

LEASE AGREEMENT

by and between

CULVER CITY REDEVELOPMENT AGENCY
AGENCY,

and

KEIZO AND YUKI ISHIBA
DBAK-ZO,

LESSEE.

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LEASE

This Lease Agreement ("Lease"), dated for reference purposes as ~~November~~⁴ 2010, is made by and among the Culver City Redevelopment Agency, a public body, corporate and politic ("Agency" or "Lessor"), and Keizo Ishiba and Yuki Ishiba, as individuals doing business as K-ZO (all of which are collectively referred to herein as "Lessee").

I. [§100] SUBJECT OF LEASE

A. [§ 101] Purpose of the Lease

The purpose of this Lease is to (i) memorialize a pre-existing lease arrangement ("Pre-Existing Lease") between the Agency, as Lessor, and Lessee with respect to that certain real property located within a portion of the Agency's Ince Parking Structure with the street address 9240 Culver Boulevard (the "Premises"); and (ii) set forth such additional terms and conditions for continuing the leasing arrangement between Agency and Lessee for the remaining term of the Lease in accordance with Section 202, herein. Agency and Lessee acknowledge, understand and agree that the purpose of the Pre-Existing Lease was to cause Lessee to install certain tenant improvements and to operate a high quality, sushi and French-Japanese fusion food service facility, including the Improvements, as defined in Section 103, below. The continued leasing of the Premises and the maintenance and operation of the Improvements pursuant to this Lease are in conformance with Agency's Redevelopment Plan and the Town Plaza Project, and are in the vital and best interests of the City of Culver City ("City") and the health, safety, morals, and welfare of the City's residents and businesses, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

B. [§ 102] The Premises

The Premises is that certain real property illustrated and designated as such on the "Map of the Premises" (which is attached hereto and incorporated herein as Exhibit A) and having the legal description set forth in the "Description of the Premise" (which is attached hereto and incorporated herein as Exhibit B). For purposes of determining Lessee's obligations under this Lease, including tax obligations, the parties agree the Premises is limited to the specific area described in Exhibit A.

C. [§ 103] The Improvements

The Improvements as used in this Lease means any and all physical installations by Lessee at or near the Premises, including, but not limited to, installation of a concrete floor, floor covering, interior walls, painting, wiring, finished electrical with fixtures, two bathrooms, all utilities, a hot water heater, finished plumbing with fixtures, a kitchen, fire sprinklers, HVAC, and a glass window in the door, (i) for the operation of a high quality facility known as the K-ZO

Restaurant ("Lessee's Use") and (ii) for signage only as reasonably approved by Agency's Assistant Executive Director, or her written designee. The portion of the Improvements consisting of the concrete floor, HVAC, fire sprinklers, two bathrooms and a third door to the exterior of the Premises shall be referred to as Lessor Improvements. All other portions of the Improvements shall be referred to as Lessee Improvements. Lessee agrees that as of the date of this Lease, all Lessor Improvements have been safely and satisfactorily completed.

D. [§ 104] Hazardous Substances

1. For purposes of this Lease, "Hazardous Substances" shall mean asbestos; polychlorinated biphenyls (whether or not highly chlorinated); radon gas; radioactive materials; explosives; chemicals known to cause cancer or reproductive toxicity; hazardous waste, toxic substances or related materials; petroleum and petroleum product, including, but not limited to, gasoline and diesel fuel; those substances defined as a "Hazardous Substance", as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq., or as "Hazardous Waste" as defined by Section 6903 of the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.; an "Extremely Hazardous Waste," a "Hazardous Waste" or a "Restricted Hazardous Waste," as defined by The Hazardous Waste Control Law under Section 25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to Section 25140 of the California Health and Safety Code; a "Hazardous Material", "Hazardous Substance," "Hazardous Waste" or "Toxic Air Contaminant" as defined by the California Hazardous Substance Account Act, laws pertaining to the underground storage of hazardous substances, hazardous materials response plans, or the California Clean Air Act under Sections 25316, 25281, 25501, 25501.1 or 39655 of the California Health and Safety Code; "Oil" or a "Hazardous Substance" listed or identified pursuant to 311 of the Federal Water Pollution Control Act, 33 U.S.C. 1321; a "Hazardous Waste," "Extremely Hazardous Waste" or an "Acutely Hazardous Waste" listed or defined pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1 - 66261.126; chemicals listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to Section 25249.8 of the California Health and Safety Code; a material which due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, materially damages or threatens to materially damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the property to be put to the purpose proposed by this Agreement; any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank; pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. 136 et seq.; asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. 2601 et seq.; any radioactive material including, without limitation, any "source material," "special nuclear material," "by-product material," "low-level wastes," "high-level radioactive waste," "spent nuclear fuel" or "transuranic waste"

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and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. 2011 et seq., the Nuclear Waste Policy Act, 42 U.S.C. 10101 et seq., or pursuant to the California Radiation Control Law, California Health and Safety Code, Sections 25800 et seq.; hazardous substances regulated under the Occupational Safety and Health Act, 29 U.S.C. 651 et seq., or the California Occupational Safety and Health Act, California Labor Code, Sections 6300 et seq.; and/or regulated under the Clean Air Act, 42 U.S.C. 7401 et seq. or pursuant to The California Clean Air Act, Sections 3900 et seq. of the California Health and Safety Code. Any studies and reports generated by Lessee's testing for hazardous materials shall be made available to Agency upon Agency's request.

2. The development, construction and uses of the Premises permitted under this Lease do not require the presence of any Hazardous Substance on the Premises, except for those customarily used in the ordinary course of business for such development, construction and use.

3. Lessee shall not bring or allow to be brought onto the Premises or use or store on the Premises any Hazardous Substances without the prior express written consent of Agency, except for those Hazardous Substances customarily used in the ordinary course of business in the use and operation of the Premises for a restaurant and the Improvements.

4. The following covenants pertain to Lessee's occupancy and use of the Premises and Improvements except for those Hazardous Substances customarily used in the ordinary course of business or on, in or under the Premises which were present prior to the date this Lease is signed by Lessee:

a. No underground storage tanks for Hazardous Substances shall be installed without the prior written approval of Agency's Executive Officer or Assistant Executive Officer.

b. Agency, or its officers, employees, contractors or agents, shall at all times have the right to go upon and inspect the Premises and Improvements and the operations conducted thereon to assure compliance with the requirements herein stated. Agency shall provide reasonable prior notice to Lessee of such entry, and shall seek to minimize interference with Lessee's Use at the Premises as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. This inspection may include taking samples for testing of substances and materials present and/or testing soils on the Premises and Improvements. Agency shall indemnify, defend, and hold harmless Lessee from and against any claims, liabilities, losses, and damage caused by Agency during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Agency during any such inspection.

c. Lessee shall be responsible for posting on the Premises and Improvements any signs required by Section 25249.6 of the California Health and Safety Code and regulations promulgated pursuant thereto. Lessee shall also complete and file any business response plans or inventories required by Chapter 6.95 of the California Health and Safety Code and regulations

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promulgated pursuant thereto. Lessee shall concurrently file a copy of any such business response plan or inventory with Agency.

d. Lessee shall immediately notify Agency in writing of any Hazardous Substance on the Premises and Improvements in violation of applicable law.

e. Lessee shall, to the extent required by applicable law, immediately remove any Hazardous Substances located on the Premises and Improvements and shall dispose of such Hazardous Substances in a safe and legal manner. Lessee shall immediately disclose to Agency its disposal of any Hazardous Substance located on the Premises and Improvements and upon Agency's written request shall provide written documentation of its safe and legal disposal.

5. Lessee shall be responsible for and bear the entire cost of removal and disposal of Hazardous Substances at the Premises related to Lessee's Use, except for any portion, thereof, which were present prior to the date this Lease is signed by Lessee. Agency may also pass through to Lessee any and all clean up costs incurred by Agency as a result of Lessee's activities on the Premises and Improvements or the presence of any Hazardous Substance(s) on, in or under the Premises and Improvements, unless that presence occurred prior to the date this Lease is signed by Lessee. Upon termination of this Lease, Lessee is required, in accordance with all applicable laws, to remove from the Premises and Improvements any equipment or improvement to the property contaminated by Hazardous Substances as result of Lessee's activities on the Premises or the Improvements.

6. Lessee hereby agrees to indemnify, defend and hold harmless Agency and its respective members, officers, agents, employees, contractors and consultants, from any claims, actions, suits, legal and administrative proceedings, liability, injury, deficiency, damages, fines, penalties, punitive damages, costs and expenses (including, without limitation, the cost of any cleanup, remediation, removal, mitigation, monitoring or testing of Hazardous Substances, except for Hazardous Substances on, in or under the Premises which were present prior to the date this Lease is signed by Lessee, and reasonable attorneys' fees) resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Substances on, under, in or about, or the transportation of any Hazardous Substances to or from, the Premises, except for Hazardous Substances on, in or under the Premises which were present prior to the date this Lease is signed by Lessee; or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Substances on, under, in or about, to or from, the Premises, except for Hazardous Substances on, in or under the Premises which were present prior to the date this Lease is signed by Lessee.

7. Beginning from the Effective Date, Lessee hereby waives, releases and discharges Agency and its respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without

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limitation, attorney's fees) arising out of or in any way connected with Agency's or Lessee's Use, maintenance, ownership or operation of the Premises, any Hazardous Substances on the Premises, or the existence of Hazardous Substances contamination in any state on the Premises, however the Hazardous Substances came to be placed there, except that arising out of the intentional misconduct of Agency or any of its employees, officers or agents. Lessee acknowledges it is aware of and familiar with the provisions of Section 1542 of the California Civil Code that provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

As such relates to this Section 104, Lessee hereby waives and relinquishes all rights and benefits they may have under Section 1542 of the California Civil Code. By agreeing to the release of this paragraph, Lessee is not thereby assuming any liability whatsoever to any person or entity for any claims, demands, suits, legal and administrative proceedings and for any liability for damages, losses, costs, liabilities, fees and expenses, including attorney's fees and costs of remediation of Hazardous Substance(s), where such Hazardous Substance(s) were present on the Premises prior to the date on which Lessee signs this Lease.

8. Lessee shall not be legally responsible under this Lease, and shall not be obligated in indemnity or apportionment under this Lease, for any claims, demands, suits, legal and administrative proceedings and for any liability for damages, losses, costs, liabilities, fees and expenses, including attorney's fees and costs of remediation of Hazardous Substance(s), where such Hazardous Substance(s) did not originate on the Premises but migrated onto, into or under the Premises through run-off, osmosis or any other process by which such Hazardous Substance(s) originated elsewhere and not by any action or action of Lessee or Lessee's employees or agents.

E. [§ 105] Parties to the Lease

1. [§ 106] Agency

Agency is a public body, corporate and politic, existing and operating pursuant to its by-laws and the constitution and laws of the State of California.

The principal office of Agency is located at 9770 Culver Boulevard, Culver City, California 92032-0507.

"Agency" as used in this Lease, includes any assignee of or successor to its rights, powers and responsibilities, including, but not limited to the City of Culver City.

2. [§ 107] Lessee

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Lessee is Keizo and Yuki Ishiba, as individuals, doing business as K-ZO, existing and operating in accordance with the laws of the States of California, as applicable.

For purposes of this Lease, the principal office of Lessee is located at 9240 Culver Blvd., Culver City, Ca 90232..

Wherever the term "Lessee" is used herein, such term shall also include any permitted nominee or assignee as herein provided.

