



AGENDA REPORT

Meeting Date: April 22, 2010
Item Number: F-1
To: Honorable Parking Authority Members
From: Brenda Lavender, Real Estate & Property Manager 
Subject: LEASE AND MEMORANDUM OF LEASE AND GUARANTY OF LEASE BY AND BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND LA VALENCIA.
Attachments:

1. Lease
2. Memorandum of Lease
3. Guaranty of Lease

RECOMMENDATION

It is recommended that the City Council approve the Lease, Memorandum of Lease and Guaranty of Lease by and between The Parking Authority of the City of Beverly Hills and La Valencia. A copy of the lease is on file with the City Clerk. La Valencia is located in the City of Beverly Hills Gardens Building located at 240 N. Beverly Drive.

INTRODUCTION

La Valencia is a local jewelry store located adjacent to the Gardens Building at 256 N. Beverly Drive. The lease with La Valencia is for a vitrine space which will be used as display and advertisement for the jewelry store.

DISCUSSION

The lease term is 18 months and the monthly rent is \$350 per month. The Vitrine space is 45 square feet. La Valencia is responsible for all tenant improvements and associated permits. Landlord's approval of the space design is required and staff will work with La Valencia to ensure all City requirements are met.

This is the second Vitrine space that has been leased, there are three Vitrine spaces remaining.

Meeting Date: April 22, 2010

FISCAL IMPACT

There is no out of pocket expense to the City for this lease. The annual revenue for this lease is \$4,200.



Scott G. Miller, Director of
Administrative Services, CFO

Approved By

Attachment 1

Lease

LEASE

by and between

**THE PARKING AUTHORITY
OF THE CITY OF BEVERLY HILLS,**
a parking authority established pursuant to
the Parking Law of 1949 of the State of California,

Landlord

and

LA VALENCIA,
a California corporation,

Tenant

**240 N. Beverly Drive
Vitrine A
Beverly Hills, California**

DATE: April 22, 2010

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Exhibit A – Diagram of Premises
Exhibit B-1 – Tenant Improvements
Exhibit B-2 – Gardens Building - Design and Construction Guidelines for Tenant
Improvements
Exhibit B-3 – Gardens Building Standards for Vitrine Spaces
Exhibit C – Rules and Regulations
Exhibit D – Memorandum of Lease

LEASE

THIS LEASE (this "Lease") is dated as of April 22, 2010 (the "Effective Date"), and is entered into by and between THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS, a parking authority established pursuant to the Parking Law of 1949 of the State of California ("Landlord"), and LA VALENCIA, a California corporation ("Tenant").

1. DEFINED TERMS; BASIC LEASE TERMS. For the purposes of this Lease, the following terms shall have the following definitions and meanings:

(a) Address of Tenant:

La Valencia
256 N. Beverly Drive
Beverly Hills, CA 92010
Attn: Syrus Rasmi

(b) Address of Landlord:

The Parking Authority of the City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Executive Director

With a copy to:

The Parking Authority of the City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Authority Counsel

(c) Premises: Those certain premises described as "Premises Vitrine A First Floor" ("Premises") in Exhibit A, on the first floor of the building located at 240 N. Beverly Drive (the "Building"). Tenant acknowledges that Tenant has been provided a reasonable opportunity to measure the Premises. Tenant agrees that there shall be no adjustments in the rent or any other sums payable under this Lease based on any measurement or re-measurement of the Premises. The Premises have the address of 240 N. Beverly Drive, Vitrine A, Beverly Hills, California.

(d) Term: The term of the Lease shall be eighteen (18) months, commencing upon the Commencement Date (as defined in Section 3(a)).

(e) Monthly Rent: No monthly rent shall be payable for the first two (2) months of the Term. The Monthly Rent for the Premises shall be as follows:

Months	Monthly Rent
3 to 18	\$350.00

(f) CAM Costs: None.

(g) Security Deposit: Three Hundred Fifty and 00/100 Dollars (\$350.00). See Section 4(d).

(h) Permitted Uses: The Premises shall be used for the following permitted uses, and no other use or purpose: display and retail sale of high-end jewelry, subject to compliance with applicable laws.

(i) Parking: None.

(j) Guarantor: Syrus Rasmi

This Section 1 represents a summary of the basic terms of this Lease. In the event of any inconsistency between the terms contained in this Section 1 and any specific provision of this Lease, the terms of the more specific provision shall prevail.

2. PREMISES LEASED; COMMON AREAS; OPENING FOR BUSINESS.

(a) Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord in accordance with and subject to all of the terms and provisions set forth herein. This Lease is subject and subordinate to all matters of record that affect or encumber the Premises; Tenant shall not violate any such matters and shall comply therewith.

(b) Tenant represents and warrants that it has inspected the Premises and Tenant accepts the Premises in their “as-is” condition.

(c) The Premises shall be improved by Tenant with tenant improvements in the manner described in Exhibit B-1 attached hereto and incorporated herein by this reference, in accordance with the terms set forth in Exhibit B-1, Exhibit B-2 and Exhibit B-3. “Tenant Improvements” shall mean the initial improvements to be made by Tenant, pursuant to Exhibit B-1, Exhibit B-2 and Exhibit B-3, to the Premises in order to prepare the Premises for their intended use.

(d) Tenant shall have the nonexclusive right to use in common with other tenants of the Building, and other members of the general public if permitted by Landlord in its sole and absolute discretion, and subject to the Rules and Regulations referred to in Section 32(a) and such other rules and regulations that may be applicable to the parking areas for the Building, the following areas to the extent they are intended for the common use and enjoyment of all tenants in the Building (collectively “Common Areas”): (i) common lobbies, ground floor restrooms, elevators, stairways, pedestrian access ways, loading docks, platforms, trash enclosures and the common pipes, conduits,

wires and appurtenant equipment servicing the Building and (ii) loading and unloading areas, colonnade and walkways. Tenant understands and acknowledges that the parking structure under the Building ("Parking Structure") and any other parking facilities for the Building shall, at Landlord's sole and absolute option and in accordance with applicable laws and governmental requirements, be available and open to the general public for parking. Tenant further understands and acknowledges that the common lobbies, ground floor restrooms, elevators and colonnade shall at Landlord's sole and absolute option and in accordance with applicable laws and governmental requirements, be available and open to the general public.

(e) Landlord reserves the right from time to time to: (i) close temporarily any area adjacent to or near the Premises for maintenance purposes so long as reasonable access to the Premises remains available; (ii) reasonably use portions of the Premises (subject to the terms of Section 11 and the notice requirements of Section 13) and Common Areas in order to make necessary repairs or replacements to the Building, or any portion thereof, and if such use of the Premises or Common Areas materially and adversely affects Tenant's operations, then Landlord shall use good faith efforts after such entry to complete the repairs and replacements as soon as reasonably possible; (iii) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises (subject to the terms of Section 11 and the notice requirements of Section 13) or located elsewhere outside the Premises; and (iv) to do and perform such other acts and make such other changes in, to or with respect to the Building or any other adjacent or nearby area owned by Landlord as Landlord deems to be appropriate in the exercise of its good faith business judgment. Notwithstanding anything to the contrary in this Section 2(d), and except for emergencies, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's access to the Premises in connection with the exercise by Landlord of its rights under this Section 2(d).

3. TERM. Subject to earlier termination in accordance with the terms of this Lease, the term of this Lease ("Term") shall commence on the date hereof (the "Commencement Date") and shall continue for eighteen (18) months after the Commencement Date.

4. RENT; SECURITY DEPOSIT.

(a) Commencing on the Commencement Date, Tenant shall pay the Monthly Rent described in Section 1(e) to Landlord at 455 N. Rexford Drive, Suite 340, Cashier's Office, Beverly Hills, California 90210.

(b) In the event the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the rent (as hereinafter defined) for such periods shall be prorated on a daily basis in the proportion that the number of days this Lease is in effect during such period bears to the actual number of days in such month, and such rent shall be paid at the

commencement of such period. In addition to the Monthly Rent, commencing on the Commencement Date, Tenant agrees to pay all other amounts required to be paid hereunder as and when they are due as hereinafter provided in this Lease. All charges to be paid by Tenant under this Lease shall constitute rent and are collectively referred to herein as “Rent”. Except as otherwise specifically provided in this Lease, Rent shall be paid to Landlord, without any prior notice or demand therefor, and without any abatement, deduction or offset, except for abatement as expressly provided in Section 18 and Section 19 in lawful money of the United States of America, which shall be legal tender at the time of payment, at the address of Landlord designated in Section 4(a) or to such other person or at such other place as Landlord may from time to time designate in writing.

