANCE OF LEASEHOLD ESTATE

Section 7.01 Lessee's Right To Encumber. Lessee may, at any time and from time to time during the term of this Lease, encumber to any person or entity, herein called "Lender," by deed of trust or mortgage or other security instrument all of Lessee's interest under this Lease and the leasehold estate hereby created in Lessee for any purpose or purposes without the consent of Lessor; provided, however, that no encumbrance incurred by Lessee pursuant to this section shall, and Lessee shall not have power to incur any encumbrance that will, constitute in any way a lien or encumbrance on any interest of Lessor in the Premises. Lessor agrees to execute a Landlord's Consent and/or Memorandum of Lease substantially in the forms of Exhibit B and C respectively within 30 days of request by Lessee; Lessor shall not be entitled to any reimbursement fee in connection with review and execution of said documents. Any encumbrance shall be subject to all covenants, conditions, and restrictions set forth in this lease and to all rights and interest of Lessor, except as otherwise stated in this lease. Lessee shall give Lessor prior written notice of any encumbrance, together with a copy of the deed of trust, mortgage, or other security interest evidencing the encumbrance.

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Section 7.02 Request For Notice of Loan Default. Immediately after the recording of any deed of trust or mortgage executed by Lessee pursuant to Section 7.01 of this Lease and containing a power of sale as defined by California law, Lessee shall at Lessee's own cost and expense record in the office of the County Recorder of Los Angeles County, California, a written request executed and acknowledged by Lessor for a copy of any notice of default and a copy of any notice of sale under such deed of trust or mortgage to be mailed to Lessor at the address specified in the request by Lessor.

Section 7.03 Notice To and Service on Lender. Lessor shall mail to Lender, should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, a duplicate copy of any and all notices Lessor may from time to time give to or serve on Lessee pursuant to or relating to this Lease. Lessee shall at all times keep Lessor informed in writing of the name and mailing address of Lender and any changes in Lender's mailing address. Any notices or other communications permitted by this or any other section of this Lease or by law to be served on or given to Lender by Lessor shall be deemed duly served on or given to Lender when deposited in the United States mail, first-class postage prepaid, addressed to Lender at the last mailing address for Lender furnished in writing to Lessor by Lessee or Lender.

Section 7.04 No Modification Without Lender's Consent. Should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, Lessee and Lessor hereby expressly stipulate and agree that they will not modify this Lease in any way nor cancel this Lease by mutual agreement without the written consent of Lender having such encumbrance. Subject to Lender's right to cure under Section 7.06, Lender's consent shall not be required, however, for forfeiture or termination of this lease, for breach thereof or otherwise, pursuant to the terms of this lease or the laws of this state.

Section 7.05 Rights of Lender. Should Lessee incur any encumbrance pursuant to Section 7.01 of this Lease, Lender having such encumbrance shall have the right at any time during the term of this Lease and the existence of his encumbrance to:

(a) Do any act or thing required of Lessee under this Lease, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Lessee's rights under this Lease as if done by Lessee himself;

(b) Realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security document, herein called the "Trust Deed," and to:

(i) Transfer, convey, or assign the title of Lessee to the leasehold estate created by this Lease to any purchaser at any foreclosure sale, whether the foreclosure sale be conducted pursuant to court order or pursuant to a power of sale contained in the Trust Deed; and

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(ii) Acquire and succeed to the interest of Lessee under this Lease by virtue of any foreclosure sale, whether the foreclosure sale be conducted pursuant to a court order or pursuant to a power of sale contained in the Trust Deed.

Section 7.06 Rights of Lender to Cure Defaults. Should Lessee incur an encumbrance pursuant to Section 7.01 of this Lease, before Lessor may terminate this Lease because of any default under or breach of this Lease by Lessee, Lessor must give written notice of the default or breach to Lender and afford Lender the opportunity after service of the notice to:

- (a) Cure the breach or default within fifteen (15) days where the default can be cured by the payment of money to Lessor or some other person;
- (b) Cure the breach or default within thirty (30) days where the breach or default must be cured by something other than the payment of money and can be cured within that time; or
- (c) Cure the breach or default in such reasonable time as may be required where something other than money is required to cure the breach or default and cannot be performed within thirty (30) days provided that acts to cure the breach or default are commenced within that time period after service of notice of default on Lender by Lessor and are thereafter diligently continued by Lender.