II. [§ 200] LEASE OF THE PREMISES

A. [§ 201] Lease

For and in consideration of the conditions, covenants and agreements set forth herein, Agency hereby leases and demises the Premises to Lessee and Lessee does hereby take and lease the Premises from Agency.

B. [§ 202] Term of the Lease

1. Unless extended or sooner terminated as provided herein, the term of this Lease (the "Term") shall begin on the Effective Date (as defined below) and expire on the tenth annual anniversary of the Effective Date; provided, however, that Lessee shall have the option of extending the Term for two additional (2) periods of five (5) years each (an "Extended Term,"), commencing on the first day following the date the Term or Extended Term expires, as applicable, and upon the same terms and conditions previously applicable and Rent (as defined below). The extension to the Term and an Extended Term, may be exercised only by Lessee's actual delivery of written notice to Agency ("Option Notice") not later than six (6) months prior to the expiration of the Term or an Extended Term, as applicable. The option to extend may be validly exercised only if Lessee is not then in material default hereunder, as reasonably determined by Agency. For purposes of this Lease, the term "Effective Date" shall mean March 1, 2007.

2. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to Agency, within thirty (30) days after written demand by Agency, a valid and recordable quitclaim deed covering the Premises and the Improvements, free and clear of all liens and encumbrances.

III. [§ 300] RENT AND DEPOSIT

A. [§ 301] Amount and Commencement of Rent

Beginning from the date of this Lease, and on the first day of each calendar month thereafter, for the entire Term, and each Extended Term, if any, Lessee shall pay to Agency a sum of Five Thousand Ten Dollars (\$5010.00) per month (which is equal to Two Dollars and

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Twenty One Cents (\$2.21) times two thousand two hundred seventy-six (2,267) square feet of leaseable floor space of the Premises) (the "Rent"); Provided that, during the Term and each Extended Term, if any, on each annual anniversary date of the Effective Date, the then applicable Rent shall be increased, cumulatively, as shown in Exhibit C, attached hereto and incorporated herein by this reference, adjusted by any increases in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index (CPI-U) for the Los Angeles – Riverside – Orange County area, up to a maximum adjustment of three percent (3.0%) per year.

B. [§ 302] Additional Rent

1. All other amounts required to be paid by Lessee to Agency, hereunder, including, without limitation, Lessee's share of Operating Expenses (as defined in Section 302 B. 3., below), shall be deemed and referred to as "Additional Rent." Any Additional Rent attributable to a period which falls only partially within the Term, or an Extended Term, if any, shall be prorated between Agency and Lessee based on the actual number of days elapsed so Lessee shall pay only that proportion thereof which the part of such period within the Term or an Extended Term, bears to the entire period.

Additional Rent due hereunder shall be invoiced annually on August 1 of each year of the Term and any Extended Term, and shall be due in full not more than thirty (30) days thereafter.

2. Beginning on August 1, 2010, Lessee shall pay to Agency a share ("Lessee's Proportionate Share"), equal to the square footage of the floor area of the Premises (i.e., two thousand two hundred seventy-six (2,267) square feet) divided by the floor area of Ince Parking Structure (two hundred eighty-two thousand three hundred sixteen (282,316) square feet) of the Operating Expenses (as defined and limited below).

3. Subject to the limitations set forth in Section 302 B. 4., below, "Operating Expenses" shall mean all costs of operating and maintaining the Common Areas, as defined, below, including, without limitation, (i) all actual and direct costs of maintaining, repairing and servicing the Common Areas, such as cleaning, sweeping, replacements, repairs, resurfacing, line painting, lighting, sanitary control, removal of trash, rubbish, garbage and other refuse, and the gardening, weeding and landscaping and costs of supplies in connection therewith; (ii) reasonable charges for heat, water, gas, electricity and other utilities used or consumed in the Common Areas; (iii) rental charges for or the amortized cost of acquisition of maintenance equipment, tools and supplies to the extent used in the Common Areas; (iv) the cost of personnel to implement such services, to direct parking, to police, supervise or provide security protection (except typical City Police Department services) for the Common Areas and to otherwise discharge Agency's obligations with regard to the Common Areas (including salaries, payroll taxes, medical and worker's compensation insurance premiums and similar costs incurred for such personnel); and (v) a fee (the "Management Fee") equal to three percent (3%) of the Operating Expenses for the relevant period (specifically excluding the Management Fee). For purposes of this Lease, "Common Areas" shall include all parking areas along Culver Boulevard

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adjacent to the Premises and within the Ince Parking Structure, landscaped areas, streets, sidewalks, driveways along Culver Boulevard adjacent to the Premises, loading platforms areas along Culver Boulevard adjacent to the Premises used by Lessee or Lessee's employees, customers, vendors or invitees, washrooms, lounges and shelters within the Ince Parking Structure, and other facilities available for use by Lessee or Lessee's employees, customers, vendors or invitees within the Ince Parking Structure and immediately abutting the Ince Parking Structure along Culver Boulevard.

4. Operating Expenses shall not include the following: (i) legal fees, brokerage commissions, advertising costs or other related expenses incurred in connection with leasing of space in the Premises; (ii) structural repairs to any improvement or building upon the Premises (including, without limitation, foundations, walls, roof and roof coverings); (iii) repairs, alterations, additions, improvements or replacements made to rectify or correct any defect in design, materials, or workmanship or to comply with any requirements of any governmental authority in effect as of the Effective Date; (iv) any capital improvements or expenditures; (v) damage and repairs attributable to fire or other casualty; (vi) damage and repairs covered under any insurance policy carried by Agency; (vii) damage caused by and repairs necessitated by the negligence or willful misconduct of Agency or Agency's employees, contractors or agents; (viii) any costs incurred in complying with any applicable law; (ix) executive salaries or salaries of service personnel to the extent such service personnel perform services not directly attributable to the management, operation, repair or maintenance of the Premises or Ince Parking Structure; (x) Agency's general overhead expenses not directly attributable to the management, operation, repair or maintenance of the Premises or Ince Parking Structure; (xi) ground lease rental and payments of principal or interest on any mortgage or other encumbrance; (xii) legal fees, accountants' fees and other expenses incurred in connection with disputes with tenants or other occupants or associated with the enforcement of any leases or defense of Agency's title to or interest in the Premises or the Ince Parking Structure or any part thereof; (xiii) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving, decorating, painting or altering space for other tenants or other occupants or vacant space in the Ince Parking Structure; (xiv) costs incurred due to violation by Agency; (xv) all costs are actually reimbursed by insurance or chargeable to another user of the Ince Parking Structure; (xvi) the cost of any utilities unless such utilities were consumed solely in the Common Areas; (xvii) any management fees or administrative or overhead expenses (other than the Management Fee) (xviii) any costs or expenses associated with the remediation or clean-up of any Hazardous Substances (as defined herein), except to the extent required by Section 104; and (xix) any other expense which is not a normal maintenance or operating expense.

C. [§ 303] Security Deposit.

Agency hereby acknowledges that in connection with the Pre-Existing Lease, Lessee has deposited with Agency a security deposit in the amount of \$4,874.35. ("Deposit") as security for the full and faithful performance of Lessee's obligations under this Lease. In the event of an Event of Default, then Landlord may use the Deposit, or any portion of it, to the extent necessary

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to cure or remedy the Event of Default. Lessee shall pay to Landlord, on thirty-days' (30-days') written notice, the amount so applied in order to restore the Deposit to its original amount, and Lessee's failure to do so shall constitute a Monetary Default. If Lessee is not in default with respect to the obligations set forth in this Lease at the expiration or termination of this Lease, then Agency shall return the Deposit to Lessee within thirty (30) days after expiration or termination of this Lease, whichever is applicable.

D. [§ 304] Non Subordination of Rent or Other Sums

Lessee hereby covenants and agrees there shall be no subordination or encumbrance of any kind under this Lease or otherwise of (i) Agency's fee title ownership of the Premises; (ii) Agency's interest in this Lease; and (iii) Agency's right to receive Rent and Additional Rent under this Lease.

E. [§ 305] Delinquency In Rental Payment; Collection of Rents

The failure of Lessee to pay rent by the due date shall constitute a default. In the event Lessee fails to pay the applicable rent on or before the due date, in addition to any other remedy provided by this Lease, Lessee shall pay Agency the delinquent Rent, Additional Rent and interest on the total delinquent Rent and Additional Rent at the rate of five percent (5%) per annum from the date of each delinquency. The interest shall accrue from the due date of the Rent and Additional Rent to the date the Rent and Additional Rent is actually received by Agency. It is the intent of this provision for Agency to be compensated by such additional sums for loss resulting from rental delinquency including costs to Agency for servicing the delinquent account. Agency, at its option, may waive any such delinquency compensation required herein, upon written application of Lessee.

IV. [§ 400] DEVELOPMENT OF SITE

A. [§ 401] No Construction Before Notice

No work of any kind shall be commenced on the Premises and no building or other materials shall be delivered to the Premises for construction of any improvements, nor shall any other building or land development work be commenced on or building materials be delivered to the Premises at any time during the Term or an Extended Term, if any, of the Lease, until at least ten (10) days following notice by Lessee to Agency of the intended commencement of such work or the delivery of such materials.

B. [§ 402] Notice of Non Responsibility

Agency shall, at any and all times during the Term and each Extended Term, if any, of this Lease, have the right to post and maintain on the Premises and to record as required by law any notice or notices of non responsibility provided for by the mechanics' lien laws of the State

of California. The work for which said ten (10) days written notice is required shall include, in addition to actual construction work, any site preparation work, installation of utilities, street construction or improvement, or any grading or filling of the Premises.

C. [§ 403] Mechanic, Materialman, Contractor or Subcontractor's Liens

Subject to Lessee's right to contest as hereinafter provided, at all times during the Term and each Extended Term, if any, of the Lease, Lessee shall keep the Premises, including all buildings 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. Lessee shall promptly (i) pay and discharge, or cause the Premises to be released from, any such lien or claim of lien, or (ii) contest such lien and furnish Agency such bond as may be required by law to free the Premises from the effect of such lien and to secure Agency against payment of such lien and against any and all loss or damage whatsoever in any way arising from Lessee's failure to pay or discharge such lien. In the event Lessee provides a bond in lieu of paying or discharging a lien as set forth herein, and Agency is unable despite reasonably diligent effort to obtain an endorsement to any existing title policy in favor of Agency insuring Agency's interest in the Premises free and clear of any such liens that have not been paid or discharged, Lessee shall, at Lessee's sole cost and expense, within thirty (30) days after Agency's written request therefore, provide Agency with such endorsement.

If Lessee fails to pay and discharge, or cause the Premises to be released from, any such lien or claim of lien or to provide a bond as permitted hereunder within thirty (30) days after service on Lessee by Agency of a written request to do so, then Agency may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as Agency may reasonably deem appropriate. In such event, Lessee shall, on or before the first day of the next calendar month following any such payment by Agency, reimburse Agency for the full amount so paid by Agency, including any actual and reasonable attorneys' fees or other costs expended by Agency, together with interest thereon at the annual rate of interest equal to five percent (5%) per annum from the date of payment by Agency to the date of Lessee's reimbursement of Agency.

On substantial completion of any work of improvement during the Term and each Extended Term, if any, of the Lease, Lessee shall record or cause to be recorded in the Official Records of Los Angeles County a notice of completion. Lessee hereby appoints Agency as Lessee's attorney in fact to record the notice of completion, which appointment shall only become effective on ten (10) days' notice upon Lessee's failure to record such a notice of completion after the work of improvement has been substantially completed; provided, that Agency shall not be obligated to record such a notice of completion and the failure of Agency to record said notice shall not excuse the failure of Lessee to discharge its obligation to record said notice of completion.