(c) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if Tenant fails to pay any Rent within five (5) days after the due date under this Lease for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of five percent (5%) of the overdue amount as a late charge. All past-due installments of Rent shall also bear interest, the “Interest Rate” (as hereinafter defined), from the date due until paid. For purposes of this Lease, the “Interest Rate” shall mean the greater of (i) ten percent (10%) per annum, or (ii) two percent (2%) per annum plus the then prevailing per annum “prime rate” as most recently published in the Wall Street Journal (or the then “prime” rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing “prime” rate), provided that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law. Landlord’s acceptance of any late charge or interest shall not constitute a waiver of Tenant’s default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease, at law or in equity.

(d) Concurrently with the execution of this Lease, Tenant has deposited with Landlord the Security Deposit designated in Section 1(g) and the Monthly Rent for the first month of the Term. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term hereof. If Tenant defaults with respect to any provisions of this Lease, including but not limited to the provisions relating to the payment of Rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant’s default or to compensate Landlord for any loss or damage which Landlord may suffer by reason of Tenant’s default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the then required amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. Tenant waives any rights it may have

under Section 1950.7 of the California Civil Code with respect to the Security Deposit. Within ninety (90) days following the expiration of the Term or earlier termination of this Lease and Tenant's performance of all of its obligations under this Lease, the Security Deposit or any balance thereof shall be returned to Tenant. If Landlord sells its interest in the Building during the Term hereof and deposits with the purchaser thereof the then unappropriated funds deposited by Tenant as aforesaid, Landlord shall be discharged from any further liability with respect to such Security Deposit accruing after the date Landlord deposits such Security Deposit with such purchaser.

5. POSSESSORY INTEREST TAXES.

TENANT ACKNOWLEDGES AND AGREES THAT FOR SO LONG AS THE BUILDING IS OWNED BY THE STATE OR ANY LOCAL PUBLIC ENTITY OR GOVERNMENT, INCLUDING WITHOUT LIMITATION A MUNICIPAL CORPORATION, THIS LEASE AND TENANT'S INTEREST HEREUNDER MAY CONSTITUTE A POSSESSORY INTEREST SUBJECT TO PROPERTY TAXATION AND AS A RESULT TENANT MAY BE SUBJECT TO THE PAYMENT OF POSSESSORY INTEREST TAXES LEVIED ON THAT INTEREST. TENANT SHALL PAY SUCH TAXES WHEN DUE, TO THE LEVYING AUTHORITY.

6. USE; RESTRICTIONS ON DELIVERIES; CONTINUOUS OPERATION; HAZARDOUS MATERIALS.

(a) Tenant shall use the Premises for the use set forth in Section 1(h) above subject to the limitations hereinafter set forth. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act, applicable fire-life safety codes of the City of Beverly Hills, and governmental requirements imposed in connection with the development or occupancy of the Building, including, without limitation, participation in any transportation management programs and compliance with any applicable air quality/trip reduction requirements), and shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws. Tenant shall make any and all alterations or improvements to the Premises required to comply with applicable Laws, except that Tenant shall not be required to make structural alterations or improvements to the Premises required to comply with applicable Laws unless such compliance is necessitated by the Tenant Improvements or by Tenant's particular use of, or Alterations to, the Premises. Tenant shall comply with all rules, orders, regulations and requirements of any insurance authority having jurisdiction over the Building or any present or future insurer relating to the Premises or the Building. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any existing insurance policy or endorsement required by reason of Tenant's failure to comply with the provisions of this Section or by reason of Tenant's use or occupancy of the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other

tenants of Landlord, or injure or annoy them, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area specified for the Building by Landlord's architect, and Landlord reserves the right to prescribe the weight and positions of all safes, files and heavy equipment or vehicles which Tenant desires to place in the Premises so as to distribute properly the weight thereof.

(b) All deliveries (exclusive of United Parcel Service, U.S. Postal Service, Federal Express or other similar overnight or express courier services), loading, unloading and services to the Premises shall be conducted using the loading area adjacent to the Building, and shall not be permitted by any other route or means. Such access by Tenant or on its behalf shall not restrict or interfere in any manner with public access to the alley adjacent to the loading area.

(c) Tenant shall continuously operate its businesses in the Premises, except holidays (or during such greater hours and other days as Tenant may desire), and subject to interruptions by Landlord in connection with Landlord's exercise or performance of its obligations under this Lease, and other interruptions beyond the control of Tenant (excluding the financial condition of Tenant), the Premises shall be lighted and operational twenty-four (24) hours per day, seven (7) days per week, each and every week of the year.

(d) Tenant acknowledges that Landlord is affiliated with the City of Beverly Hills ("City") and that Landlord and City have a significant interest in promoting retail sales in the City in order to maximize sales tax revenues and otherwise benefit Landlord, the City and the retail businesses in the City. During the winter shopping/holiday season ("Winter Shopping Season") established or identified by the Beverly Hills Chamber of Commerce (the "Chamber"), Tenant shall: (i) remain open during any extended hours recommended, established or identified for the Winter Shopping Season by the Chamber; and (ii) reasonably decorate the leased premises for the Winter Shopping Season at Tenant's cost.

(e) Except for supplies typically used in a retail jewelry store in the ordinary course of business, such as ink and cleaning solvents, for use in the manner for which they were designed and in accordance with applicable laws, in such amounts as may be normal for the such operations conducted by Tenant in the Premises, neither Tenant nor any subtenant nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use, handle, store or dispose of any Hazardous Materials in, on, under or about the Premises or Building. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are released or otherwise caused to be located in, on, under or about the Premises or Building by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and

losses (including, without limitation, diminution in valuation of the Premises or Building, and sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of any contamination directly or indirectly arising from the activities which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises and/or Building to the condition existing prior to the introduction of any such Hazardous Materials, provided Landlord's approval of such actions shall first be obtained and Tenant shall fully cooperate in connection with any such clean-up, restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall immediately notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant or the Premises concerning the presence of any Hazardous Materials. Tenant acknowledges that Landlord, at Landlord's election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate. The covenants of Tenant under this Section shall survive the expiration of the Term or earlier termination of this Lease.

As used in this Lease, "Hazardous Materials" shall mean asbestos, petroleum fuel, natural gas or any fraction thereof, and any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "hazardous material" or "toxic pollutant" under state or federal laws, statutes or regulations, including, without limitation, the California Health and Safety Code and/or under the Comprehensive Environmental Response, Compensation and Liability Act, 42. U.S.C. §9601, et seq.

7. TAXES ON TENANT'S PERSONAL PROPERTY. Tenant shall be liable for and shall pay, before delinquency, all taxes levied against any personal property and/or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property, trade fixtures or Alterations are levied against Landlord or Landlord's property or if the assessed value of the Premises or the Building is increased by the inclusion therein of a value placed upon such personal property, trade fixtures or Alterations, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord within thirty (30) days following receipt of such invoice together with reasonable evidence of such allocation.

8. CONDITION OF PREMISES. Tenant acknowledges that (i) the lease of the Premises by Tenant pursuant hereto shall be on an "as is" basis, (ii) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty (express or implied) with respect to the Premises or any other portion of the Building, and (iii) Landlord shall have no obligation to improve or alter the Premises or Building for the benefit of Tenant.

9. IMPROVEMENTS. Tenant shall perform the Tenant Improvements, as provided in Exhibit B-1, Exhibit B-2 and Exhibit B-3 attached hereto, before opening for business. The Tenant Improvements shall conform to the plans and specifications that, pursuant to the provisions of this Lease and Exhibit B-1, Exhibit B-2 and Exhibit B-3 shall have been approved in writing by Landlord prior to commencement thereof. The construction of the initial Tenant Improvements shall be governed by Exhibit B-1, Exhibit B-2 and Exhibit B-3 to this Lease and the Tenant Improvements shall not be deemed to constitute Alterations for purposes of this Lease.