Section 7.07 Foreclosure in Lieu of Curing Default. Notwithstanding any other provision of this Lease, a Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease may forestall termination of this Lease by Lessor for a default under or breach of this Lease by Lessee by commencing proceedings to foreclose his encumbrance on the leasehold estate created by this lease. The proceeding so commenced may be for foreclosure of the encumbrance by order of court or for foreclosure of the encumbrance under a power of sale contained in the instrument creating the encumbrance. The proceedings shall not, however, forestall termination of this Lease by Lessor for the default or breach by Lessee unless:

- (a) They are commenced within fifteen (15) days after service on Lender of the notice described in Section 7.06 of this Lease;
- (b) They are, after having been commenced, diligently pursued in the manner required by law to completion; and
- (c) Lender keeps and performs all of the terms, covenants, and conditions of this Lease requiring the payment or expenditure of money by Lessee until the foreclosure proceedings are completed or are discharged by redemption, satisfaction, payment, or conveyance of the leasehold estate to Lender.

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Section 7.08 Assignment Without Consent On Foreclosure. Provided that Lender under any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease gives written notice of transfer to Lessor setting forth the name and address of the transferee as well as the effective date of the transfer, the written consent of Lessor shall not be required for transfer of Lessee's interest under this Lease to:

(a) A purchaser at a foreclosure sale of the encumbrance whether the foreclosure sale be conducted pursuant to court order or pursuant to a power of sale in the instrument creating the encumbrance, provided Lender under the encumbrance gives Lessor written notice of the transfer, including the name and address of the purchaser and the effective date of transfer; or

(b) A purchaser from Lender after foreclosure where Lender was the purchaser of Lessee's interest at the foreclosure sale of the encumbrance and Lender is an established bank, savings and loan association, or insurance company.

Section 7.09 New Lease To Lender. Notwithstanding any other provision of this Lease, should this Lease terminate because of the insolvency or bankruptcy of Lessee or because of any default under or breach of this Lease by Lessee, Lessor will execute a new Lease for the Premises to the Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease as Lessee, provided:

(a) A written request for the new lease is served on Lessor by Lender within fifteen (15) days after service on Lender of the notice described in Section 6.06 of this Lease.

(b) The new lease is for a term ending on the same date the term of this Lease would have ended had not this lease been terminated, provides for the payment of rent at the same rate that would have been payable under this Lease during the remaining term of this Lease had this lease not been terminated, and contains the same terms, covenants, conditions, and provisions as are contained in this Lease.

(c) Lender, on execution of the new lease by Lessor, shall pay any and all sums that would at the time of the execution of the new lease be due under this Lease but for its termination and shall otherwise fully remedy, or agree in writing to remedy, any other defaults under or breaches of this Lease committed by Lessee that can be remedied.

(d) Lender, on execution of the new lease, shall pay all reasonable costs and expenses, including attorney's fees and court costs, incurred in terminating this

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Lease, recovering possession of the Premises from Lessee or the representative of Lessee, and preparing the new lease.

(e) The new lease shall be subject to all existing subleases under which the sublessee is not in default and shall be assignable by Lender but not by any assignee of Lender without the consent of Lessor.

(f) The new lease shall:

(i) Extend the time for performance of any unperformed acts required by Article 6 of this Lease for such period as is equal to the delay in performance of the act caused by Lessee's inability or failure to perform the act and the time required to terminate this Lease and execute a new lease to Lender; and

Section 7.10 No Merger of Leasehold and Fee Estate. Should Lessee incur an encumbrance pursuant to Section 7.01 of this Lease then there shall thereafter, during the existence of the encumbrance, be no merger without the consent of Lender under such encumbrance of the leasehold estate created by this Lease and the fee estate in the Premises merely because both estates have been acquired or become vested in the same person or entity.

Section 7.11 Lender as Assignee of Lease. No Lender under any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease shall be liable to Lessor as an assignee of this Lease unless and until such time as Lender acquires all rights of Lessee under this Lease through foreclosure or other proceedings in the nature of foreclosure or as a result of some other action or remedy provided by law or the instrument creating the encumbrance.