D. [§ 404] Rights of Access

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Representatives of Agency shall have the reasonable right of access to the Premises without charges or fees, at normal construction hours during the period of construction for the purposes of this Lease, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of Agency shall be the Agency's Executive Director and Assistant Executive Director and those who are so identified in writing by either. Agency shall provide reasonable prior notice to Lessee of such entry, and shall seek to minimize interference with Lessee's Use at the Premises as much as is reasonably feasible. Such entry shall be in compliance with all applicable safety rules and regulations. City shall indemnify, defend, and hold harmless Lessee from and against any claim, liability, losses and damages caused by Agency during any such inspections, and shall be responsible for the prompt repair and/or restoration of any such damage caused by Agency during any such inspection.

E. [§ 405] Local, State and Federal Laws

Lessee hereby agrees to carry out development, construction (as defined by applicable law) and operation of the Improvements on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable local, State and Federal laws, including, without limitation, all applicable Federal and State labor laws (including, without limitation, any requirement to pay State prevailing wages). Lessee hereby expressly acknowledges and agrees neither City nor Agency has ever affirmatively represented to Lessee or its contractor(s) for the Improvement in writing or otherwise, in a call for bids or otherwise, the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. Lessee hereby agrees Lessee shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Lessee hereby agrees Lessee shall have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Lessee hereby agrees Lessee shall have the obligation, at Lessee's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Lessee shall indemnify, protect, defend and hold harmless Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and "increased costs" (including labor costs, penalties, reasonable attorney's fees, court and litigation costs, and fees of expert witnesses) which, in connection with the installation, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Lessee of any applicable local, State or Federal law, including, without limitation, any applicable Federal or State labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and

1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Lessee to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Lessee to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and (5) failure by Lessee to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. It is agreed by the parties, in connection with the development, construction (as defined by applicable law) and operation of the Improvements, including, without limitation, any public work (as defined by applicable law), Lessee shall bear all risks of payment or non-payment of State prevailing wages and the implementation Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after recordation of the Certificate of Completion.

F. [§ 406] Nondiscrimination During Construction

Lessee for itself and its successors and assigns agrees that in the construction of the improvements on the Premises provided for in this Lease, Lessee will not discriminate against any employee or applicant for employment because of sex, marital status, race, color, creed, disability, age, religion, national origin, or ancestry.

V. [§ 500] USE OF THE PREMISES AND IMPROVEMENTS

A. [§ 501] Use of the Premises and Improvements

Lessee covenants and agrees for itself, its successors, its assigns and every successor in interest to the Premises and Improvements or any portion thereof, that during construction and thereafter through the remainder of the Term and each Extended Term, if any, of this Lease, Lessee, such successors and such assignees shall:

1. Develop, use, and maintain the Premises solely for Lessee's Use in accordance with this Lease and all plans approved by Agency pursuant thereto.

2. Subject to Sections 706-710, and 1314 of this Lease, operate, in substantially complete fashion, or cause the Improvements to be constructed on the Premises to be operated, in substantially complete fashion, and continuously open for business to the general public in accordance with the standards set forth in this Lease; provided, however, that the requirements of

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this subparagraph for continuous operation shall not apply temporarily for the period required for bona fide major remodeling or repairs.

3. a. Maintain, repair and operate the Premises and all Improvements constructed or to be constructed thereon (including landscaping, lighting and signage), or cause the Premises and all such Improvements to be maintained, in a first quality condition, free of debris, waste and graffiti, and in compliance with the terms of City's Municipal Code, and the following:

(1) All Improvements on the Premises shall be maintained in good condition in accordance with the custom and practice generally applicable to the high quality retail space, and in conformance and compliance with all plans, drawings and related documents approved by Agency pursuant to this Lease, all reasonable conditions of approval of land use entitlements adopted by Agency, including painting and cleaning of all exterior surfaces of all private improvements.

(2) Lessee's clean-up and maintenance obligations shall include, without limitation, maintenance of all outdoor dining areas, if any, in a clean condition, including, keeping all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from such areas and the Premises.

(3) Lessee's clean-up and maintenance obligations shall also include, without limitation, skimming the interior and exterior grease traps at least three (3) times annually. The traps shall be completely pumped out and thoroughly cleaned at least semiannually. Within 72 hours of any cleaning or skimming, Lessee shall mail documentary proof thereof satisfactory to the Agency, such as an invoice or bill for said service, to the following address:

City of Culver City
Department of Public Works
Facilities Maintenance Manager
9505 Jefferson Boulevard
Culver City, CA 90232

Within the same 72-hour time period, Lessee shall fax the documentary proof to the Agency at (fax) 310-253-5779. If the Agency, in its sole discretion, deems such proof to be insufficient, it shall have the right to require reasonable further documentation.

If a sanitary sewer overflow, blockage, or other damage occurs that is a result the failure to comply with the provisions hereof, Lessee is liable for any fines, damages, or cleanup costs arising to the point of the external grease trap.

(4) Lessee's maintenance and operation obligations for the Improvements

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shall include providing or paying for (a) all necessary utilities such as heat, light, water, gas, air conditioning, sewer service, telephone and other communications services for the Premises; and (b) all security, custodial and janitorial services for the Premises.

(5) Lessee shall maintain and preserve the Improvements in excellent condition and working order, accomplishing the necessary preventative maintenance and repair or replacement of any items which are not in excellent working order and condition

(6) Lessee shall make necessary and appropriate capital improvements to preserve the Improvements and their ability to be utilized by the public and Lessee, including, but not limited to, from time to time making capital improvements and replacements which, to the extent reasonable and practicable in light of the cost to Lessee of any proposed replacements or upgrades of the Improvements and the remaining Term and each Extended Term, as applicable, of this Lease, take into account technological and other changes in the maintenance and operation of high quality retail operations.

(7) Lessee shall assume responsibility, subject to the provisions of this Lease, for the operation and maintenance (including repair, restoration and reconstruction) of all of the Improvements and the costs thereof, and the Agency shall have no liability for costs of such operation and maintenance by Lessee or for any claims arising from the operation and maintenance (including repair, restoration and reconstruction) of the Improvements.

b. If Agency gives written notice to Lessee the maintenance or condition of the Premises or any portion thereof or any of the Improvements does not comply with this Lease and such notice describes the deficiencies, Lessee shall correct, remedy or cure the deficiency within thirty (30) days following the submission of such notice, unless the notice reasonably states the deficiency is an urgent matter relating to public health and safety in which case Lessee shall cure the deficiency with all due diligence and shall complete the cure at the earliest possible time but in no even more than forty-eight (48) hours following the submission of the notice. In the event Lessee fails to maintain the Premises or any portion thereof or any of the Improvements thereon in accordance with this Lease and fails to cure any deficiencies within the applicable period described above, Agency shall have, in addition to any other rights and remedies hereunder, the right to maintain the Premises and the Improvements, or portion thereof, or to contract for the correction of any deficiencies, and Lessee shall be responsible for payment of all such costs actually and reasonably incurred by Agency.

4. a. Pay when due all property taxes, including but not limited to possessory interest taxes, and assessments assessed and levied on the Premises or any portion thereof or any improvements thereon or any interest therein assessed as a result of this Lease; provided, that Lessee may appeal, object or contest any tax or assessment subject to the following requirements: 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,

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opposition, or objection must be given to Agency before the date the tax or assessment, or other charge becomes delinquent. 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 met one of the following conditions:

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

(2) 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

(3) Delivered to Agency a good and sufficient undertaking in a form reasonably acceptable to Agency's Executive Director or Assistant Executive Director, in an amount equal to one hundred twenty-five percent (125%) of the amount in controversy (inclusive of fines, interests, penalties, costs, and other expenses that may have accrued or been imposed thereon) and issued by a surety company 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.

Agency shall not be required to join in any proceedings or contest brought by Lessee unless the provisions of any law requires the proceeding or contest be brought by or in the name of Agency or any owner of the Premises. In that case, Agency shall join in the proceeding or contest or permit it to be brought in Agency's name but such action shall be without cost or other liability to Agency and Lessee agrees to pay to Agency all costs incurred by Agency in connection therewith.

B. [§ 502] Management of the Premises and Improvements

At all times during the Term and each Extended Term, if any, the Premises shall be managed or caused to be managed by Lessee in a prudent and business like manner as necessary to maintain the Premises in a first class condition. During the Term and each Extended Term, if any, of this Lease, Lessee shall provide, or cause to be provided, personnel and services necessary to enable operation of the Lessee's Use. All services shall be provided in consideration for the granting of this Lease and no amount shall be payable by Agency for such services.

C. [§ 503] Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, race, color, creed, religion, national origin, disability,

age or ancestry in the use, occupancy, tenure or enjoyment of the Premises and Improvements, and Lessee itself or any person claiming under or through it shall not establish or permit any such practice or practices of discrimination, or segregation with reference to the selection, location, number, use or occupancy of the Premises and Improvements.

D. [§ 504] Quiet Enjoyment

The parties hereto mutually covenant and agree Lessee, by keeping and performing the covenants herein contained, shall at all times during the Term and each Extended Term, if any, of this Lease, peaceably and quietly have, hold and enjoy the Premises and Improvements.

E. [§ 505] Parking

During the hours Lessee's Use is open to the general public, Agency shall cause to be provided, on the first floor of the Ince Parking Structure for the non-exclusive use of Lessee's customers, sixty (60) regular passenger vehicle parking spaces with a parking time limit of forty-five (45) minutes. In addition, Agency shall cause to be provided, on the second and third floors of the Ince Parking Structure for the non-exclusive use of Lessee's customers, regular passenger vehicle parking spaces with two-hour free parking ("Initial Free Parking Period"), by validation or some other system. Lessee may extend the Initial Free Parking Period an additional two-hours (for a total of four-hour free parking period) for its customers, as needed, by validation or some other system. In addition, Agency shall provide Lessee seven (7) non-exclusive permit parking spaces for employees, at no cost, subject to Licensee's execution of the Agency's Monthly Automobile Parking License, attached hereto as Exhibit D and incorporated herein by this reference.

VI. [§ 600] TAXES, ASSESSMENTS AND OTHER CHARGES

A. [§ 601] Payment Generally

Lessee agrees to pay or cause to be paid, as and when they become due and payable, and before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, franchises, excises, license and permit fees, and other governmental levies and charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever which at any time during the Term or an Extended Term, if any, of this Lease may be assessed, levied, confirmed, imposed upon, or become due and payable out of or in respect of, or become a lien on: (1) the Premises and Improvements or any part thereof or any appurtenance thereto; (2) the income received by Lessee from guests or others for the use of the Premises; or (3) this transaction or any document to which Lessee is a party, creating or transferring an interest or estate in the Premises. All such taxes, franchises, excises, license and permit fees, and other governmental levies and charges shall hereinafter be referred to as "Impositions," and any of the same shall hereinafter be referred to as an "Imposition." Any Imposition relating to a fiscal period of the

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taxing authority, a part of which period is included within the Term or an Extended Term, if any, and a part of which is included in a period of time after the expiration of the Term or an Extended Term, if any, shall (whether or not such Imposition shall be assessed, levied, confirmed, imposed upon, become a lien upon the Premises and Improvements, or shall become payable, during the Term or an Extended Term, if any, of this Lease) be adjusted between Agency and Lessee as of the expiration of the Term, or an Extended Term, if any, so that Lessee shall pay that portion of the Imposition which that part of such fiscal period included in the period of time before the expiration of the Term or an Extended Term, if any, bears to such fiscal period, and Agency shall pay the remainder thereof; Lessee shall not be entitled to receive any apportionment, if Lessee shall be in default in the performance of any of Lessee's covenants and agreements as provided in this Lease.