10. ALTERATIONS.

(a) Tenant shall not make or allow to be made any alterations, additions or other improvements (collectively, any “Alterations”) of, in or to the Premises during the Term without obtaining Landlord’s prior written consent which shall not be unreasonably withheld, conditioned or delayed provided the alterations, additions or improvements do not adversely affect structural improvements or Building-wide systems. Any request for consent to Alterations shall be accompanied by two (2) complete sets of plans and specifications for the proposed Alterations suitable for submission to Landlord’s architect for evaluation and a statement of the identity of the contractor who will perform such Alterations. Tenant shall pay all reasonable out-of-pocket costs incurred by Landlord in the evaluation of the plans and specifications, including, but not limited to, Landlord’s general contractor’s, architects’ and engineers’ fees. In addition, as a condition to Landlord’s granting of its consent to any Alterations, Landlord shall have the right to approve the architect, contractors, subcontractors designing or performing such Alterations, such approval not to be unreasonably withheld, conditioned or delayed (provided that in any event Building standard subcontractors shall be used for work on Building roof, exterior, mechanical and utility systems), and Landlord shall have the right to require that Tenant furnish assurances satisfactory to Landlord that all contractors and subcontractors who will perform such work have in force workers’ compensation insurance as required by law and such other employer’s and comprehensive general liability insurance in accordance with the standards set forth in Section 17(a) (but with a liability limit of not less than Two Million Dollars (\$2,000,000.00)), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 17(a). All Alterations to be performed by Tenant in the Premises, including the delivery, storage and removal of materials, shall be scheduled through Landlord, and shall be performed in accordance with any reasonable conditions or regulations imposed by Landlord. All Alterations to be performed by Tenant requiring the consent of Landlord, or affecting in any way the common areas of the Building, the premises of other tenants or other tenants of the building shall be subject to Landlord’s reasonable supervision and inspection. All Alterations (whether or not Landlord’s consent is required therefor) shall be completed in a good and workmanlike manner and in accordance with all applicable Laws. All Alterations requiring Landlord’s consent shall be completed in accordance with the approved plans and specifications therefor. Promptly following the completion of any Alterations where the preparation of “as-built” plans would be customary for the particular Alterations performed, Tenant shall deliver to Landlord both a “hard” copy and a copy on CAD diskette of the “as-built” plans and specifications (including all working

drawings) for such Alterations. Promptly following the completion of any Alterations for which any governmental permit, approval or sign-off is required under applicable Laws, Tenant shall deliver to Landlord a copy of signed-off permits, inspection cards or other documentation evidencing governmental approval of completion of the work. Promptly following the completion of any Alterations, Tenant shall cause to be recorded in the Office of the County Recorder of the County of Los Angeles a Notice of Completion in accordance with Section 3093 of the California Civil Code or any successor statute with respect to the work, and deliver a copy thereof to Landlord. Any supervision by Landlord of such Alterations shall in no event constitute Landlord's approval of the work so performed, nor shall Landlord be responsible for or have any liability with respect to such supervision or work.

(b) The initial Tenant Improvements made pursuant to this Lease, including all fixtures, shall be the sole property of Landlord and shall not be removed by Tenant from the Premises unless required by Landlord as set forth below. All other Alterations upon the Premises shall, unless Landlord elects otherwise by written notice to Tenant at the time Landlord consents to such Alterations, become the property of Landlord upon the expiration of the Term or earlier termination of this Lease, and shall remain upon and be surrendered with the Premises, as part thereof, at the expiration of the Term or earlier termination of this Lease (but exclusive of Tenant's trade fixtures and personal property as further provided in Section 10(c) below). If Landlord requires Tenant to remove any initial Tenant Improvements or Alterations, Tenant, at its sole cost and expense, agrees to remove the identified Tenant Improvements or Alterations on or before the expiration of the Term or earlier termination of this Lease and repair any damage to the Premises caused by such removal and Landlord shall have the right to reasonably approve the manner, plans, specifications and workmanship of all such removal and repair, however, such approval shall not be unreasonably withheld, conditioned or delayed.

(c) Notwithstanding the foregoing or any other provision of this Lease, all articles of personal property and all business and trade fixtures (which are susceptible of removal without damage to the Premises and which are not permanently affixed to the Premises), machinery, equipment, furniture and removable partitions that were owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. If Tenant shall fail to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, either treat such property as being conveyed to Landlord in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or remove the same in any manner that Landlord shall choose, and store or dispose of said property without liability to Tenant for loss thereof, and Tenant agrees to pay to Landlord upon demand any and all expenses incurred in such removal, storage or disposal, including court costs, reasonable attorneys' fees and storage charges, for any length of time that the same shall be in Landlord's possession. In the alternative, Landlord may, at its option, sell said property,

or any of the same, in such manner as Landlord determines to be appropriate in Landlord's reasonable business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased Premises following the expiration of the lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

11. MAINTENANCE AND REPAIRS.

(a) By Tenant. Except as provided in Section 11(b), Tenant shall keep, maintain and preserve the Premises and Tenant's Improvements thereon in a good condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the Premises and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 10(c) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as improved by the Tenant Improvements, except permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, and damage caused by Landlord. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from any maintenance, repairs, alterations or improvements made or required to be made by Tenant. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including, without limitation, Sections 1941 and 1942 of the California Civil Code).

(b) By Landlord. Landlord shall maintain in good condition and repair the structural components and foundations, elevators, roofs and exterior surfaces of the exterior walls of the Building, and all Common Areas, exclusive of doors, door frames, door checks, windows, window frames and any repairs occasioned by the act or negligence of Tenant, its agents, employees, invitees, licensees or contractors, except to the extent that Landlord is reimbursed therefore under any policy of insurance permitting waiver of subrogation in advance of loss. Landlord shall make repairs within thirty (30) days after receipt of written notice by Tenant; however, if for any reason the repairs cannot be made within thirty (30) days after receipt of Tenant's notice, Landlord shall commence the repairs within such thirty (30) day period and diligently prosecute them to completion, subject to delays beyond Landlord's control.

12. LIENS. Tenant shall not permit any mechanics', materialmen's or other liens to be filed against the Building nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or contractors. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding

or otherwise) within thirty (30) days following receipt of notice thereof from Landlord, Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord at once, as additional Rent, upon notice by Landlord, any sums paid by Landlord to remove such liens.

13. ENTRY BY LANDLORD. Landlord and its employees, agents, representatives, consultants and/or contractors, upon reasonable prior written notice to Tenant, but in no event less than two (2) days (except in an emergency, in which event no notice is required), shall have the right from time to time to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, and/or to alter, improve or repair the Building or in order to show the Premises to prospective purchasers, encumbrancers or tenants, to post "for lease" or other similar signs during any event of default of Tenant and/or during the last six (6) months of the Term. Except in cases of emergency, Landlord shall only enter the Premises during normal business hours of Tenant and, if made available to Landlord, with an authorized representative of Tenant present. Landlord may make all such entries without being deemed guilty of any eviction of Tenant and without abatement of Rent, and may, in order to carry out such purposes, erect scaffolding and other necessary structures where required by the character of the work to be performed. Landlord shall use good faith efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry (except in the event of an emergency). Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises or the Building as a result of any permitted entry. Landlord shall at all times have and retain a key with which to unlock all doors to and in the Premises. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any alterations, improvements or decorations, except as otherwise expressly agreed in writing by Landlord.

14. UTILITIES.

Landlord shall pay for the electricity used by Tenant in the Premises. Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises without the written consent of Landlord. Regardless of the entity which supplies any of the utility services, Landlord shall not be liable in damages for any failure or interruption of any utility or service. No failure or interruption of any utility or service shall entitle Tenant to terminate this Lease or discontinue making payments of Rent payable by Tenant under this Lease.

15. INDEMNIFICATION. Except to the extent the arising out of the gross negligence or willful misconduct of Landlord, Tenant shall indemnify, defend and hold Landlord harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expenses, (collectively, "Tenant Indemnified Claims"), arising or resulting from (i) any act or omission of Tenant, its subtenants and/or assignees and their respective agents, employees, representatives, licensees, contractors and/or invitees (collectively, the "Tenant Parties"); (ii) Tenant's use of the Premises and Common Areas, conduct of Tenant's business by Tenant or any Tenant Parties, or any other activity, work or thing done or permitted by Tenant or any Tenant Parties, in or about the Premises, or done or permitted by Tenant or any Tenant Parties in or about the Building; and (iii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease. In case any action or proceeding is brought against Landlord by reason of any such Tenant Indemnified Claims, Tenant, upon notice from Landlord, agrees to promptly defend the same at Tenant's sole cost and expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld. The provisions of this Section shall survive the expiration of the Term or earlier termination of this Lease.