Section 7.12 Lender as Including Subsequent Security Holders. The term "Lender" as used in this Lease shall mean not only the person, persons, or entity that loaned money to Lessee and is named as beneficiary, mortgagee, secured party, or security holder in the instrument creating any encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease but also all subsequent assignees and holders of the security interest created by such instrument.

ARTICLE VIII REPAIRS AND RESTORATION

Section 8.01 Maintenance by Lessee. At all times during the term of this Lease, Lessee shall, at Lessee's own cost and expense, keep and maintain the Premises and all improvements now or hereafter on the Premises as well as all facilities now or hereafter appurtenant to the Premises in

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good order and repair and in a safe and clean condition. Furthermore, Lessee shall, at Lessee's own cost and expense, maintain at all times during the term of this Lease the whole of the Premises as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, neat, tidy, orderly, and attractive condition.

Section 8.02 Requirements of Governmental Agencies. Except as set forth in Section 8.04 or as otherwise restricted in this Lease, at all times during the term of this Lease, Lessee, at Lessee's own cost and expense, shall:

(a) Make all alterations, additions, or repairs to the Premises or the improvements or facilities on the Premises required by any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity;

(b) Observe and comply with all laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting the Premises or the improvements or facilities on the Premises by any federal, state, county, local, or other governmental agency or entity.

(c) Contest if Lessee, with Lessor's approval, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in the name Lessee, or in the name of Lessee and Lessor where appropriate or required, the validity or application to the Premises of any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity; provided, however, that any such contest or proceeding, though maintained in the names of Lessee and Lessor, shall be without cost to Lessor, and Lessee shall protect the Premises and Lessor from Lessee's failure to observe or comply during the contest with the contested law, ordinance, statute, order or regulation;

(d) Indemnify and hold Lessor and the property of Lessor, including the Premises, free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from Lessee's failure to comply with and perform the requirements of this section.

Section 8.03 Lessee's Duty to Restore Premises. Should, at any time during the term of this Lease, any buildings or improvements now or hereafter on the Premises be destroyed in whole or in part by fire, theft, the elements, or any other cause not the fault of Lessor and provided, such destruction is covered by insurance that Lessee is required to maintain as provided in this Lease, Lessee at Lessee's own cost and expense, shall repair and restore the damaged or destroyed building, buildings, improvement, or improvements according to the original plan thereof or according to such modified plans therefore as shall be approved in writing by Lessor. The work of repair and restoration shall be done in accordance with the requirements for original construction

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work on the Premises set forth in Article 6 of this Lease. Regardless of whether Lessee is required to repair and restore as set forth above, this Lease shall continue in full force and effect and rent shall not be abated hereunder. Lessee's obligations for restoration described in this Section shall exist whether or not funds are available from insurance proceeds.

Section 8.04 Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the term of this lease because of damage to or destruction of any improvements on the premises shall be paid to Lessee and applied by Lessee toward the cost of repairing and restoring the damaged or destroyed improvements in the manner required by this lease, or, if this lease is terminated, applied by Lessee toward payment of encumbrances.

Section 8.05 Environmental Matters.

(a) Indemnification by Lessee. Lessee agrees to indemnify and hold Lessor and its successors and assigns thereof harmless from any requirement of performing and the costs of performing any investigation, clean up, remedial, removal, restoration, monitoring or mitigation activities, if any, arising out of events first occurring after the date of this Lease and relating to Lessee's use and occupancy of the Premises. This includes those actions which are ordered by any federal, state or local government unit or agency. This indemnification of Lessor includes any claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims) or loss, including attorney's fees, consultant fees and expert fees.

ARTICLE IX INDEMNITY AND INSURANCE

Section 9.01 Indemnity Agreement. In addition to the indemnity set forth in Section 8.05, Lessee shall indemnify and hold Lessor and the property of Lessor, including the Premises and any buildings or improvements now or hereafter on the Premises, free and harmless from any and all liability, claims, loss, damages, or expenses first arising after the date hereof and resulting from Lessee's occupation and use of the Premises, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

(a) The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or by any person who is an employee or agent of Lessee, from any cause whatsoever while such person or property is in or on the Premises or in any way connected with the Premises or with any of the improvements or personal property on the Premises;

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(b) The death or injury of any person, including Lessee or any person who is an employee or agent of Lessee, or by reason of the damage to or destruction of any property, including property owned by Lessee or any person who is an employee or agent of Lessee, caused or allegedly caused by either (i) the condition of the Premises or some building or improvement on the Premises, or (ii) some act or omission on the Premises of Lessee or any person in, on, or about the Premises;

(c) Any work performed on the Premises or materials furnished to the Premises at the instance or request of Lessee or any person or entity acting for or on behalf of Lessee; or

(d) Lessee's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Lessee or the Premises by any duly authorized governmental agency or political subdivision.