The failure of Lessee to pay an Imposition that cannot under any circumstances give rise to a lien against the Premises and Improvements shall not be a breach of the first paragraph of this Section 601. Lessee hereby agrees to defend, indemnify and hold harmless Agency and its respective officers, employees and consultants from and against all claims, liability, loss, damage, costs, or expenses (including reasonable attorney's fees and court costs) arising from or as a result of Lessee's failure to pay any Imposition to the extent that such Imposition relates to a fiscal period included within the Term or an Extended Term, if any.

B. [§ 602] Payment of Impositions in Installments

If, by law, any Imposition may at the option of the payer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as may become due during the Term or an Extended Term, if any, as the same respectively become due and before any fine, penalty, further interest or cost may be added thereto; provided, however, that the amount of all installments of any such Imposition which will be the responsibility of Lessee pursuant to Section 601 herein above, and which are to become due and payable after the expiration of the Term or an Extended Term, if any, shall be deposited with Agency for such payment on the date which shall be one (1) year immediately prior to the date of such expiration.

C. [§ 603] Agency Right to Cure

If Lessee, in violation of the provisions of this Lease, shall fail to pay and to discharge any Imposition, Agency may (but shall not be obligated to) pay or discharge it, and the amount paid by Agency and the amount of all costs, expenses, interest and penalties connected therewith, including attorney fees, together with interest at the rate of five percent (5%) per annum, shall be deemed to be and shall be payable by Lessee as additional rent and shall be reimbursed to Agency by Lessee on demand, provided that Lessee shall have failed to pay such Imposition within ten (10) business days after written notice from Agency to Lessee and such holder of Agency's intention to pay.

D. [§ 604] Tax Receipts

Lessee shall furnish to Agency, within forty five (45) days after the date when any real property taxes, assessments or any other Imposition which could have any effect on Agency's title would become delinquent, official receipts of the appropriate taxing authority or other evidence satisfactory to Agency evidencing payment thereof.

E. [§ 605] Limits of Tax Liability

The provisions of this Lease shall not be deemed to require Lessee to pay municipal, county, state or federal income or gross receipts or excess profits taxes assessed against Agency, or municipal, county, state or federal capital levy, estate, succession, inheritance, gift, or transfer taxes of Agency, or corporation franchise taxes imposed upon any corporate owner of the fee of the Premises; provided, however, that Lessee shall pay all taxes assessed by any governmental authority by virtue of any operation by Lessee conducted on or out of the Premises. It is agreed, in the event the State of California or any taxing authority, thereunder, changes or modifies the system of taxing real estate so as to tax the rental income from real estate in lieu of or in substitution (in whole or in part) for the real estate taxes and so as to impose a liability upon Agency for the amount of such tax, then Lessee shall be liable under this Lease for the payment of the taxes so imposed during the Term or an Extended Term, if any, of this Lease to the same extent as though the alternative tax was a tax upon the value of the Premises and Improvements. In order to determine the amount of such alternative tax for which Lessee shall be liable, the Premises and Improvements shall be considered as if it were an asset belonging only to Agency, and the rent paid hereunder shall be considered as if it belonged to Agency.

F. [§ 606] Contests

1. Lessee shall refrain from appealing, challenging or contesting in any manner the validity or amount of any tax assessment, encumbrance or lien on the Premises, unless Lessee either pre-pays the assessment or encumbrance as a condition of challenging it, or posts a bond for one hundred twenty-five percent (125%) of the total assessment or encumbrance as a security in the event of an unsuccessful challenge. Lessee may also maintain a challenge to an Imposition if the proceedings to enforce the Imposition are stayed, pending the outcome of the challenge. This prohibition shall not apply to an appeal, challenge or contesting of the erroneous initial assessment for property tax purposes of the Premises in the fiscal year of the completion of the improvements to be constructed pursuant to this Lease, and further provided that in the absence of transfer of ownership or new construction Lessee shall not be prohibited from appealing, challenging or contesting any increases in assessment of the Premises for property tax purposes over and above the current 2% per annum permitted amount.

2. Lessee agrees any such permitted proceedings shall be begun without undue delay after any contested item is imposed and shall be prosecuted to final adjudication with reasonable dispatch. Lessee shall give Agency prompt notice in writing of any such contest at least ten (10)

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days before any delinquency occurs. In the event of any such contest and the final determination thereof adversely to Lessee, Lessee shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Lessee and, after such payment and discharge by Lessee, Agency will promptly return to Lessee such security as Agency shall have received in connection with such contest.

3. Agency shall cooperate reasonably in any such contest permitted by this Section 606, and shall execute any documents or pleadings reasonably required for such purpose. Any such proceedings to contest the validity or amount of Imposition or to recover back any Imposition paid by Lessee shall be prosecuted by Lessee at Lessee's sole cost and expense; and Lessee shall indemnify and save harmless Agency against any and all loss, cost or expense of any kind, including, but not limited to, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by Agency in connection therewith.

G. [§ 607] Notice of Possessory Interest; Payment of Taxes and Assessments on
Value of Entire Property

In accordance with California Revenue and Taxation Code Section 107.6(a), Agency states by entering into this Lease, a possessory interest subject to property taxes shall be created. Lessee or other party in whom the possessory interest is vested shall be liable for the payment of property taxes levied on such interest.

Lessee acknowledges and agrees the Premises and the Improvements thereon, and any possessory interest therein, shall at all times after the Effective Date, be subject to ad valorem taxes levied, assessed or imposed on such property.

H. [§ 608] Other Liens

Lessee shall not, directly or indirectly, create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, encumbrance or charge on or pledge of the Premises or the Improvements, or fixtures and furnishings, or any part thereof, or Lessee's interest therein, or the rent, additional rent or other sums payable by Lessee under this Lease. Lessee shall notify Agency promptly of any lien or encumbrance which has been created on or attached to the Premises and Improvements, or to Lessee's leasehold estate therein, whether by act of Lessee or otherwise. The existence of any mechanic's, laborer's, materialmen's, supplier's or vendor's lien, or any right in respect thereof, shall not constitute a violation of this Section if payment is not yet due upon the contract or for the goods or services in respect of which any such lien has arisen, or if such lien has been discharged by the posting of bonds or other lien-release security as is provided for such discharge by law.

VII. [§ 700] OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS

A. [§ 701] Ownership During Term and at Termination

All the Improvements, whether or not constructed or installed by Lessee as permitted or required by this Lease shall, during the Term or an Extended Term, if any, become part of the Premises and Lessee's leasehold interests under this Lease shall apply to the Improvements. All the Improvements, whether existing thereon on the Effective Date, or constructed or installed thereon by Lessee as permitted or required by this Lease shall, at the expiration or sooner termination of the Term or an Extended Term, if any, be and remain the property of Agency. Subject to Lessee's rights and obligations set forth in this Lease relating to alterations and additions, Lessee shall have no right at any time to waste, destroy, demolish or remove any of the Improvements. Lessee's rights and powers with respect to the Improvements are subject to the terms and limitations of this Lease. Agency and Lessee covenant for themselves and all persons claiming under or through them that the Improvements are real property. Notwithstanding the foregoing, any equipment installed by Lessee which are integral to the operation of Lessee's Use shall be considered and remain the personal property of Lessee and shall be removed at Lessee's sole cost upon Lessee's vacation of the Premises at the end of the Term or an Extended Term, if any. Lessee shall ensure any damage resulting from that removal is reasonably repaired, as requested by Agency.

B. [§ 702] Reserved

C. [§ 703] Maintenance and Repair of Improvements

Lessee agrees to assume full responsibility for the operation and maintenance of the Premises and the Improvements and all fixtures and furnishings, thereon or therein, throughout the Term or an Extended Term, if any, without expense to Agency unless otherwise specified herein, and to perform all repairs and replacements necessary to maintain and preserve the Premises and the Improvements and fixtures and furnishings and walkways and landscaping in a decent, safe and sanitary condition in a manner reasonably satisfactory to Agency and in compliance with all applicable laws. Lessee agrees Agency shall not be required to perform any maintenance, repairs, or services or to assume any expense not specifically assumed herein in connection with the Premises and the Improvements, fixtures and furnishings, and sidewalks and landscaping.

The condition of the Improvements required to be maintained hereunder upon completion of the work of maintenance or repair shall be equal in value, quality and use to the condition of the Improvements before the event giving rise to the work.

D. [§ 704] Waste

Lessee shall not commit or suffer to be committed any waste or impairment of the

Premises or the Improvements, or any part thereof.

Lessee agrees to keep the Premises and the Improvements clean and clear of refuse and obstructions, and to lawfully dispose of all garbage, trash and rubbish.

E. [§ 705] Alteration of Improvements

Lessee shall not make or permit to be made any alteration of, addition to or change in the Improvements, other than (a) routine maintenance, repairs, interior decoration and minor interior alterations or (b) alterations, additions or changes not open to public view which cost in the aggregate less than an amount equal to Ten Thousand Dollars (\$10,000.00) escalated from the date of this Lease in accordance with the CPI, nor demolish all or any part of the Improvements, without the prior written consent of Agency's Executive Director or Assistant Executive Director. In requesting such consent, Lessee shall submit to Agency detailed plans and specifications of the proposed work and an explanation of the need and reasons thereof. Agency may not unreasonably withhold consent for any proposed alterations of the Improvements on the Premises.

Notwithstanding the prohibition in this Section 705, Lessee may make such changes, repairs, alterations, improvements, renewals or replacements to the Improvements as are required by reason of any law, ordinance, regulation or order of a competent government authority.

F. [§ 706] Damage to or Destruction of Improvements

1. [§ 707] Lessee to Give Notice

In case of any damage to or destruction of the Improvements, or any part thereof, in excess of an amount equal to Ten Thousand Dollars (\$10,000.00) (change amount) escalated from the date of this Lease in accordance with the CPI, Lessee shall within ten (10) days after Lessee becomes aware of such damage or destruction give written notice thereof to Agency generally describing the nature and extent of such damage or destruction.

G. [§ 708] Restoration

a. Lessee shall be responsible for the restoration of the Improvements in accordance with the damage and destruction clauses of this Lease.

b. In case of any damage to or destruction of the Improvements, or any part thereof, Lessee shall commence the restoration, replacement or rebuilding of the Improvements with such alterations and additions as may be approved by Agency (such restoration, replacement, rebuilding alterations and additions, together with any temporary repairs and property protection pending completion of the work being herein called "Restoration") within thirty (30) days of such damage or destruction, plus any additional period reasonably required to obtain any Net Insurance Proceeds to be used to pay all or a portion of the cost of such

Restoration, and shall complete such Restoration within a reasonable period of time thereafter.

c. As used herein, the term "Net Insurance Proceeds" means the gross insurance proceeds paid by an insurer to Lessee for loss or damage to the Improvements, less any and all costs and expenses (including, but not limited to reasonable attorney's fees) incurred to recover said proceeds. Lessee agrees to promptly commence and prosecute to completion the settlement of insurance proceeds with respect to any event of damage or destruction of the Improvements on the Premises.

d. Lessee agrees, notwithstanding any other provision of this Lease, upon any event of damage or destruction to the Improvements, Lessee shall at its sole cost and expense (whether or not Lessee terminates or intends to terminate this Lease pursuant to Section 710 below) immediately take or cause to be taken such actions and under and complete such work as is necessary to assure the safe condition of the damaged Improvements pending the ultimate disposition of the Improvements. In any instance where Lessee may elect to terminate this Lease rather than restore the Improvements pursuant to Section 710 below, if Lessee does not terminate this Lease, Lessee shall restore the Improvements.