16. DAMAGE TO TENANT'S PROPERTY; WAIVER. Notwithstanding anything contained in this Lease to the contrary, Landlord or its agents and employees shall not be liable for (a) loss or damage to any property by theft or otherwise, or (b) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from pipes, appliances or plumbing work therein or from the roof, street, sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except to the extent (i) resulting from the gross negligence or willful misconduct of Landlord or its contractors, agents, servants or employees or breach of this Lease by Landlord and (ii) not covered by the insurance maintained by Tenant (or which would not have been so covered if Tenant had maintained the insurance required to be maintained by Tenant pursuant to this Lease). Landlord or its agents shall not be liable for interference with light or other similar intangible property interests. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or the Building and of defects therein or in the fixtures or equipment located therein.

17. INSURANCE.

(a) Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(i) With the exception of flood or earthquake coverage, All Risk property insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of the Tenant Improvements and Alterations, if any, and all of Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof. Tenant's property insurance shall also include business interruption coverage for interruptions to Tenant's operations of at least twelve (12) months.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), and products and completed operations liability, with a combined single limit of not less than Two Million Dollars (\$2,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord as additional insured thereunder, shall contain a cross liability endorsement, and shall be primary and non-contributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, to require increases in such liability insurance limit if consistent with then standard industry practices for prudent risk management by a tenant of comparably-sized premises within comparable buildings.

(iii) Workers' Compensation Insurance coverage in form and amounts as required by applicable law. Employer's Liability Insurance shall be maintained on the Effective Date, in an amount not less than \$1,000,000 per occurrence and in the aggregate.

The minimum limits of insurance set forth in this Section are not intended to limit the liability of Tenant under this Lease. All policies of insurance maintained by Tenant under this Section, shall be taken out with insurance companies holding a General Policyholders Rating of "A" and a Financial Rating of "X" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or any part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall be cancelable or reducible in coverage except after at least thirty (30) days' prior written notice to Landlord. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, obtain such insurance and Tenant shall reimburse Landlord for the cost thereof within ten (10) days after written demand. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) All policies of property damage insurance required to be maintained by Tenant hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against another party to the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without unreasonable cost. Tenant waives any rights of recovery against Landlord for injury or loss due to risks covered by policies of property damage insurance to the extent insurance proceeds cover the injury or loss.

18. DAMAGE OR DESTRUCTION.

(a) If the Premises or the Building shall be damaged or destroyed by fire or other casualty so as to render all or a portion of the Premises unusable for its intended purpose, then, for so long as Tenant is (i) actually not using the “untenantable” portion of the Premises or (ii) Tenant’s use and enjoyment of the Premises is materially impaired or interrupted as a result of such casualty, Tenant shall be entitled to an abatement of Tenant’s obligation for payment of Monthly Rent and CAM Costs, on a proportionate basis to the extent that Tenant’s use of the Premises is effectively prevented. The abatement shall commence as of the date of the casualty and continue during the period of such repair or reconstruction, until such time as Tenant is no longer so effectively prevented from using the Premises.

(b) In the event of the total destruction or material damage to the Premises that (i) is the result of an event not covered by insurance, or (ii) in Landlord’s good faith estimate will require more than six (6) months for the completion of repair and/or restoration thereof regardless of whether covered by insurance, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within sixty (60) days following the occurrence of the casualty. The proceeds from any insurance paid by reason of damage to or destruction insured by Landlord, shall belong to and be paid to Landlord. Tenant shall not be entitled to any compensation or damages from Landlord or Landlord’s insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration. Unless Landlord or Tenant elects to terminate this Lease as provided herein, Landlord shall use reasonable diligence to repair any casualty to the Premises to the extent of insurance proceeds available for such purpose plus any funds delivered by Tenant to Landlord for purposes of performing such repairs (as hereinafter provided), subject to delays and adjustment of insurance proceeds, excluding any damage to Tenant’s Improvements including Alterations, furniture, furnishings, equipment, trade fixtures and all personal property that does not belong to Landlord, all of which shall be repaired or replaced forthwith by Tenant at its own expense.

(c) In the event of material damage to the Building not caused by Tenant and not otherwise resulting in termination of this Lease, Landlord shall deliver written notice to Tenant within sixty (60) days following such casualty damage or occurrence setting forth Landlord’s good faith estimate of the time required for completion of repair and/or restoration of the Building, and if such estimated time exceeds six (6) months from the occurrence of the casualty, Tenant may terminate this Lease by written notice to Landlord within twenty (20) days following such notice.

(d) In the event of any damage or destruction of all or any part of the Building, Tenant agrees to immediately notify Landlord thereof.

(e) Notwithstanding anything to the contrary contained herein, if the Building is wholly destroyed, or is partially damaged within the final twelve (12) months of the then-remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease) and as a result of partial damage Tenant is, or reasonably

will be, denied access or use of a material portion of the Premises for the conduct of its business operations for a period of ninety (90) consecutive days (or such shorter period as is then remaining in the Term), Landlord or (provided such casualty damage was not caused by Tenant or any of the Tenant Parties) Tenant may, by giving the other notice no later than sixty (60) days after the occurrence of such damage or destruction, elect to terminate this Lease.

(f) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

19. EMINENT DOMAIN.

(a) If any material portion of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenable the entirety of the Premises or such a material portion of the Premises that Tenant's operation from the remainder of the Premises is not reasonably practicable as reasonably determined by the parties, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority by written notice to the other party by the effective date of such taking. Except in the event of a condemnation by Landlord, Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking, other than a claim for any separate award attributable to the value of any personal property or trade fixtures of Tenant, which are taken or costs of Tenant's relocation, and Tenant hereby assigns to Landlord all of Tenant's interest in, and Landlord shall be entitled to receive, the entire amount of any other award without deduction for any estate or interest of Tenant (including, without limitation, any award attributable to the value of the remaining Term of this Lease). If neither Tenant nor Landlord so elects to terminate, Landlord shall, to the extent of proceeds received, commence to restore the Premises to substantially their same condition prior to such partial taking, and a proportionate abatement of Monthly Rent shall be made for the time during which Tenant is deprived of use on account of such taking and restoration.

(b) In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 10(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations.

(c) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section 1265.130 of the California Code of Civil

Procedure) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is condemned or taken and agree that such event shall be exclusively governed by the terms of this Lease.

20. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not voluntarily assign its interest in this Lease (an "Assignment") or sublease or permit occupancy by third parties of all or any part of the Premises (a "Sublease"), without first obtaining Landlord's prior written consent, in Landlord's sole and absolute discretion. Tenant shall not under any circumstances mortgage, pledge or otherwise encumber this Lease or the Premises. Any Assignment, Sublease or encumbrance without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute an Event of Default hereunder. Any transfer of fifty percent (50%) of the ownership interests in Tenant in one or more transfers, or the transfer by Syrus Rasmi of so much of his interest or control that he no longer controls Tenant, shall constitute a voluntary Assignment and shall be subject to the provisions of this Section 20.

(b) No consent to an Assignment or Sublease shall constitute a further waiver of the provisions of this Section 20. Tenant shall notify Landlord in writing of Tenant's intent to assign this Lease or Sublease the Premises, the name of the proposed assignee or subtenant, information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed Assignment or Sublease, and Landlord shall, in its sole and absolute discretion (subject to Section 21(d)), within sixty (60) days after receipt of such written notice and the financial responsibility information and such other information as may be requested by Landlord concerning the proposed assignee or subtenant, elect either: (i) to consent to such proposed Assignment or Sublease; or (ii) to refuse such consent.

(c) Any assignee of Tenant's interest in this Lease hereby agrees that (and at Landlord's option, it shall be a condition to such Assignment that Landlord receive an instrument executed by such assignee and expressly enforceable by Landlord agreeing that) such assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder. Any subtenant of all or any portion of the Premises hereby agrees that (and, at Landlord's option, it shall be a condition to such Sublease that Landlord receive an instrument executed by such subtenant agreeing that) such Sublease is subject and subordinate to this Lease and to all mortgages or deeds of trust; that Landlord may enforce the provisions of the Sublease, including (following the occurrence of any default by Tenant under this Lease which is not cured within any applicable period for cure pursuant to Section 21 below) collection of rent; that in the event of termination of this Lease for any reason, including, without limitation, a voluntary surrender by Tenant, or in the event of any re-entry of repossession of the Premises by Landlord, Landlord may, at its option, either (i) terminate the Sublease, or (ii) take over all of the right, title and interest of Tenant, as sublandlord, under such Sublease, in which case such subtenant will attorn to Landlord, but that nevertheless Landlord will not (1) be liable for any previous act or omission of Tenant under such Sublease, (2) be subject to any defense or offset previously accrued in

favor of the subtenant against Tenant, or (3) be bound by any previous modification of any Sublease made without Landlord's written consent, or by any previous prepayment by subtenant of more than one month's rent.