Section 9.02 Liability Insurance. Lessee shall, at Lessee's own cost and expense, secure promptly after execution of this Lease and maintain during the entire term of this Lease a broad form comprehensive coverage policy of public liability insurance issued by an insurance company acceptable to Lessor and authorized to issue liability insurance in California insuring Lessee and Lessor against loss or liability caused by or connected with Lessee's occupation and use of the Premises under this Lease in amounts not less than \$1,000,000.00, combined single limit. The amount of such insurance may be increased from time to time based on increases in the Index as set forth in Section 3.02(a), but without regard to the percentage limitations set forth herein.

Section 9.03 Fire and Casualty Insurance. Lessee shall, at Lessee's own cost and expense, at all times during the term of this Lease keep all buildings, improvements, and other structures on the Premises, as well as any and all additions thereto, insured for their full replacement value (or, if that's not possible, full insurable value with the Lessor's prior written consent to such amount) by insurance companies authorized to issue such insurance in California against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the county where the Premises are located. Any loss payable under such insurance shall be payable to Lessee, Lessor and any Lender under an encumbrance incurred by Lessee pursuant to Section 7.01 of this Lease as their interest may appear. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Article 8 of this Lease.

Section 9.04 Deposit of Insurance With Lessor. Lessee shall, within 10 days after the execution of this lease and promptly thereafter when any such policy is replaced, rewritten or renewed, deliver to Lessor a true and correct copy of each insurance policy required by this Article or a certificate executed by the insurance company or companies or their authorized agent evidencing that policy or policies.

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Section 9.05 Notice of Cancellation Of Insurance. Each insurance policy required by this Article of this Lease shall contain a provision that it cannot be canceled for any reason unless thirty (30) days' prior written notice of the cancellation is given to Lessor in the manner required by this Lease for service of notice on Lessor by Lessee.

ARTICLE X CONDEMNATION

Section 10.01 Definitions.

(a) "Condemnation" means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (ii) a voluntary sale or transfer by lessor to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(b) "Date of Taking" means the date the condemnor has the right to possession of the property being condemned.

(c) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

(d) "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

Section 10.02 Parties' Rights and Obligations To Be Governed by Lease. If, during the term or during the period of time between the execution of this Lease and the date the term commences, there is any taking of all or any part of the building, other improvements, or land of which the premises are a part or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 10.

Section 10.03 Total Taking. If the premises are totally taken by condemnation, this Lease shall terminate on the date of taking.

Section 10.04 Partial Taking.

(a) If any portion of the premises is taken by condemnation this Lease shall remain in effect, except that either party can elect to terminate this Lease if 20% or more of the total number of square feet of the premises are taken or if the portion of the premises so taken renders the premises unusable for the Lessee. If Lessee elects to terminate this Lease, Lessee must exercise its right to terminate pursuant to this paragraph by giving notice to Lessor within 30 days after the nature and the extent of the taking have been finally

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determined. If Lessee elects to terminate this Lease as provided in this paragraph, Lessee also shall notify Lessor of the date of termination, which date shall not be earlier than 30 days nor later than 90 days after Lessee has notified Lessor of its election to terminate; except that this Lease shall termination on the date of taking if the date of taking falls on a date before the date of termination as designated by Lessee.

(b) **Effect on Rent.** If any portion of the premises is taken by condemnation and this Lease remains in full force and effect, on the date of taking the monthly rent shall be reduced by an amount that is in the same ratio to monthly rent as the value of the area of the portion of the premises taken bears to the total value of the premises immediately before the date of taking.

(c) **Waiver of CCP Section 1265.130.** Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease in the event of a partial taking of the premises.