H. [§ 709] Application of Insurance Proceeds

Insurance proceeds carried under Article X which are received on account of any damage to or destruction of the Premises or the Improvements thereon, or any portion thereof, (less the costs, fees and expenses incurred in the collection thereof, including without limitation attorney's fees and expenses) and if Lessee shall not make the election permitted in Section 710 below, shall be applied as follows:

a. Within a reasonable time and in any event within one hundred eighty (180) days after the damage to or destruction of the Improvements, Lessee shall furnish, or cause to be furnished to Agency evidence satisfactory to Agency (i) of the total cost of Restoration of the damaged or destroyed Improvements pursuant to Section 708 and (ii) that the total amount of money available will, when added to the insurance proceeds received and available to pay for the Restoration pursuant to the terms of this Section 709, be sufficient to pay the cost of such Restoration.

b. Net insurance proceeds received on account of any damage to or destruction of the Improvements, or any part thereof, shall be paid to Lessee or as Lessee may direct from time to time as Restoration progresses, solely to pay (or reimburse Lessee for) the cost of Restoration. Upon receipt by Agency of evidence Restoration has been completed and the cost thereof paid in full or has been adequately provided for, and there are no mechanic's or similar liens for labor or materials supplied in connection therewith which have not been adequately provided for, the balance, if any, of such proceeds shall be paid to Lessee.

c. Any insurance proceeds held by the recipient on any termination of this

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Lease, including any extension thereof, and not required to be paid to Agency pursuant to the provisions of this Lease shall be paid first to the expenses of clearing the Premises of any rubble and next to Lessee.

I. [§ 710] Damage or Destruction During Final Year of the Term or an Extended Term

Notwithstanding Sections 708 and 709 to the contrary, in the event of major damage or destruction to the Improvements or the Premises during the last year of the Term or an Extended Term, if any, Agency shall not unreasonably withhold its approval if Lessee requests this Lease be terminated on thirty (30) days' written notice; provided, that Lessee first complies with all of the following conditions:

1. Lessee shall give Agency notice of the damage or destruction within ten (10) days after the event causing such damage and destruction.
2. Lessee shall give Agency notice requesting this Lease be terminated as a result of such damage or destruction within forty five (45) days after settlement of insurance proceeds, but in any event within one hundred eighty (180) days after the event causing such damage or destruction.
3. Lessee shall pay to Agency all applicable rents to the date of such termination.
4. Lessee shall clear and remove all debris from the Premises, restore the Premises to a safe and neat condition, deliver possession of the Premises to Agency, and shall quitclaim all right, title and interest in the Premises to Agency.
5. Lessee shall transfer to Agency all insurance proceeds resulting from the casualty to be retained by Agency without limitation as to use.

Major damage or destruction to the Improvements as used in this Section means such damage or destruction if the cost of Restoration will exceed fifty percent (50%) of the cost to replace the Improvements on the Premises in their entirety; provided, that this Section shall not apply if Agency decides, in its sole discretion, to pay the cost of restoration in excess of that fifty percent (50%) replacement cost.

J. [§ 711] Faithful Performance and Labor and Material (Payment) Bonds;
Indemnification; Nonresponsibility Notices

1. Lessee agrees to hold harmless and indemnify Agency and each of its officers, employees and agents against all claims, liabilities, costs and expenses, for labor and materials in connection with all construction, repairs or alterations on the Premises and Improvements and the Improvements, and the cost of defending against such claims, including reasonable attorney's fees. Lessee shall also be responsible to pay for any damage caused to Agency property as a

result of construction of the Improvements or use of the Premises by Lessee and Lessee's invitees, subject to the provisions of Section 501 A. 2.

2. Lessee agrees to procure, or cause the procurement of, contractor's bonds covering labor, materials and faithful performance for construction on the Premises and Improvements and the Improvements in accordance with the following requirements:

a. As to the initial construction of the Improvements required by this Lease, such bonds shall be in an amount equal to one hundred twenty-five percent (125%) of the total sum of the construction prices to be paid to each sub-contractor whose sub-contract has a contract price in excess of Twenty Thousand Dollars (\$20,000), and shall be accompanied by the corporate guarantee of the general contractor in an amount equal to one hundred percent (100%) of the sum of the construction price in the contract entered into by Lessee and its general contractor.

b. As to work taking place after the Effective Date hereof, involving repair or alteration of the Improvements in an aggregate amount exceeding \$250,000 plus escalations to such amount after the date of this Lease in accordance with the CPI, such bonds shall be in the amount equal to one hundred percent (100%) of the construction price in the contract entered into by Lessee and its general contractor. Subsequent work in an aggregate amount of \$250,000 (plus escalations to such amount after the date of this Lease in accordance with the CPI) or less shall not be subject to bonding requirements.

Agency's Executive Director or Assistant Executive Director must first approve the bonds and the construction contract in writing as to content and form. Lessee shall, prior to commencement of construction, deliver to Agency a certificate or certificates from the bonding company or companies issuing the aforesaid bonds, naming Agency as additional co-obligees under said bonds.

3. The provisions of paragraphs 1. and 2. of this Section shall be applicable to construction, repairs or alterations to the Premises and Improvements and the use of the Improvements at all times during the Term or an Extended Term, if any, subject to the provisions of Section 501 A. 2.

4. Agency shall have the right to post and maintain on the Premises and the Improvements any notices of nonresponsibility provided for under applicable law.

VIII. [§ 800] ASSIGNMENT, SUBLETTING, TRANSFER

A. [§ 801] Warranty Against Transfer

1. Lessee hereby represents and warrants this Lease, the construction of the Improvements, and its other undertakings pursuant hereto are, and will be used for the purpose of

Lessee constructing, maintaining and operation of a high quality retail space for Lessee's Use. Lessee further recognizes a change in ownership or control of Lessee or of a part thereof, or any other act or transaction involving or resulting in a change in ownership or with respect to the identity of the parties in control of Lessee or the degrees thereof, is for practical purposes a transfer or disposition of the Premises and Improvements; and

2. The qualifications and identity of Lessee are of particular concern to the community and Agency. Lessee further recognizes it is because of such qualifications and identity Agency is entering into this Lease with Lessee.

B. [§ 802] Prohibition Against Transfer

1. Lessee shall not, except as permitted by this Lease, make any Transfer, hereinafter defined, to any person or entity (a "Transferee"), without the prior written consent of Agency which request shall not be unreasonably withheld. Any purported Transfer not permitted by this Article VIII or Article IX shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Lessee under such a Transfer shall acquire any rights pursuant to this Lease. These restrictions shall be binding on any successors, heirs or permitted Transferee of Lessee. "Transfer," as used herein, shall mean any assignment or attempt to assign this Lease or any right herein, any total or partial transfer, sale, assignment, Lease, sublease, license, franchise, gift, hypothecation, mortgage, pledge, encumbrance or the like.

2. This prohibition shall not be deemed to prevent the assignment of this Lease to any affiliate of Lessee or joint venture; provided, that Lessee submits evidence satisfactory to Agency the principals who own and control Lessee will maintain a majority controlling interest after consummation of such transaction and will have the ability to maintain a majority controlling interest throughout the Term and each Extended Term, if any.

3. No voluntary or involuntary successor-in-interest of Lessee shall acquire any rights or powers under this Lease except as expressly permitted under this Lease. This Lease may not be assigned, nor may a transfer of interest take place without the express, prior written consent of Agency.

4. During the existence of this Lease, Lessee shall promptly notify Agency of any and all changes whatsoever in the identity of the parties in control of Lessee, or a change in the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

5. In the absence of specific express written provision to the contrary by Agency, a Transfer of the Premises or Improvements, or portion thereof, as approved by Agency, shall not be deemed to relieve the Lessee or any other party from any obligations under this Lease arising on or after the effective date of the Transfer.

6. No provision hereof authorizing a Transfer of Lessee's interest herein shall be construed to authorize encumbrance of Agency's fee title to the Premises or Agency's interest under this Lease, and Lessee shall not by any act or deed cloud Agency's fee title or Agency's interest under this Lease.

C. [§ 803] Investigation of Proposed Transferee; Costs

1. In the event Lessee requests Agency's written consent to a proposed Transfer pursuant to Article VIII of this Lease, Lessee agrees to provide Agency with such information, including financial statements as Agency may reasonably require in order to evaluate the solvency, financial responsibility and relevant business acumen and experience of any proposed Transferee. Such information shall include, without limitation, a balance sheet of the proposed Transferee as of a date within ninety (90) days of the request for Agency's consent and statements of income or profit and loss of the proposed subtenant or assignee for the two-year period preceding the request for Agency's consent, if the same be available (or such other similar information as shall be available at the time the request for approval of the Transfer is made), and a written statement in reasonable detail as to the business and experience of the proposed Transferee during the five (5) years preceding the request for Agency's consent.

Within thirty (30) days after the receipt of Lessee's written notice requesting Agency approval of a Transfer, Agency shall respond in writing by stating what further information, if any, Agency reasonably requires in order to determine whether or not to approve the requested Transfer. Upon receipt of such a timely response, Lessee shall promptly furnish to Agency such further information as may be reasonably requested.

Lessee's request for approval of a Transfer and delivery of necessary information (i) for financing purposes shall be deemed complete twenty (20) days after Agency's receipt thereof and (ii) for all other types of Transfer shall be deemed complete thirty (30) days after Agency's receipt thereof, if Agency does not deny approval or if no timely response requesting further information regarding the proposed assignee is delivered to Lessee, or, if such a timely response requesting further information is received, on the date which is fifteen (15) days after the date Lessee delivers such additional information to Agency. None of the foregoing shall restrict Agency's rights to deny approval of any Transfer not found acceptable by Agency pursuant to this Lease. Any Transfer requiring Agency's consent shall only be effective upon Agency's written consent to such Transfer.

Agency shall approve or disapprove any requested Transfer for financing purposes requiring Agency approval within thirty (30) days after Lessee's request therefor is accepted as complete or is deemed complete, and Agency shall approve or disapprove any other type of requested Transfer requiring Agency approval within forty-five (45) days after Lessee's request therefor is accepted as complete or is deemed complete. Any disapproval shall be in writing and shall specify the reasons for the disapproval and, if applicable, the conditions required to be

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satisfied by Lessee in order to obtain approval.

2. If Agency consents to any Transfer pursuant to Article VIII, such consent shall not be effective unless and until Lessee gives Agency notice of the Transfer and a copy of any documents effecting or evidencing such Transfer, and unless and until any such Transferee (other than a sublessee) assumes all of the obligations and liabilities of Lessee under this Lease.