(d) In connection with any request for Landlord's consent to an Assignment or Sublease as required under the provisions of this Section, Tenant shall pay a processing fee to Landlord equal to \$1,500 as increased on each anniversary of the Commencement Date (including the first day of an Extension Term and each anniversary thereof) by a percentage equal to the percentage increase in the United States Department of Labor, Bureau of Labor Statistics' consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI U) (1982 84=100) the ("CPI") for the immediately preceding year, which shall be calculated by multiplying the then-current processing fee amount by a fraction, the numerator of which shall be the CPI most recently published the period prior to the beginning of such immediately preceding year and the denominator of which shall be the CPI most recently published the period prior to the end of such immediately preceding year. Should the Bureau of Labor Statistics discontinue the publication of the Index, or publish the same less frequently or alter the same in some other manner, then the most nearly comparable index or procedure as reasonably determined by Landlord shall be substituted therefor.

(e) Additionally, in the event any Assignment or Sublease is approved (in Landlord's sole and absolute discretion), Landlord shall receive as additional rent hereunder one hundred percent (100%) of Tenant's "Excess Consideration" derived from such Assignment or Sublease. In the event of a Sublease, "Excess Consideration" shall mean all rent, additional rent or other consideration actually received by Tenant from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, additional remit and other sums payable by Tenant under this Lease during the term of the Sublease on a per square foot basis if less than all of the Premises is subleased, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such Sublease for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such subtenant, and/or any free rent period granted to such subtenant. In the event of an Assignment, "Excess Consideration" shall mean key money, bonus money or other consideration paid by the assignee to Tenant in connection with such Assignment, and any payment in excess of fair market value for services rendered by Tenant to assignee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to assignee in connection with such Assignment, less the sum of Tenant's reasonable and actual out-of-pocket costs incurred in connection with such Assignment for brokerage commissions, reasonable attorneys' fees, and/or the cost of any alterations or improvements made for the benefit of such assignee. If part of the Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

(f) Notwithstanding any permitted Assignment or Sublease, Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this Lease. Landlord's waiver or consent to any Assignment

or Sublease shall not relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

21. DEFAULT BY TENANT.

(a) The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder by Tenant:

(i) The failure by Tenant to make any payment of Rent as and when due where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute.

(ii) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in any other subsection of this Section 21(a), where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; PROVIDED, HOWEVER, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute; PROVIDED, FURTHER, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall provide written notice to Landlord immediately, of the estimated cure period and promptly commence such cure within such thirty (30) day period and thereafter continuously and diligently prosecute such cure to completion.

(iii) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days; or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant.

(iv) The abandonment of the Premises by Tenant, which for purposes of this Lease means any absence by Tenant from the Premises for five (5) days or longer while failing to perform any other obligations of Tenant under this Lease.

(v) Any violation of Section 20.

(b) In the event of any such Event of Default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of timings would be likely to result therefrom (specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof, whether for the same or a different tenant or use, and any reasonable concessions made to obtain a new tenant); plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

(c) As used in Sections 21(b)(i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate. As used in Section 21(b)(iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(d) in the event of any such default by Tenant, Landlord may also elect the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations), in which case Landlord shall not unreasonably withhold its consent to assignment or subletting.

(e) In connection with the exercise of remedies, any property of Tenant may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant or disposed of in a reasonable manner by Landlord. No re-entry or taking possession of the Premises by Landlord pursuant to this Section shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(f) TENANT HEREBY WAIVES, FOR ITSELF AND ALL PERSONS CLAIMING BY AND UNDER TENANT, ALL RIGHTS AND PRIVILEGES WHICH IT MIGHT HAVE UNDER ANY PRESENT OR FUTURE LAW TO REDEEM THE PREMISES OR TO CONTINUE THIS LEASE AFTER BEING DISPOSSESSED OR EJECTED FROM THE PREMISES.

(g) If Tenant fails to perform any covenant or condition to be performed by Tenant, Landlord shall have the right (but not the obligation) to perform such covenant or condition (1) immediately, in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) following Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice from Landlord. All reasonable costs incurred by Landlord in so performing shall immediately be reimbursed to Landlord by Tenant, together with interest at the Interest Rate computed from the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All costs and expenses incurred by Landlord, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting Rent or enforcing the obligations of Tenant under the Lease pursuant to this Section shall be paid by Tenant to Landlord upon demand,

(h) All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative to the extent permitted by law, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease.

22. DEFAULT BY LANDLORD; LIMITATION OF LIABILITY.

Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; PROVIDED, HOWEVER, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Landlord's liability under this Lease shall be limited to its interest in the Building.

23. SUBORDINATION. Landlord shall use good faith efforts to obtain a subordination, non-disturbance and attornment agreement ("SNDA") for the benefit of Tenant from any existing Lienholder within thirty (30) days following the execution of this Lease, on such Lienholder's standard form. Upon request of Landlord, Tenant shall promptly execute, acknowledge and return to Landlord any SNDA on the applicable Lienholder's standard form for the benefit of any existing or future Lienholder. For purposes of this Lease, a "Lienholder" shall mean any mortgagee under a mortgage, beneficiary under a deed of trust, or lessor under a master lease or ground lease, encumbering all or a portion of the Building.

24. ESTOPPEL CERTIFICATES. Within thirty (30) days following any written request by Landlord to Tenant, Tenant shall execute and deliver to Landlord a statement, in a form reasonably satisfactory to the parties, certifying: (i) the Commencement Date; (ii) that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the sums payable under this Lease have been paid; (iv) that, to such party's knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as

specified in such statement; and (v) such other matters reasonably requested by Landlord. Any statement delivered pursuant to this Section may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrancer, transferee or purchaser of the interest of Landlord in the Building or this Lease.

25. DEFINITION OF LANDLORD. The term “Landlord” as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to the Premises. In the event of any transfer or assignment of such title, Landlord herein named (and in case of any subsequent transfers or conveyances, the then-grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter arising under this Lease.

26. PARKING.

(a) Notwithstanding anything to the contrary contained herein, Tenant understands and acknowledges that the Parking Structure and the other parking facilities serving the Building (the “Parking Facilities”) are currently intended to be utilized, and shall at all times (in Landlord’s sole and absolute discretion) be available and used as a public parking facility. Landlord shall have the right, in Landlord’s sole and absolute discretion, to modify or increase the charges for use of the Parking Facilities from time to time.

(b) It is understood that rules and regulations with respect to parking may be established and amended by Landlord, in Landlord’s reasonable discretion, from time to time. Landlord shall not enforce the rules and regulations against Tenant in a discriminatory manner without rational basis or adopt rules and regulations that discriminate against Tenant without rational basis. The use by Tenant’s visitors, invitees and customers of the Parking Facilities shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other person or entity of any of the established parking rules and regulations.

(c) Notwithstanding their status as members of the public, Tenant hereby agrees that Tenant and Tenant’s partners, owners, supervisors, managers, contractors, employees and agents shall have no right to park in the Parking Structure except as expressly provided in this Lease. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant’s owners, supervisors, managers, employees or agents to be loaded, unloaded or parked in the Parking Facilities. Tenant shall reasonably cooperate with Landlord in implementing policies and procedures to prevent unauthorized parking by Tenant’s owners, supervisors, managers, employees, contractors and agents and to identify any of Tenant’s owners, supervisors, managers, employees and agents that may be parking vehicles in the Parking Structure contrary to the terms herein. If Tenant permits or allows any of the activities prohibited herein or prohibited by the applicable parking rules and regulations then, in addition to such other

rights and remedies that it may have, Landlord shall have the right, without notice, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord and/or to rescind the parking rights of the offender.

27. SIGNAGE. Subject in all events to (i) applicable laws and governmental approvals and requirements and (ii) prior written consent of Landlord, Tenant may at Tenant's cost install building-standard signs in the Premises. The exact location, size, materials, coloring and lettering of all Tenant signage shall be in compliance with Landlord's approved signage plan and with Landlord's prior written approval. Tenant shall be required, at Tenant's sole cost and expense, to maintain any or all of Tenant's signage in first class condition and repair. Should Tenant fail at any time to maintain its signage as provided in this Section, Landlord, in its sole discretion, may give Tenant notice and thirty (30) days to cure such failure. Should Tenant fail to cure such failure within the thirty (30) day cure period, Landlord, in its sole discretion, may elect to maintain Tenant's signage in first class condition and repair and Tenant shall be obligated to reimburse Landlord for all costs and expenses incurred by Landlord in connection with the same upon billing therefor.