Section 10.05 Award Distribution. The award shall belong to and be paid to Lessor, except that Lessee shall receive from the award the following:

(a) A sum (reduced by depreciation) attributable to Lessee's cost of improvements, alterations and fixtures made to the premises by Lessee in accordance with this Lease. Lessee to receive his original costs adjusted reasonably for depreciation.

(b) A separately stated sum paid to Lessor from the condemnor for loss of goodwill, relocation and compensation not related to the value of the real property and the lease.

ARTICLE XI ASSIGNMENT AND SUBLEASING

Section 11.01 No Assignment Without Lessor's Consent. Except as provided in Section 11.02 of this Lease, Lessee shall not assign or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without the express written consent of Lessor first had and obtained. Any assignment or transfer by Lessee without the prior written consent of Lessor, whether it be voluntary or involuntary, by operation of law or otherwise, is void. A consent by Lessor to one assignment shall not be deemed to be a consent to any subsequent assignment of this Lease by Lessee. The consent of Lessor to any assignment of Lessee's interest in this Lease, however, shall not be unreasonably withheld.

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Section 11.02 Permitted Assignments and Transfers. Notwithstanding the provisions of Section 11.01 of this Lease, Lessee may without the prior written consent of Lessor transfer and assign all Lessee's interest under this Lease and the leasehold estate hereby created in Lessee to:

(a) Any trustee named in a deed of trust, any mortgagee named in a mortgage, or any person named in any other type of security instrument for the purpose of incurring an encumbrance on such interest and such leasehold estate pursuant to Section 7.01 of this Lease.

(b) A corporation, LLC, or partnership now or hereafter organized in which Lessee owns at least 50% of all outstanding shares of stock or in which Lessee maintains effective control.

If Lessee requests Lessor's consent to an assignment other than as stated in (a) and (b) above, Lessor will be entitled to review, which review cost will not exceed \$500.00, detailed and complete financial statements of the proposed assignee, audited by a certified public accountant reasonably satisfactory to Lessor, together with detailed and complete information about the business of the proposed assignee, including experience in operating such commercial businesses, together with any other information Lessor may reasonably require to assist in determining whether or not the proposed assignee is so qualified.

Section 11.03 Lessee's Right to Sublease. Lessee shall have the right to sublease any portion of the Premises from time to time, and at all times during the term of this Lease, without Lessor's consent and Lessor shall have no claim upon any rent paid by such sublessee to Lessee; provided, however, that the term of any sublease shall not extend beyond the term of this Lease and any and all subleases shall be expressly made subject to all of the terms, covenants, and conditions of this Lease. Any sublessee shall be required to attorn to Lessor in the event of Lessee's default under this lease.

Section 11.04 Probate Transfer of Assignment. Notwithstanding any other provision of this Article, the transfer or assignment of Lessee's interest to any person or entity as a result of the death of Lessee is exempted from the provisions of Section 11.01 of this Lease.

ARTICLE XII DEFAULT AND TERMINATION

Section 12.01 Abandonment by Lessee. Should Lessee breach this Lease and abandon the Premises prior to the natural expiration of the term of this Lease, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Premises, in which event Lessor shall be entitled to enforce all Lessor's rights and remedies under this Lease including the right to recover the rent specified in this Lease as it becomes due under this Lease.

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Section 12.02 Termination for Breach by Lessee. All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the term hereby demised to Lessee. Should Lessee default in the performance of any covenant, condition, or agreement contained in this Lease and the default not be cured within six (6) business days after written notice of the default is served on Lessee by Lessor for defaults involving payment of money and within thirty (30) days after written notice of the default is served on Lessee for all other defaults, then Lessor may terminate this Lease and:

(a) Bring an action to recover from Lessee:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of termination of the lease;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform his obligations under this Lease; and

(b) Bring an action, in addition to or in lieu of the action described in subparagraph (a) of this section, to re-enter and regain possession of the Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Section 12.03 Breach and Default by Tenant. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby leased to Lessee. Should Lessee fail to perform any covenant, condition or agreement contained in this lease and the default is not cured within 30 days after written notice of the default is served on Lessee, then Lessee shall be in default under this lease. In addition, Lessee's failure to perform any covenant, condition or agreement contained in this lease within the cure period permitted by this section, the following shall constitute a default by Lessee:

(a) Has a receiver appointed to take possession of all or substantially all of Lessee's property because of insolvency;

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(b) Makes a general assignment for the benefit of creditors; or

(c) Allows any material judgment against Lessee to remain unsatisfied and unbonded for a period of thirty (30) days or longer;

(d) The voluntary filing by Lessee or the involuntary filing against Lessee of a petition, other court action, or suit under any law for the purpose of (i) adjudicating Lessee bankrupt, (ii) extending time for payment, (iii) satisfaction of Lessee's liabilities, (iv) reorganization, dissolution, or arrangement on account of, or to prevent bankruptcy or insolvency; provided, however, that in the case of an involuntary proceeding, if all consequent orders, adjudications, custodies and supervisions are dismissed, vacated, stayed or terminated within 90 days after the filing, then Lessee shall not be in default under this section.

(e) The subjection of any right or interest of Lessee to or under this lease to attachment, execution, or other levy, or to seizure under legal process when the claim against Lessee is not released within 90 days.

Section 12.04 Cumulative Remedies. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this Lease.

Section 12.05 Waiver of Breach. The waiver by Lessor of any breach by Lessee of any of the provisions of this Lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this Lease.

Section 12.06 Surrender of Premises. On expiration or sooner termination of this Lease, Lessee shall surrender the Premises, all improvements in or on the Premises, and all facilities in any way appertaining to the Premises, to Lessor in as good, safe, and clean condition as practicable, reasonable wear and tear excepted. Lessor, at its option may require the Lessee to remove any improvements to the Premises at the sole cost and expense of the Lessee. Upon expiration or sooner termination of this Lease, Lessee shall deliver to Lessor, if required by any local, state or federal agency or entity, at Lessee's sole cost and expense, a closure letter or agreement from the appropriate governmental agency or agencies having jurisdiction over environmental matters concerning the Premises.

Section 12.07 Right of First Refusal. During the Term of the Lease and any Extensions thereof, Lessee or his nominee shall have a right of first refusal (hereinafter referred to as the "Purchase Right") to purchase the Premises upon the same terms and conditions as those of any bona fide offer received by and acceptable to Lessor. Lessor, before accepting or making any offer or agreement to sell, shall notify Lessee in writing of the terms and conditions of such offer, giving Lessee ten (10) days (in the event of a non-contingent offer or agreement) or twenty (20) days (in

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the event of a contingent offer or agreement) after receipt of such notice to exercise Lessee's Purchase Right by written notice to Lessor.

Failure of Lessee to exercise his Purchase Right on one or more occasions shall not affect Lessee's right to exercise it on any subsequent occasion unless Lessor successfully completes the sale of the Premises in which case the Lessee's rights hereunder shall terminate. Any sale or transfer of the Premises or any part thereof shall be expressly made subject to all of the terms, covenants and conditions of this Lease.

The above right of first refusal shall not apply to any sale or other disposition of the Premises to any person or entity "related" to Lessor or any partner in Lessor or any beneficiary of a trust which is a partner of Lessor as of the date hereof (as the term "related" is defined in either Section 267(b) or (c) or 318 of the Internal Revenue Code of 1986, as amended).

Section 12.08 Late Charge. Lessee hereby acknowledges that late payment by Lessee of any amounts due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges, and late charges, which may be imposed upon Lessor by any lender. Accordingly, if any amount due hereunder shall not be received by Lessor within ten (10) days after such amount shall be due, then, without any requirement or notice to Lessee, Lessee shall pay to Lessor a one-time late charge equal to ten percent (10%) of each such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the exercise of any other rights or remedies granted hereunder.

Section 12.09 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within thirty (30) days following the date on which it was due, shall bear interest from the thirty first (31st) day after it was due at the rate of twelve percent (12%) per annum, but not to exceed the maximum rate allowed by law. Interest is payable in addition to the late charge provided for in Section 12.08 above.