3. Bankruptcy. It is acknowledged and agreed this Lease is a lease of real property within the meaning of Subsection 365(b) (3) of the Bankruptcy Code, 11, U.S.C. To the extent not prohibited by provisions of the Bankruptcy Code, 11 U.S.C. Section 101 et seq., including Section 365(f)(1) thereof, Lessee on behalf of itself, creditors, administrators and assigns waives the applicability of Sections 541(c) and 365(e) of the Bankruptcy Code of 1978 unless the proposed assignee of the Trustee for the estate of the bankrupt meets Agency's standards for consent. Agency has entered into this Lease with Lessee in order to obtain for the benefit of the Premises the unique types of facilities, businesses, services and goods which Lessee can bring to the Premises; the foregoing prohibition on Transfer or subletting is expressly agreed to by Lessee in consideration of such fact. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such Transfer. Any such assignee shall upon demand execute and deliver to Agency an instrument confirming such assumption.

4. Agency's Fee. Lessee agrees to reimburse Agency for Agency's reasonable costs and attorney's fees incurred in connection with the processing and documentation of any requested Transfer, subletting, transfer, change of ownership or hypothecation of this Lease or Lessee's interest in and at the Premises, or any party thereof, which required Agency's approval hereunder, in an amount not to exceed Five Thousand Dollars (\$5,000.00) for each such Transfer (which amount shall be adjusted each year by the CPI).

5. No Waiver. The acceptance by Agency of any payment due hereunder from any other person shall not be deemed to be a waiver by Agency of any provision of this Lease or to be a consent to any Transfer or subletting. Consent by Agency to one or more Transfers of this Lease or to one or more sublets of the Premises shall not operate as a waiver or estoppel to the future enforcement by Agency of its rights pursuant to the provisions of this Lease.

D. [§ 804] Release of Construction Covenants

1. Within thirty (30) days after completion of all construction and development to be completed by Lessee upon the Premises pursuant to this Lease, Agency shall furnish Lessee with a Release of Construction Covenants, in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County, upon written request therefor by Lessee. Agency shall not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants shall constitute evidence of satisfactory completion of the construction

required under this Lease, and the Release of Construction Covenants shall so state.

2. If Agency refuses or fails to furnish a Release of Construction Covenants for the Premises after written request from Lessee, Agency shall, within thirty (30) calendar days after the written request, provide Lessee with a written statement of the reasons Agency refused or failed to furnish the Release of Construction Covenants for the Premises. The statement shall also contain Agency's opinion of the action Lessee must take to obtain a Release of Construction Covenants for the Premises, but it need not contain technical information or instructions. If the reason for such refusal is confined to the immediate availability of specific items of landscaping or other minor items or the failure to complete "punch list" items, Agency shall issue the Release of Construction Covenants upon the posting of a bond or other security instrument in form and content acceptable to Agency and in an amount representing the fair value of the work not yet completed, which bond or other security instrument shall secure Lessee's obligation to complete all outstanding items of construction and development within sixty (60) days following the issuance of the Release of Construction Covenants.

3. Such Release of Construction Covenants is not notice of completion as referred to in Section 3093 of the California Civil Code.

IX. [§ 900] NO SUBORDINATION OF AGENCY'S INTERESTS

Agency's interest in the Premises under this Lease is a vested landlord's reversionary interest and not just a contractual obligation of Lessee. Notwithstanding anything which is or appears to be to the contrary in this Lease, Lessee shall not encumber Agency's interest under this Lease or Agency's fee interest in the Premises by any mortgage, deed of trust, lien, security instrument or financing conveyance of any kind whatsoever.

X. [§ 1000] INDEMNIFICATION AND INSURANCE

A. [§ 1001] Indemnification

Throughout the Term and each Extended Term, if any, Lessee agrees to and shall defend, indemnify and hold harmless Agency, City and each of their officers, employees, agents, contractors and consultants from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall be directly or indirectly caused by or based on Agency's ownership of or interest in the Premises or any portion thereof or any of the Improvements thereon or the condition of the Premises or any portion thereof or any of the Improvements thereon or Lessee's rehabilitation, development, construction, use or operation of the Premises or any portion thereof or any of the Improvements thereon or any of Lessee's activities under this Lease, whether such actions or inactions thereof be by Lessee or anyone directly or indirectly employed or contracted with by Lessee and whether such damage or injury shall accrue or be

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discovered before or after the termination of this Lease. Lessee shall not be responsible for (and such indemnity shall not apply to) property damage or bodily injury caused by entry onto the Premises by Agency, City or either of their officers, employees, agents, contractors or consultants, pursuant to various provisions of this Lease, or to the extent caused by the willful misconduct or gross negligence of Agency or any of its designated officers, employees, agents, contractors or consultants..

B. [§ 1002] Required Insurance

During the Term and each Extended Term, if any, of this Lease, Lessee at its sole cost and expense shall:

1. Keep or cause to be kept a policy or policies of insurance against loss or damage to the Improvements on the Premises, resulting from fire, earthquake (to the extent commercially available at commercially reasonable rates), windstorm, hail, lightning, vandalism, malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies. Such insurance shall be maintained in an amount not less than one hundred percent (100%) of the full insurable value of the Improvements as defined herein in Section 1003 (such value to include amounts spent for construction of the improvements, architectural and engineering fees, and inspection and supervision).

2. Maintain or cause to be maintained use and occupancy or business interruption or rental income insurance against the perils of fire, windstorm, hail, lightning, vandalism and malicious mischief, riot and civil commotion, and such other perils ordinarily included in extended coverage fire insurance policies, in an amount equal to not less than two times the sum of the rent paid to Agency in any year under this Lease and twelve (12) months fixed operating expenses of Lessee, except to the extent such insurance is not commercially available at commercially reasonable rates due to reasons other than the wrongful acts or omissions or dangerous or hazardous activities of Lessee.

3. Maintain or cause to be maintained public liability insurance, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of Lessee or under Lessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from the acts or activities in connection with the Premises and Improvements of Lessee or its invitees and sublessees, or any person acting for Lessee, or under its control or direction. Any such property damage and personal injury insurance maintained by Lessee at any time during the Term and each Extended Term, if any, of this Lease shall name Agency, and each of its respective officers, employees, agents and consultants, as additional insureds and shall also provide for and protect Agency against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the entire Term and each

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Extended Term, if any, of this Lease in an amount not less than Two Million Dollars (\$2,000,000) aggregate limit as of the Effective Date. Lessee agrees provisions of this paragraph 3, as to maintenance of insurance, shall not be construed as limiting in any way the extent to which Lessee may be held responsible for the payment of damages to persons or property resulting from Lessee's activities, or activities of its invitees and sublessees or the activities of any other person or persons for which Lessee is otherwise responsible.

4. Maintain or cause to be maintained worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such worker's compensation insurance shall cover all persons employed by Lessee in connection with the Premises and Improvements, and shall cover full liability for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Premises and Improvements, or the operation thereof by Lessee.

C. [§ 1003] Definition of "Full Insurable Value"

The term "full insurable value" as used in Section 1002 shall mean the actual replacement cost (excluding the cost of excavation, foundation and footings below the ground level and without deduction for depreciation) of the Improvements, including the cost of construction of the Improvements, architectural and engineering fees, and inspection and supervision. To ascertain the amount of coverage required, Lessee shall cause the full insurable value to be determined from time to time by the insurer or by a qualified expert mutually acceptable to Agency and Lessee, not less often than once every three years.

D. [§ 1004] General Insurance Provisions

All insurance provided under Section 1002 of this Lease shall be primary insurance for the benefit of Lessee, City and Agency.

All insurance provided under Section 1002 shall be periodically reviewed by the parties for the purpose of mutually increasing or decreasing the minimum limits of such insurance, from time to time, to amounts which may be reasonable and customary for similar facilities of like size and operation.

The insurance to be provided by Lessee may provide for a deductible or self-insured retention of not more than Five Thousand Dollars (\$5,000.00), with such amount to increase at such times as Agency may require increases in the policy limits as set forth above; provided, that the percentage increase in the deductible or self-insured retention shall not exceed the percentage increase in the CPI since the last requested adjustment; and provided, further, that Lessee may maintain such higher deductibles or self-insured retention as may be approved in writing by

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Agency's Executive Director or Assistant Executive Director. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees it will fully protect Agency each of its boards, officers, agents, consultants and employees in the same manner as those interests would have been protected had the policy or policies not contained the deductible or retention provisions.

All insurance herein provided for under Section 1002 shall be affected under policies issued by insurers of recognized responsibility licensed or permitted to do business in the State of California, subject to the reasonable approval of Agency's General Counsel.

Any insurance required to be maintained by Lessee pursuant to Section 1002 may be taken out under a blanket insurance policy or policies covering other premises or properties, and other insureds in addition to the parties hereto; provided, however, that any such policy or policies of blanket insurance shall specify therein, or supplemental written certification from the insurers under such policies shall specify, the amount of insurance irrevocably allocated to the coverage to be provided under Section 1002 and provided further, that in all other respects, any such blanket policy shall comply with the other provisions of Section 1002.

All policies or certificates of insurance shall provide that such policies or certificates shall not be canceled or materially changed without at least thirty (30) days prior written notice to Agency.

Copies of such policies, or certificates thereof subject to the reasonable approval of Agency's General Counsel, shall be deposited with Agency together with appropriate evidence of payment of the premiums therefor; and, at least thirty (30) days prior to expiration of any such policy, copies of renewal policies shall be so deposited.

E. [§ 1005] Failure to Maintain Insurance

If Lessee fails or refuses to procure or maintain insurance as required by this Lease, Agency shall have the right, and without notice, to procure and maintain such insurance. The premiums paid by Agency shall be treated as additional rent due from Lessee, to be paid on the first day of the month following the date on which the premiums were paid. Agency shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

F. [§ 1006] Disposition of Insurance Proceeds Resulting from Loss or Damage to Improvements

1. Subject to the provisions of paragraph 2, below, proceeds of insurance with respect to loss or damage to the Improvements to be maintained and repaired by Lessee during the Term and each Extended Term, if any, of this Lease shall be payable, under the provisions of the policy of insurance, to Lessee, or, if such loss or damage involves the need for Lessee to

obtain any governmental approvals or permits, jointly to Lessee and Agency, and said proceeds shall constitute a trust fund to be used for the repair, restoration or reconstruction of the Improvements in accordance with plans and specifications approved in writing by Agency. Lessee shall have first right of reimbursement from any money deposited in such trust account for any payments towards the repairs of loss or damages actually made by Lessee.

2. In the event this Lease is terminated by mutual agreement of Agency and Lessee, and the Improvements are not repaired, restored or reconstructed, the insurance proceeds shall be applied first to any payments due under this Lease from Lessee to Agency, second to restore the Premises to a neat and clean condition and, finally, any excess shall be paid to Lessee.

3. Lessee hereby waives any claim against Agency for any loss covered by insurance of the type specified in Section 1002; and Lessee, shall obtain from its insurance company or companies a waiver of any right of subrogation that it may have against Agency.

XI. [§ 1100] ESTOPPELS

A. [§ 1101] Estoppels for Pre-Existing Lease

For the benefit of Agency, by execution of this Lease, Lessee does hereby certify:

1. As of the date of this Lease, Agency has, to the best of Lessee's knowledge, performed its obligations due and required under the Pre-Existing Lease.

2. Lessee has accepted and is presently occupying the Premises.

3. Lessee has no knowledge of any Hazardous Substances on the Premises.

For the benefit of Lessee, by execution of this Lease, Agency does hereby certify:

1. As of the date of this Lease, Lessee has, to the best of Agency's knowledge, performed its obligations due and required under the Pre-Existing Lease.