28. NOTICES. Except as expressly provided in Section 13, all notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be either served personally, or sent by overnight courier, or sent by registered or certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address(es) designated in Section 1(a), or if to Landlord, at the address(es) designated in Section 1(b) or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days' notice to the other party. Such notices, demands, consents and approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, (b) if sent by reputable overnight courier providing proof of delivery, the following business day, or (c) if mailed, four (4) business days after the time of mailing or on the date of receipt (or refusal to accept) shown on the return receipt, whichever is earlier.

29. HOLDING OVER. If Tenant holds over in the Premises after the expiration of the Term or earlier termination of this Lease, Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Rent during such holding over shall equal two hundred percent (200%) of the Rent in effect immediately prior to such expiration or termination. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

30. QUIET ENJOYMENT. Landlord covenants and agrees with Tenant that upon Tenant paying the Rent required under this Lease and paying all other charges and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with and subject to the terms of this Lease and existing matters of record.

31. BROKERS. Landlord and Tenant represent and warrant that they each have had no dealings with any real estate broker, or agent in connection with the negotiation of this Lease. Landlord shall not pay any commission or fee whatsoever in connection with this Lease. Landlord and Tenant represent and warrant that they know of no real estate broker or agent who is or might be entitled to a commission or fee in connection with this Lease. In the event of any other claim for broker's or finder's fees or commissions in connection with this Lease, Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Landlord, and Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Tenant.

32. MISCELLANEOUS.

(a) Tenant shall faithfully observe and comply with the Rules and Regulations attached hereto as Exhibit C, and all non-discriminatory modifications thereof and additions thereto from time to time delivered in writing to Tenant. Landlord shall not be responsible to Tenant for the violation or non-performance by any other person or entity or of any of said Rules and Regulations.

(b) This Lease shall be governed by the laws of the State of California.

(c) Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(d) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the party not prevailing in such action or proceeding shall reimburse the prevailing party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs. In addition to the foregoing award of attorneys' fees and costs to the prevailing party, the prevailing party shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment.

(e) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(f) Submission of this document for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(g) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

(h) If any term or provision of this Lease, or the application thereof to any persons or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(i) Tenant and Landlord shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit D. Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within three (3) business days following written request by Landlord, deliver to Landlord an executed, acknowledged and recordable quitclaim deed conveying to Landlord any and all interest Tenant may have under this Lease.

(j) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord or in the event of any other action against Landlord with respect to this Lease, their sole and exclusive remedy shall be against Landlord's interest in the Building. Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the directors or officers of Landlord, and Tenant shall not seek recourse against them or any of their personal assets for satisfaction of any liability with respect to

this Lease. Notwithstanding any contrary provision contained in this Lease, Landlord shall not be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use.

(k) If in connection with obtaining financing for the Building any lender shall request modifications of this Lease as a condition to Landlord obtaining such financing, Tenant will not unreasonably withhold or delay its consent thereto, provided that such modifications do not materially increase the financial obligations of Tenant or materially and adversely affect Tenant's rights hereunder.

(l) This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

(m) This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

(n) Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City of Beverly Hills, The Parking Authority of the City of Beverly Hills, or any of their respective departments, commissions, agencies and boards and the officers thereof, including any general plan or any zoning ordinances, or any of the duties, obligations, rights or remedies of the City of Beverly Hills or The Parking Authority of the City of Beverly Hills thereunder or pursuant thereto or the general police powers, regulatory powers, rights, privileges and discretion of the City of Beverly Hills or of The Parking Authority of the City of Beverly Hills. For purposes of this Lease, and notwithstanding anything in this Lease which may be construed to the contrary, Landlord is acting in its capacity as an owner of property and not as a governmental agency.

(o) The Executive Director of Landlord shall have the authority to give, in writing, all consents and approvals on behalf of the Landlord under this Lease.

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

TENANT:

LA VALENCIA,
a California corporation

By: Syrus Rasmi
Print Name: SYRUS RASMI
Title: PRESIDENT

LANDLORD:

ATTEST:

THE PARKING AUTHORITY
OF THE CITY OF BEVERLY HILLS,
a parking authority established pursuant to the
Parking Law of 1949 of the State of California

(Seal)
Byron Pope
Secretary to Board of Directors

By: _____
Jimmy Delshad,
Chairman of Board of Directors

APPROVED AS TO FORM:

By: Laurence S. Wiener (B6) [Signature]
Laurence S. Wiener
Authority Counsel

APPROVED AS TO CONTENT:

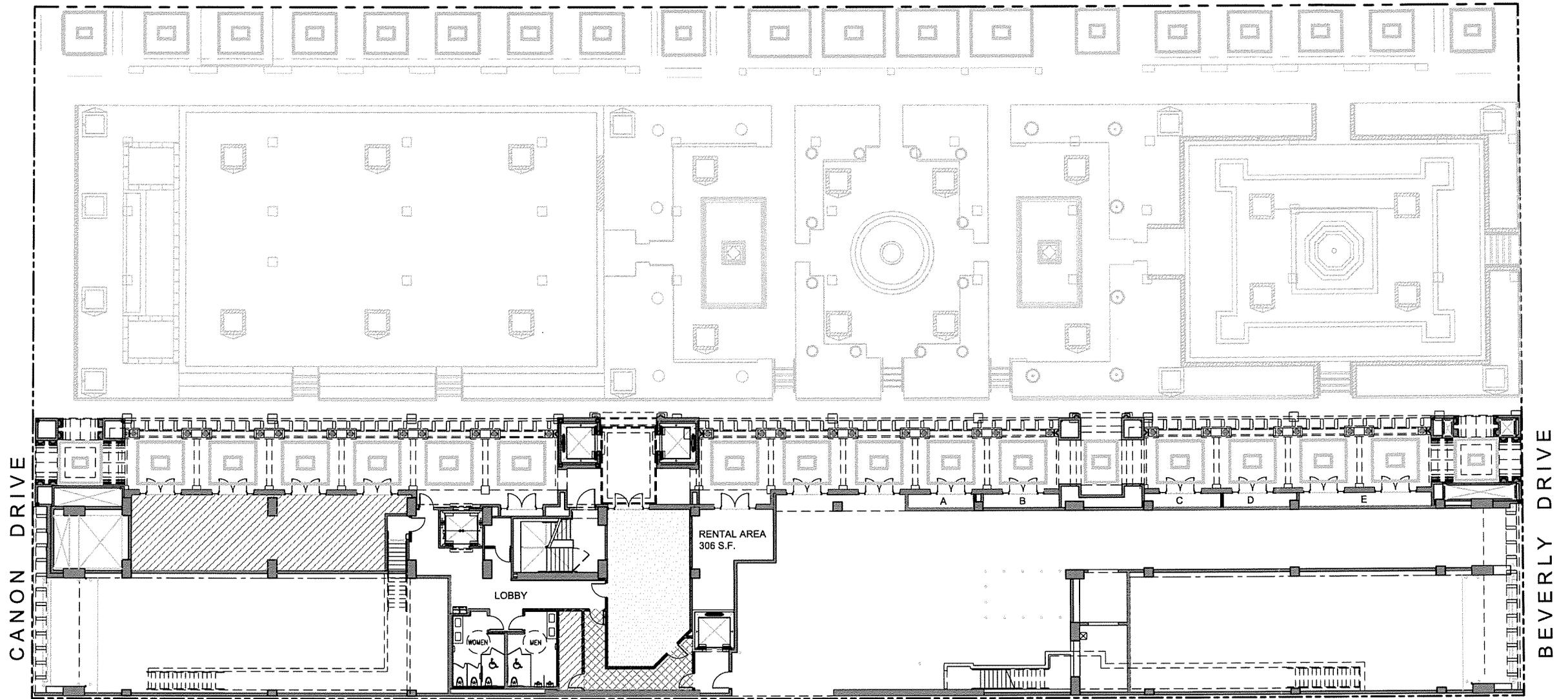
By: _____
Jeffrey Kolin,
Executive Director

By: [Signature]
Scott Miller,
Director of Administrative Services/CFO

EXHIBIT A

DIAGRAM OF PREMISES

(Attached.)