Section 12.10 Holding Over. Lessee shall not hold over on the Premises after the expiration or sooner termination of the Lease term without the express prior written consent of Lessor, which may be withheld in Lessor's sole and absolute discretion. Lessee shall indemnify Lessor for, and hold Lessor harmless from and against, any and all claims, demands, damages, liabilities, obligations, losses, costs and expenses (including reasonable attorney's fees) arising out of or in connection with any delay by Lessee in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding lessee based upon any delay, and any liabilities arising out of or in connection with such claims, and Lessor's damages should any such succeeding lessee cancel its lease based upon such holding over by Lessee. If possession of the Premises is not surrendered to Lessor on the expiration or sooner termination of the Lease term, in addition to any other rights and remedies of Lessor hereunder or at law or equity, Lessee shall pay

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to Lessor for each month, or a portion thereof during which Lessee holds over in the Premises, a sum equal to one hundred and twenty five percent (125%) of the rent in effect for the last month of the Lease term. If any tenancy is created by Lessee's holding over in the Premises, the tenancy shall be on all of the terms and conditions of this Lease, except that the rent shall be increased as set forth above and the tenancy shall be a month-to-month tenancy. Nothing in this Section shall be deemed to permit Lessee to retain possession of the Premises after the expiration or sooner termination of the Lease term.

ARTICLE XIII MISCELLANEOUS

Section 13.01 Force Majeure - Delays. Except as otherwise expressly provided in this Lease, should the performance of any act required by this Lease to be performed by either Lessor or Lessee be prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations, or any other cause except financial inability not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused; provided, however, that nothing contained in this section shall excuse the prompt payment of rent by Lessee as required by this Lease or the performance of any act rendered difficult or impossible solely because of the financial condition of the party, Lessor or Lessee, required to perform the act.

Section 13.02 Attorney's Fees. Should any litigation be commenced between the parties to this Lease concerning the Premises, this Lease, or the rights and duties of either in relation thereto, the party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum as and for his attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

Section 13.03 Notices. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to any party shall be in writing and shall be deemed duly served and given when personally delivered to any party, any managing employee of any party, or, in lieu of such personal service, when deposited in the United States mail, certified mail, return receipt requested, first-class postage prepaid, addressed as set forth on the signature page hereof. Any party may change his address for the purpose of this section by giving written notice of such change to any other party.

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Section 13.04 Governing Law. This Lease, and all matters relating to this Lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this Lease or any decision or holding concerning this Lease arises.

Section 13.05 Binding on Heirs and Successors. This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, Lessor and Lessee, but nothing in this section shall be construed as a consent by Lessor to any assignment of this Lease or any interest therein by Lessee except as provided in Article 11 of this Lease.

Section 13.07 Partial Invalidity. Should any provision of this Lease be held by a court of competent jurisdiction to be either invalid, void, or unenforceable, the remaining provisions of this Lease shall remain in full force and effect unimpaired by the holding.

Section 13.08 Sole and Only Agreement. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting the Premises, the leasing of the Premises to Lessee, the construction of the said building project described in this Lease on the Premises, or the lease terms herein specified, and correctly set forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting the Premises, their leasing to Lessee by Lessor, or any other matter discussed in this Lease not expressly set forth in this instrument are null and void.

Section 13.09 Time of Essence. Time is expressly declared to be the essence of this Lease.

Section 13.10 Memorandum of Lease for Recording. Except as otherwise provided herein (i.e. in connection with financing for the Lessee) neither party, Lessor or Lessee, shall record this Lease without the written consent of the other. However, Lessor and Lessee shall, at the request of either at any time during the term of this Lease, execute a memorandum of "short form" of this Lease for purposes of, and in a form suitable for, being recorded. The memorandum or "short Form" of this Lease shall describe the parties, Lessor and Lessee, set forth a description of the leased Premises, specify the term of this Lease, and shall incorporate this Lease by reference.

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EXECUTED on the _____ day of _____, 2003, at Tustin, County of Orange,
California.

"Lessee"

The Makena Great American Pioneer Company, LLC
A California limited liability company

By: **Makena Capital, LLC**
A California limited liability company
Its Member

By: **Makena Resources, Inc.**
A California corporation
Its Managing Member

By: 
Brett Blanchard, President

By: 
Don Robertson, Vice President

"Lessor"

THE WILLIAMS FAMILY TRUST DATED
MARCH 3, 1995, HAROLD F. WILLIAMS
AND BERTHA L. WILLIAMS, TRUSTORS
AND/OR TRUSTEES

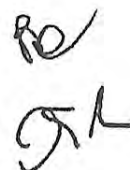
By: 
Harold F. Williams

By: 
Bertha L. Williams

Address:

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Amend #1

Property # 33543

FIRST AMENDMENT TO SHOPPING CENTER LEASE

This Amendment to Shopping Center Lease (this "First Amendment") is entered into effective as of April 14, 2006, by and between Makena Great American Pioneer Company, LLC ("Landlord"), and 7-Eleven, Inc., a Texas corporation ("Tenant").