XII. [§ 1200] DEFAULTS, REMEDIES AND TERMINATION

A. [§ 1201] Defaults General

1. Subject to the extensions of time set forth in Section 1314 of this Lease, failure or delay by either party to perform any term or provision of this Lease constitutes a default under this Lease. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and, in any event, for monetary defaults within thirty (30) days of such failure or delay, and for non-monetary defaults within the time reasonably required for cure with reasonable diligence, not to exceed one hundred and eighty (180) days plus any period or periods of

enforced delay required by Section 1314 of this Lease (the "Cure Period").

2. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, and except as otherwise expressly provided in Sections 1207 and 1208 of this Lease, the injured party may not institute proceedings against the party in default until the expiration of the applicable Cure Period. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

3. Except as otherwise expressly provided in this Lease, any failure or delay by either party in asserting any of its remedies or rights as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

B. [§ 1202] Legal Actions

1. [§ 1203] Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

2. [§ 1204] Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Lease.

3. [§ 1205] Acceptance of Service of Process

In the event that any legal action is commenced by Lessee against Agency, service of process on Agency shall be made by personal service upon Agency's Executive Director or Assistant Executive Director, or in such other manner as may be provided by law.

In the event that any legal action is commenced by Agency against Lessee, service of process on Lessee shall be made by personal service upon the store manager at the Premises and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

4. [§ 1206] Attorney's Fees and Court Costs

In the event that either Agency or Lessee shall bring or commence an action to enforce

the terms and conditions of this Lease or to obtain damages against the other party arising from any default under or violation of this Lease, then the prevailing party shall be entitled to an award of attorney's fees and court costs as reasonably determined by a court.

C. [§ 1207] Rights and Remedies are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Lease, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

D. [§ 1208] Damages

If either party defaults with regard to any of the provisions of this Lease, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured prior to the expiration of the applicable Cure Period, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

E. [§ 1209] Specific Performance

If either party defaults with regard to any of the provisions of this Lease, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not commenced to be cured within thirty (30) days after service of the notice of default and is not cured prior to the expiration of the applicable Cure Period, the non-defaulting party, at its option, may thereafter (but not before) commence an action for specific performance of the terms of this Lease pertaining to such default.

F. [§ 1210] Additional Remedies of Agency

1. If Lessee defaults with regard to any of the provisions of this Lease, Agency shall serve written notice of such default upon Lessee. If the default is not commenced to be cured promptly after service of the notice of default or if the cure is not prosecuted to completion with all due diligence and in any event prior to the expiration of the applicable Cure Period, Agency, at its option, may thereafter (but not before):

a. Correct or cause to be corrected said default and charge the costs therefor to the account of Lessee;

b. Correct or cause to be corrected said default and pay the costs thereof from the proceeds of any insurance;

c. Continue this Lease and Lessee's right to possession in effect and enforce its rights and remedies under the Lease, including the right to recover rent as it becomes due, as provided in Section 1951.4 of the California Civil Code.

d. Have a receiver appointed to take possession of Lessee's interest in the Premises and Improvements, with power in said receiver to administer Lessee's interest therein, to collect all funds available to Lessee in connection with its operation and maintenance thereof; and to perform all other acts consistent with Lessee's obligations under this Lease as the court deems proper;

e. Maintain and operate the Premises and Improvements without terminating this Lease;

f. Collect from Lessee liquidated damages in the amount of One Hundred Dollars (\$100.00) per day for each day, or portion thereof, Lessee has failed to complete the Improvements in accordance with the time requirements of this Lease; and

g. Terminate this Lease pursuant to Section 1211 hereof, by written notice to Lessee of its intention to do so.

2. Agency reserves and shall have the right at all reasonable times to enter the Premises and the Improvements for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the Premises and the Improvements or to inspect the operations conducted thereon, subject to the limitations and requirements for Agency rights of access set forth in Section 405 of this Lease. Any such entry shall be made only after reasonable notice to Lessee. In the event such entry or inspection by Agency discloses the Premises or the Improvements are not in a decent, safe, and sanitary condition, are damaged, or in disrepair, Agency shall have the right, after thirty (30) days written notice to Lessee and Lessee's failure to cure the problem within the Cure Period, to have any necessary maintenance or repair work done for and at the expense of Lessee and Lessee hereby agrees to pay promptly any and all costs incurred by Agency in having such necessary maintenance or repair work done in order to keep the Premises and the Improvements in a decent, safe and sanitary condition.

3. The rights reserved in this Section 1210 shall not create any obligations on Agency or increase obligations imposed on Agency elsewhere in this Lease. The thirty-day (30-day) cure period shall apply to all defaults, both monetary and non-monetary. Further, Agency shall have the duty to mitigate its damages in the event of any default. If any default results in termination of this Lease, then Lessee shall have no further obligations under this Lease, which includes no further obligations for rent payments, and the only obligations due and owing after termination would be those which arose prior to the termination.

G. [§ 1211] Remedies and Rights of Termination

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1. In the event at any time during the Term or an Extended Term, if any, and in violation of this Lease, Lessee shall:

a. Fail to commence or complete the construction of the Improvements as required by this Lease or within the time required by this Lease;

b. Abandon or substantially suspend construction of the Improvements as required by this Lease prior to the completion thereof and issuance of a Release of Construction Covenants therefor by Agency;

c. Use the Premises and Improvements for any purpose other than those provided for in this Lease or fail to use and maintain the Premises and Improvements in accordance with Section 501 of this Lease;

d. Fail or refuse to pay to Agency when due the applicable rents and other sums required by this Lease to be paid by Lessee, including but not limited to payments required under Sections 300 et seq. of this Lease;

e. Fail or refuse to pay when due any taxes, assessments or other Impositions as required by this Lease;

f. Make or suffer to be made any voluntary or involuntary conveyance, assignment, sublease or other Transfer of the leasehold interest in the Premises and Improvements, or any part thereof, or of the rights of Lessee under this Lease;

g. Commit or suffer to be committed any waste or impairment of the Premises or the Improvements, or any part thereof;

h. Alter the Improvements in any manner except as expressly permitted by this Lease;

i. Fail to maintain insurance as required by this Lease;

j. Fail to make full repair and restoration of the Improvements in the event of damage or destruction;

k. Engage in any financing except as permitted by the terms of this Lease, or any other transaction creating any mortgage on the Premises, or placing or suffering to be placed thereon any lien or other encumbrance, or suffering any levy or attachment to be made thereon;

l. Voluntarily file or have filed against it any petition under any bankruptcy or insolvency act or law, or be adjudicated a bankrupt, or make a general assignment for the benefit of creditors;

- m. Fail to pay when due any payment or charge or otherwise default on any loan secured by a leasehold mortgage permitted by this Lease;
- n. Abandon or surrender possession of the Premises, or Lessee's interest therein;
- o. Fail to perform any of Lessee's Hazardous Substances covenants; or
- p. Fail to perform or comply with any other material term or provision hereof, and any such failure or violation shall not be cured or remedied within the applicable Cure Period; then, in such event, Agency may, at its option and in addition to any other remedy provided for in this Lease, terminate the Lease and revert in Agency the Leasehold interest theretofore transferred to Lessee, by written notice to Lessee of its intention to do so.

2. Upon termination of this Lease pursuant to this Section 1211 it shall be lawful for Agency to re enter and repossess the Premises without process of law, and Lessee, in such event, does hereby waive any demand for possession thereof, and agrees to surrender and deliver peaceably to Agency immediately upon such termination in good order, condition and repair, except for reasonable wear and tear. Upon such termination title to all Improvements on the Premises specified in this Lease to remain in Agency, shall remain in Agency.

3. No ejectment, re entry or other act by or on behalf of Agency shall constitute a termination unless Agency gives Lessee notice of termination in writing. Such termination shall not relieve or release Lessee from any obligation incurred pursuant to this Lease prior to the date of such termination.

4. Termination of this Lease under this Section 1211 shall not relieve Lessee from the obligation to pay any sum due to Agency or from any claim for damages against Lessee.

5. The right of termination provided by this Section 1211 is not exclusive and shall be cumulative to all other rights and remedies possessed by Agency, and nothing contained herein shall be construed so as to defeat any other rights or remedies to which Agency may be entitled.

XIII [§ 1300] GENERAL PROVISIONS

A.[§ 1301] Notices, Demands and Communications between the Parties

Formal notices, demands and communications between Agency and Lessee shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of Agency, to the attention of Agency's Assistant Executive Director, and of Lessee as designated in Section 106 and Section 107 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section. Sufficient

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notice may also be given by personal delivery or reputable overnight delivery service in lieu of mail if reasonably adequate records are maintained of such service in the ordinary course of business by the person or entity effecting such service.

B. [§ 1302] Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

C. [§ 1303] Conflict of Interests

1. No board member, official or employee of Agency shall have any personal interest, direct or indirect, in this Lease, nor shall any such council member, official or employee participate in any decision relating to the Lease which affects his/her personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

2. Lessee warrants it has not paid or given, and will not pay or give, any officer or employee of Agency any money or other consideration for obtaining this Lease.

D. [§ 1304] Non-liability of Agency Officials and Employees

No council member, official or employee of Agency shall be personally liable to Lessee, or any successor in interest, in the event of any default or breach by Agency or any for any amount which may become due to Lessee or successor or on any obligations under the terms of this Lease.

E. [§ 1305] Inspection of Books and Records

Agency has the right at all reasonable times to inspect the books and records of Lessee pertaining to the Premises and Improvements as pertinent to the purposes of this Lease. Lessee also has the right at all reasonable times to inspect the books and records of Agency pertaining to the Premises and Improvements as pertinent to the purposes of this Lease. Lessee background, credit information and rating; track record for operation of a restaurant and banking references shall not substantially and negatively change from that information provided to Agency's Assistant Executive Director prior to Agency's approval of this Lease.

F. [§ 1306] No Partnership

Neither anything in this Lease contained, nor any acts of Agency or Lessee shall be deemed or construed by any person to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Agency and Lessee.

G. [§ 1307] Compliance with Law

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Lessee agrees, at its sole cost and expense, to comply and secure compliance with all the applicable and valid requirements now in force, or which may hereafter be in force, of all municipal, county, State and federal authorities, pertaining to the Premises and Improvements, as well as operations conducted thereon, and to faithfully observe and secure compliance with, in the use of the Premises and Improvements, all applicable county and municipal ordinances and state and federal statutes now in force or which may hereafter be in force, including all laws prohibiting discrimination or segregation in the use, sale, Lease or occupancy of the property.

H. [§ 1308] Surrender of Property

Except as otherwise expressly provided in this Lease, upon the expiration or termination of this Lease pursuant to the terms hereof, it shall be lawful for Agency to reenter and repossess the Premises and Improvements without process of law, and Lessee, in such event, does hereby waive any demand for possession thereof, and agrees to surrender and deliver the Premises and Improvements peaceably to Agency immediately upon such expiration or termination in good order, condition and repair, except for reasonable wear and tear.

I. [§ 1309] Severability

If any provision of this Lease shall be adjudged invalid or unenforceable by a court of competent jurisdiction, then the remaining provisions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

J. [§ 1310] Binding Effect

This Lease, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. All obligations and rights of Lessee under this Lease shall apply jointly and severally between Keizo Ishiba and Yuki Ishiba.

K. [§ 1311] Captions

The captions contained in this Lease are merely a reference and are not to be used to construe or limit the text.

L. [§ 1312] No Recording of this Lease

This Lease shall not be recorded.

M. [§ 1313] Enforced Delay in Performance for Causes Beyond Control of Party

In addition to specific provisions of this Lease, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, including

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war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; electrical power failure; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts or failure to act of any other public or governmental agency or entity (other than any act or failure to act of Agency, which shall not excuse performance by Agency). An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice.