VITRINE SPACES:

- VITRINE A - 45 S.F.
- VITRINE B - 45 S.F.
- VITRINE C - 45 S.F.
- VITRINE D - 45 S.F.
- VITRINE E - 84 S.F.

**BEVERLY HILLS GARDENS BUILDING
FIRST FLOOR PLAN**

scale: 1/16" = 1'-0"



EXHIBIT B-1

TENANT IMPROVEMENTS

A. GENERAL

The preparation of all design and working drawings and specifications relating to completion of the Premises for occupancy by Tenant and the letting of contracts relating to the Tenant Improvements and the supervision and completion of the Tenant Improvements and payment therefor shall be the responsibility of Tenant.

All Landlord approvals under this Lease and its exhibits must be obtained in writing from the Executive Director of Landlord or his or her designee who is designated in writing by the Executive Director. No approval by Landlord under the Lease and its exhibits shall relieve Tenant of the obligation to obtain any other required governmental permits or approvals (including such permits or approvals from the City of Beverly Hills). Tenant must obtain such permits or approvals for its work from the applicable building department of the City of Beverly Hills and other authorities having jurisdiction. Tenant must submit evidence of these approvals to Landlord before commencing work. Tenant shall be responsible for payment of all fees and charges incurred in obtaining said approvals and for obtaining a certificate of occupancy prior to opening.

Landlord shall be entitled to withhold approval of any plans or specifications or the authorization for work to proceed until it has been furnished with reasonable evidence that Tenant has made suitable provision to pay the full cost of the work and to discharge any liens that may arise therefrom, including payment and performance bonds if requested by Landlord.

Tenant shall ensure that all the provisions and conditions contained or imposed in this Exhibit B-1, in Exhibit B-2 and Exhibit B-3 are observed and performed by all designers, contractors and trades engaged by Tenant.

B. PLANS AND SPECIFICATIONS FOR THE TENANT IMPROVEMENTS

So that the Tenant Improvements may proceed without delay and in an efficient manner, the following provisions shall apply:

1. Target Dates.

a) Within sixty (60) days following the execution of this Lease, Tenant shall notify Landlord of target dates (and, thereafter, of any revised target dates) for the commencement and completion of the Tenant Improvements and for the opening of the Premises for business.

b) All designers or engineers employed by Tenant shall be familiar with the project working drawings to the extent necessary to complete the required architectural, mechanical and electrical working drawings and specifications. Landlord shall make such drawings available for inspection or copy at 455 N. Rexford Drive, Suite 350, Beverly Hills, California 90210

2. Submission of Preliminary Plans and Specifications. Within sixty (60) days following execution of this Lease, Tenant will provide Landlord with three (3) printed sets of preliminary plans and specifications which shall demonstrate design intent and shall be subject to the approval of Landlord in its sole and absolute discretion, prior to Tenant's preparation of detailed working drawings and design specifications. The preliminary plans and specifications shall be accompanied by sample boards of finishes or an artistic rendering.

3. Approval of Preliminary Plans and Specifications. Within twenty (20) days after submission of the plans required in Section 2 above, Landlord shall notify Tenant either of Landlord's approval thereof or of any changes required by Landlord. If changes are required, Tenant, within fifteen (15) working days after being notified of the required changes by Landlord, shall submit amended plans and specifications to Landlord for approval.

4. Submission of Final Plans and Specifications. Within sixty (60) days after Landlord's approval of Tenant's preliminary plans and specifications, Tenant shall submit three (3) printed sets of final plans and specifications, finish material samples and such other information as may be necessary for the Tenant Improvements to be approved by Landlord.

5. Approval of Final Plans and Specifications. Landlord shall notify Tenant of its approval, in Landlord's sole and absolute discretion, of Tenant's final plans and specifications or indicate any changes required, in which case Tenant shall resubmit for approval amended plans and specifications within an additional fifteen (15) business days after Tenant is notified of the required changes by Landlord. Any disapproval by Landlord shall specify in writing the reasons therefore.

6. Working Drawings and Specifications. Each set of working drawings and specifications shall be of uniform size to a minimum scale of 1/8" to each foot and shall include, but not be limited to, the following:

- (1) floor plans;
 - (2) reflected ceiling plans;
 - (3) specifications, identification and colors of materials
- for all plans and work;
- (4) interior elevations and finish schedule; and

(5) engineered plans and specifications for all electrical, mechanical, and plumbing work, including details and performance information relating to all fixtures, equipment and any under-floor services, including conduit runs to be recessed or buried in the floor.

C. GENERAL REQUIREMENTS

1. Architect, General Contractor and Subcontractor Approval.

Landlord shall have the right, in Landlord's sole and absolute discretion, to approve the architect and all contractors and subcontractors designing or performing construction of the Tenant Improvements, and Landlord shall have the right to require that Tenant furnish assurances satisfactory to Landlord that all contractors and subcontractors who will perform such work have in force workers' compensation insurance in the amount required by law and such other employer's and comprehensive general liability insurance in accordance with the standards set forth in Section 18(a) of the Lease (but with a liability limit of not less than Two Million Dollars (\$2,000,000.00)), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 18(a) of the Lease. Landlord shall be named as an additional insured on General Contractor's insurance. Notwithstanding the foregoing, Landlord shall have the right, in its sole and absolute discretion, to condition the approval of any otherwise reasonably acceptable general contractor or subcontractor upon said general contractor or subcontractor's procurement of payment and performance bonds in form and amount reasonably acceptable to Landlord.

2. Workmanship, Materials and Design and Construction Guidelines

Compliance. All of the Tenant Improvements required by Tenant to complete the Premises for occupancy:

a) shall be carried out with good workmanship and with first class and new materials, which shall all be of a high quality and shall be conforming to the best standards of practice, and shall conform with applicable laws.

b) shall be constructed or performed in compliance with the guidelines attached as Exhibit B-2 and Exhibit B-3 to the Lease.

c) Prior to start of any construction and continuing throughout the course of construction, Tenant shall erect and maintain at its sole expense a barricade to screen all construction activity from public view. Tenant shall use wood/vinyl material as a barricade. The barricade and all exterior artwork must be approved in writing by Landlord in its sole and absolute discretion.

3. Proof of Insurance.

Before commencing Tenant Improvements, Tenant shall furnish written proof to Landlord that general liability, worker's compensation and any other insurance required by Landlord has been effected and is in force to the limits and on the terms which Landlord may approve. Landlord shall be named as an additional insured in Tenant's insurance.

4. Access and Rules. Tenant and its contractors shall access the Premises through the loading area adjacent to the Building, only, in order to execute Tenant Improvements, subject to compliance with all rules, regulations and stipulations which Landlord or its contractor may make from time to time. Such access by Tenant or on its behalf shall not restrict or interfere in any manner with public access to the alley adjacent to the loading area. These rules, regulations and stipulations may include, but shall not be limited to, matters relating to:

- a) the handling and storage of material and equipment;
- b) hours of work and coordination of activity so long as Tenant is provided reasonable access during normal business hours;
- c) use of the facilities and utilities;
- d) scheduling of work;
- e) deliveries; and
- f) clean-up of work and the disposition of refuse.

5. Refuse Removal. Tenant shall at all times keep the Premises and all other areas clear of all waste materials and refuse caused by itself, its suppliers, contractors or by their work. Tenant shall remove all waste materials and refuse directly from the Premises and shall deposit them in places or in receptacles provided by Tenant at Tenant's sole cost and expense specifically for the disposal of waste materials and refuse in connection with the Tenant Improvements (which receptacles shall be located at a place designated by Landlord). In no event shall Tenant's construction debris be placed in with the rubbish and trash of other tenants. Landlord may require Tenant to clean up on a daily basis, and shall be entitled to clean up at Tenant's expense if Tenant fails to comply with Landlord's reasonable requirements in this respect.

At the completion of Tenant Improvements, Tenant shall leave the Premises clean and to the satisfaction of Landlord and shall remove all tools, equipment and surplus materials from the Premises and Building and remove all waste material and refuse from the Premises and deposit them in places or in receptacles designated by Landlord. The final clean-up shall include the cleaning of all lighting fixtures, millwork units, storefronts and space which may be affected by the work.

6. Damage by Tenant. Any damage caused by Tenant's contractor or subcontractors employed on the Tenant Improvements to any work of the structure or the systems incorporated in the facility or to any property of Landlord or of other tenants shall be repaired to the satisfaction of Landlord.