Recitals

A. Landlord and Tenant are parties to that certain Shopping Center Lease dated December 28, 2004 (the "Lease"), pursuant to which Tenant will lease certain premises (the "Premises") in Lakewood, California.

B. Landlord and Tenant desire to amend the Lease in the manner provided in this First Amendment.

NOW THEREFORE, in consideration of the foregoing and the terms and conditions of this First Amendment and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Rent and Term Commencement. Notwithstanding anything to the contrary in Articles 3 and 4 of the Lease, Tenant's obligation to pay rent pursuant to Article 4 shall commence on April 15, 2006, and the Term shall commence on May 1, 2006.

2. Ratification. Except as expressly set forth above, Landlord and Tenant hereby ratify and affirm the Lease in all respects.

3. Counterparts. This First Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(Signatures on the following page)

Signed in Counterparts

IN WITNESS WHEREOF, Landlord and Tenant have caused this First Amendment to be executed effective as of the day and year first written above.

LANDLORD:

Makana Great American Pioneer Company, LLC

By: _____
Its: _____

TENANT:

7-ELEVEN, INC.

By: Robert D. Bryant
Assistant Secretary

By: _____
~~Vice President or Attorney-in-Fact~~
(Seal)

LESSOR'S CONSENT TO ASSIGNMENT OF LEASE

The undersigned ("Lessor"), Lessor under the Lease to THE MAKENA GREAT AMERICAN PIONEER COMPANY, LLC DATED June 11, 2003, hereby consents to the foregoing Assignment of said Lease as attached hereto for reference to Sang Joen Kim including without waiver of any restriction in the Lease concerning further assignment or subletting. Lessor certifies that as of the date of Lessor's execution hereof, Assignor is not in default or breach of any of the provisions of the Lease, that as a condition of Lessor's consent as stated herein that the security deposit of Three Thousand Two Hundred dollars (\$3,200.00) as called for in the Lease will be payable to Lessor in escrow by Assignee, Sang Joen Kim. Lessor agrees to send Assignee a copy of any notice of default or breach at the following address: Sang Joen Kim

_____ or such other address as may be designated in writing from time to time by Assignee. Lessor further agrees that no amendment, modification, termination, extension, or renewal of the Lease entered into by Lessor and Assignee if any or by Assignor's "Assignment of Ground Lease", shall in any way create any liability or obligation to Assignor to perform any obligation under said Lease upon the close of escrow between Assignor and Assignee.

Date: 10-25-10

Lessor: The Williams Family Trust Dated March 3, 1995, Harold F. Williams and Bertha L. Williams, Trustors and/or Trustees

By: Bertha L. Williams
Bertha L. Williams

THE WILLIAMS FAMILY TRUST DATED March 3, 1995

Title: TRUSTEE

Address: 2560 Winter Ave
Lakeport, Ca 95453-6923

Telephone: 707 263-4634

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Lake

On June 8, 2006 before me, THERESA ANN GALL, Notary Public,
DATE

personally appeared Bertha L. Williams
NAME(S) OF SIGNER(S)

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~ she they executed the same in his her ~~their~~ authorized capacity(ies), and that by his her ~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Theresa Ann Gall
SIGNATURE OF NOTARY

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL

☐ CORPORATE OFFICER(S)

☒ TRUSTEE(S)

☐ GUARDIAN/CONSERVATOR

☐ ATTORNEY-IN-FACT

☐ OTHER:

☐ PARTNER(S)

☐ LIMITED

☐ GENERAL

SIGNER IS REPRESENTING: The Williams Family Trust of 3/3/95
NAME OF PERSON(S) OR ENTITY(IES)

TITLE OR TYPE OF DOCUMENT Lessors Consent to Assignment of Lease

NUMBER OF PAGES 1 DATE OF DOCUMENT 6-8-06

SIGNER(S) OTHER THAN NAMED ABOVE None