N. [§ 1314] Entire Agreement, Waivers and Amendments

1. This Lease is executed in two (2) duplicate originals, each of which is deemed to be an original. This Lease includes thirty-nine (39) pages and four(4) exhibits. This Lease shall become effective on the date it is executed on behalf of Agency ("Effective Date").

2. All waivers of the provisions of this Lease must be in writing and signed by the appropriate authorities of Agency or Lessee and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Lessee.

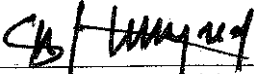
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O. [§ 1315] Approvals

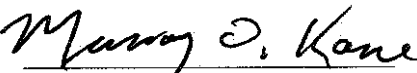
Except as expressly provided otherwise in this Lease, approvals required of Agency or Lessee shall not be unreasonably withheld, conditioned or delayed. Amendments to this Lease may be signed on behalf of Agency by Agency's Executive Director or Assistant Executive Director.

CULVER CITY REDEVELOPMENT AGENCY, a
public body, corporate and politic

Date: 11/4, 2010

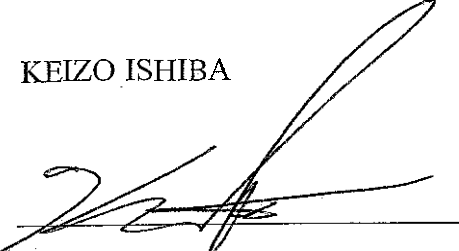
By: 
Sol Blumenfeld
Assistant Executive Director

APPROVED AS TO FORM:
Kane, Ballmer & Berkman


Agency General Counsel

Date: 10-18, 2010

KEIZO ISHIBA



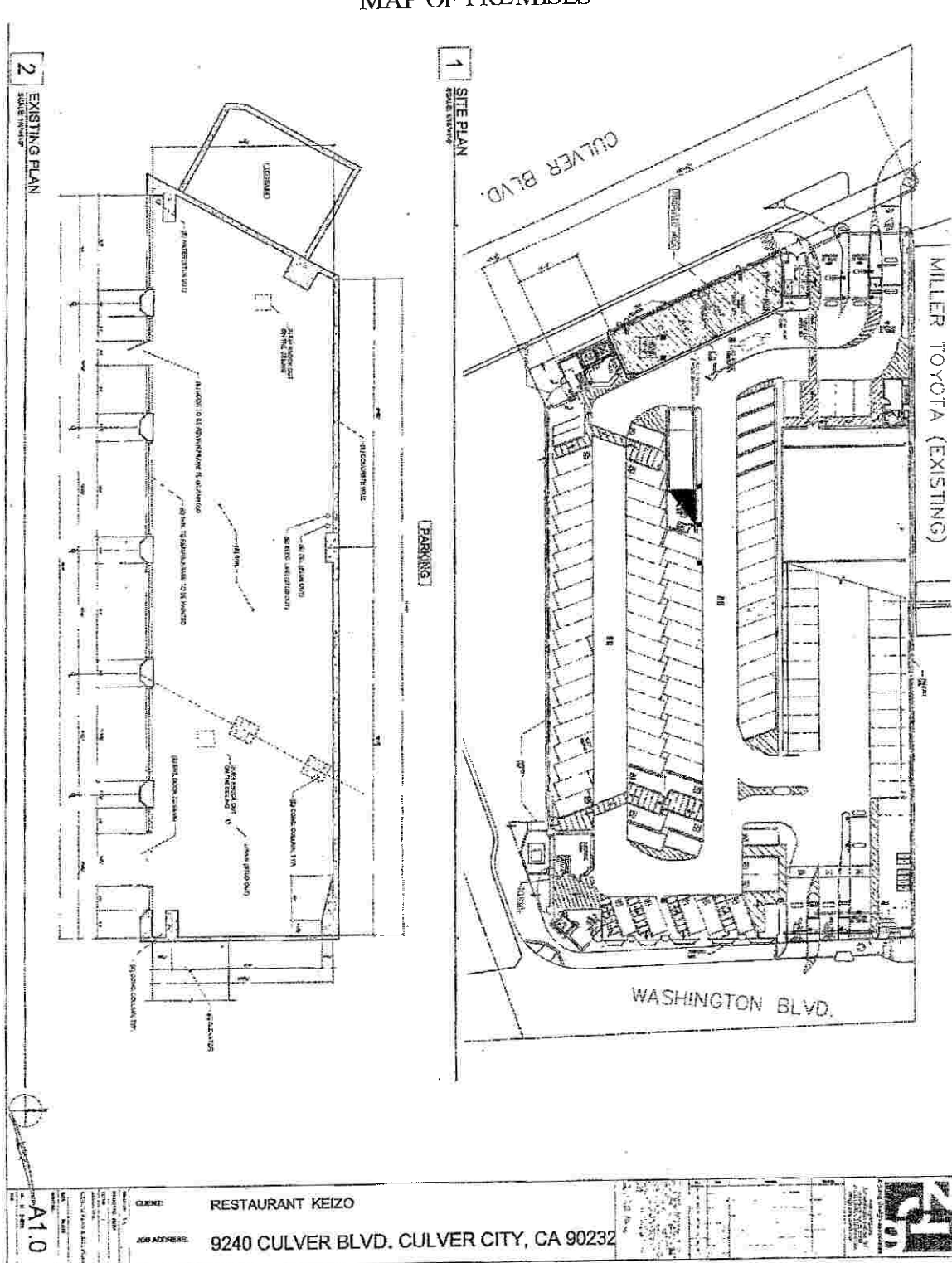
YUKI ISHIBA

Date: 10-18, 2010



EXHIBIT A

MAP OF PREMISES



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EXHIBIT B

NARRATIVE DESCRIPTION OF PREMISES

The 2,267-square foot interior leaseable floor space of the first floor of the Ince Parking Structure facing Culver Boulevard with a street address of 9420 Culver Boulevard and illustrated on Exhibit A.

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EXHIBIT C

CHART OF MONTHLY RENT FOR TERM AND BOTH EXTENDED TERMS

YEAR	MONTHLY RENT
1	
2	
3	\$5,010.00
4	\$5,160.30
5	\$5,315.11
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

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EXHIBIT D

MONTHLY AUTHOMOBLE PARKING LICENSE

[BEHIND THIS PAGE]

EXHIBIT D



Redevelopment Agency
9770 Culver Boulevard, CA 90232
Phone: (310) 253-5760 Fax: (310) 253-5779

Monthly Automobile Parking License

Please complete all requested information, sign, date and return this form immediately to Redevelopment Agency

Customer Name:	Home Telephone:
Parking Location:	Work Telephone:
Company Name:	Fax Number:
City, State, Zip	E-Mail:
Billing Address (Home/Company):	Is customer a tenant of the Building?
City, State, Zip:	If yes, please write name of Organization:
Contact:	

Date of Issue: _____ Make of Car: _____ CARD#: _____
Year: _____ Color: _____ Lic.#: _____

THIS CONTRACT LIMITS OUR LIABILITY---- READ IT

1.	MONTHLY PARKING: <ul style="list-style-type: none">➤ Entitles holder to occupy one non-exclusive parking stall per keycard or hangtag issued.➤ Is a designated area located within the parking structures or parking lots.➤ Is nontransferable.
2.	RATE FOR: <ul style="list-style-type: none">➤ Late payment - \$5.00 per keycard or hang tag.➤ Parking in non-employee designated areas - \$5.00 fee and could be subject to vehicle citation.➤ Returned checks - \$25.00.➤ Damaged or lost keycard - \$25.00 per keycard.➤ Lost hang tag - \$15 per hang tag.➤ Monthly licensee without keycard - pays posted daily rate.
3.	DEPOSITS: <p>\$25 per keycard. This deposit will be returned, without interest, to customer upon termination of this agreement and the customer's return of the keycard to the Culver City Redevelopment Agency office.</p> <p>\$15 per hanging tag. This deposit will be returned, without interest, to customer upon termination of this agreement and the customer's return of the hang tag to the Culver City Redevelopment Agency office.</p> <p>Customer acknowledges that the keycard/hang tag is issued only to the customer and that it cannot be reissued to or exchanged with another party without the written permission of the Culver City Redevelopment Agency.</p>
4.	The monthly fee for this parking license is due and payable on the first day of each month, in advance. If the monthly fee is not paid when due, a late fee of \$5.00 per keycard/hang tag will be charged.
5.	Failure to pay the monthly fee by the 5th day of the month will automatically cancel this license and customer will be charged the prevailing daily parking rate. No deductions or allowances to the monthly fee will be made for days on which customer does not use parking facility pursuant to this license.

EXHIBIT D



Redevelopment Agency
9770 Culver Boulevard, CA 90232
Phone: (310) 253-5760 Fax: (310) 253-5779

Monthly Automobile Parking License

Please complete all requested information, sign, date and return this form immediately to Redevelopment Agency

6.	Monthly parking is sold on a month-to-month basis only. <i>The Culver City Redevelopment Agency reserves the right to elect not to renew this parking license, with or without cause, upon providing thirty (30) day's notice of its election not to renew.</i> There will be no refunds of the monthly fee unless the keycard/hang tag is returned by the 5th of the month.
7.	Only a license to park is hereby granted; no bailment is hereby created. This license allows customer to park and lock one vehicle at customer's sole risk. Neither the Culver City Redevelopment Agency nor the City of Culver City will guard or assume care, custody or control of customer's vehicle or its contents nor be responsible for fire, theft, damage or loss to customer's vehicle. Customer agrees that customer will park customer's vehicle pursuant to this license at customer's sole risk.
8.	Customer agrees to pay all expenses, attorney's fees and court costs which Culver City Redevelopment Agency or the City of Culver City incurs as a result of any dispute involving this license or efforts to collect any payment due from customer pursuant to this license.
9.	It is agreed that customer will not leave articles of personal property of any value whatsoever in any vehicle parked pursuant to this license and customer specifically agrees not to hold City of Culver City or the Culver City Redevelopment Agency responsible for any damage resulting from the loss, theft or damage to articles of personal property left in vehicles parked pursuant to this license.
10.	Neither the Culver City Redevelopment Agency nor the City of Culver City is responsible for any vehicles left overnight.
11.	Customer agrees that customer will lock customer's vehicle any time that customer parks and leaves customer's vehicle pursuant to this license. Customer agrees that control of customer's vehicle and all its contents will remain exclusively with customer any time that customer parks and leaves customer's vehicle pursuant to this license.
12.	If a customer receives more than one (1) keycard/hang tag pursuant to this license, the terms and conditions of this license shall apply to all keycard/hang tags received pursuant to this license and to all persons, firms, entities and others using these keycard/hang tags. Parking location managers, cashiers and attendants are not authorized to make or allow any exceptions or changes to this license or terms thereof.
13.	GENERAL PARKING STRUCTURE AND OPEN PARKING LOT RULES: <ul style="list-style-type: none">➤ 5 MPH speed limit throughout parking structures and lots.➤ Vehicle storage and repair/service is prohibited and subject to citation and/or towing.➤ Subletting is prohibited and may cause the cancellation of this parking license.➤ Violation of the structure and lot rules may result in cancellation of this parking license.

Upon termination of this license, all keycard/hang tags must be returned to the Culver City Redevelopment Agency office.

I HEREBY AGREE TO ALL OF THE ABOVE TERMS AND CONDITIONS.

Signature

Date