7. Failure to Perform Work. If Tenant's contractor neglects to carry out the work properly or fails to perform any work required by or in accordance with the approved plans and specifications, Landlord, after five (5) days' written notice to Tenant and Tenant's contractor, may without prejudice to any right or remedy Landlord may

have, complete the work, remedy the defaults or make good any deficiencies and Tenant shall reimburse Landlord for such costs, as additional Rent, within ten (10) days after written demand.

8. Security. Tenant shall be entirely responsible for the security of the Premises during construction and Landlord shall not be liable for any loss or damage suffered by Tenant.

9. Fire Protection. Tenant shall maintain and keep on the Premises at all times during construction and the term of the Lease, a suitable portable fire extinguisher for Class A, B and C fires and shall comply with any additional requirements and regulations imposed by the fire marshal and all other appropriate governmental agencies.

10. Indemnification. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, liabilities, losses, costs, damages and expenses arising out of work done by Tenant or Tenant's contractors.

11. Performance of Construction. Tenant shall perform its work expeditiously and efficiently and shall complete the same so as to permit Tenant to open for business no later than four (4) month following the later of (i) the date of this Lease, or (ii) the date on which Landlord gives Tenant access to the Premises.

12. Preparation of "As-built" Plans. Within sixty (60) days after the completion of the Tenant Improvements, Tenant shall deliver to Landlord both a "hard" copy and a copy on CAD diskette of the "as-built" plans and specifications (including all working drawings) for the Tenant Improvements.

D. NON-COMPLIANCE

1. Non-Compliance. If Tenant does not comply with the provisions of the Lease or any other agreement relative to the construction or occupation of the Premises, including this Exhibit, Exhibit B-2 and (with respect to the Vitrine Premises) Exhibit B-3, Landlord, in addition to and not in lieu of any other rights or remedies, may (subject to applicable notice and cure provisions) declare and treat Tenant's noncompliance as a default or breach of covenant under this Lease and exercise any right available under the provisions of this Lease, including the right of termination.

2. Termination; Retention or Demolition of Tenant Improvements. In any event of termination pursuant to the above provision, Landlord may further elect either to:

a) retain for its own use without payment therefor all or any of the Tenant Improvements which has been commenced, installed or completed to the date of such termination; or

forthwith demolish or remove all or any work and restore the Premises to the condition in which the same were prior to the commencement, installation or completion of all or such of the Tenant Improvements and recover the cost of so doing from Tenant.

EXHIBIT B-2

GARDENS BUILDING DESIGN AND CONSTRUCTION GUIDELINES FOR TENANT IMPROVEMENTS

Introduction

This development has been designed and built to meet the standards set forth in the LEED-CS (Core & Shell) Green Building rating system Version 2.0. As part of the City of Beverly Hills sustainability commitment, we have recognized that energy conservation, sensitive site development, use of recycled materials and implementing new sources of energy efficiency are the responsibility of our developments and aim to provide the highest quality built environment.

The following guidelines are part of our continuing practice to provide an environmentally sensitive development with the health of the tenant and the environment at the center of our mission.

Tenant Improvement Development Guidelines

1. The Building has been designed and constructed to achieve LEED-CS Certified Certification. Please note by selecting this property location and continuing the tenant build out with the sustainability principles set forth in the LEED-CI (Commercial Interiors) Green Building Rating system that the building will receive 3 points under the Sustainable Sites Credit 1: Site Selection. Please see the attached LEED-CI checklist for the minimum credits to be included in the future tenant build out.
2. Tenant construction and operations shall comply with the following prerequisites per the LEED-CI green building rating system:
 - a. Fundamental Commissioning
 - b. Minimum Energy Performance
 - c. CFC Reduction in HVAC&R Equipment
 - d. Storage and Collection of Recyclables
 - e. Minimum IAQ Performance
 - f. Environmental Tobacco Smoke (ETS) Control
3. Tenant shall hire an independent Commissioning Authority to provide fundamental commissioning services on the tenant build out to ensure the building energy related systems operate per the owner's project requirement and the basis of design requirements. At a minimum commission the HVAC & R equipment and associated controls; lighting controls including day lighting; domestic hot water system; and other energy using systems on the project.
4. Tenant shall provide a TI design that will exceed the Title 24 minimum energy code requirements. HVAC is provided with the Core & Shell building – although zoning may require modifications to fit build out. Consider high efficiency lighting

fixtures with lighting controls to maintain the building's energy efficient Core & Shell construction. At a minimum reduce lighting power density by 15% compared to ASHRAE 90.1 for 1 credit under EA credit 1.1 see item 8.

5. Tenant shall promote carpooling and preferred parking for low-emitting and fuel-efficient vehicles. A list of vehicles meeting the intent of the preferred parking for low-emitting and fuel-efficient vehicles will be provided to the tenants upon certificate of occupancy.
6. Water Use Reduction - If tenant plans to add flow and flush fixtures to the space, please maintain the use of low flow and flush fixture types as selected for the Core & Shell building. Refer to the watersense website for a list of acceptable fixtures for the building. <http://www.epa.gov/watersense/pubs/label.htm>
7. If the tenant plans to add any HVAC&R equipment that contains refrigerants, tenant shall specify HCFC & CFC free refrigerants.
8. Optimize Energy Performance - Tenant shall design build out lighting layout to reduce the overall lighting power density (LPD W/sf) by 15% versus the ASHRAE Standard 90.1-2004 standard lighting power density. It is mandatory for tenant to comply with reducing lighting power density by 15% below the standard.
9. Install daylight responsive controls in all regularly occupied spaces within 15 feet of windows, doors, and under skylights.
10. Optimize Energy Performance - Equipment and Appliances - Depending on tenants' need for appliances and equipment used in TI space, the devices shall be ENERGYSTAR® rated wherever appropriate. Office equipment such as computer/monitor, copiers, and fax machines are all things that are manufactured to be ENERGYSTAR® efficient. Preferred ENERGYSTAR® equipment and appliances are shown in Appendix.
11. Construction Waste Management, Divert 75% from Landfill - For TI construction, the tenant would be responsible to document that at least 75% of the construction waste would be diverted from landfill.
12. Recycled Content - Tenant shall select TI finishes that have a high recycled content where appropriate.
13. Regional Materials - Tenant shall select materials that can be sourced within a 500 mile distance from the building.
14. Increased Ventilation - the Core & Shell building was designed to deliver 30% higher than code ventilation rates to provide superior indoor air quality. Tenant shall maintain the Core & Shell's design and continue with equal ventilation rates in all TI build outs.
15. Construction IAQ Management Plan, During Construction -Tenant must develop an IAQ Management Plan that meets or exceeds the recommended design approach of the Sheet Metal and Air Conditioning National Contractors Association (SMACNA). Also protect on-site and installed absorptive materials

from moisture damage. If air handlers must be used during construction a Minimum Efficiency Reporting Value of 8 must be used on all return openings to the units. Replace all filtration media immediately prior to occupancy of the TI space.

16. Select Low-Emitting Materials, Adhesives and Sealants - All materials listed below that are used in the building interior must not exceed the following requirements:
 - a. Adhesives, Sealants and Sealant Primers: South Coast Air Quality Management District (SCAQMD) Rule #1168 requirements in effect on January 1, 2003 and rule amendment dated October 3, 2003.
 - b. Aerosol Adhesives: Green Seal Standard GC-36 requirements in effect on October 19, 2000.
17. Low-Emitting Materials, Paints and Coatings - Interior paints and coating applied on-site must meet the limitations and restrictions concerning chemical components set by the following standards:
 - a. Topcoat Paints: Green Seal Standard GS-11,
 - b. Anti-Corrosive and Anti-Rust Paints: Green Seal Standard GS-03, Anti-Corrosive Paints,
 - c. All other Architectural Coatings, Primers and Undercoats: South Coast Air Quality Management District (SCAQMD) Rule 1113
18. Low-Emitting Materials, Carpet Systems - Tenants must use systems that meet or exceed the Carpet and Rug Institute's Green Label Plus (GLP) testing and product requirements same goes for carpet pads. Note that GLP does not address backer or adhesive. Backer or adhesives must meet EQ credit 4.1 as mentioned in item 16 above.
19. Low-Emitting Materials, Composite Wood and Laminate Adhesives - Composite wood and agrifiber products, including core materials, must contain no added urea-formaldehyde resins. Laminate Adhesives used to fabricate on-site and shop applied assemblies containing these laminate adhesives must contain no added urea-formaldehyde. Preferred Low emitting materials in Appendix. NOTE: If Products covered by EQ Credit 4.5, Low-Emitting Materials, System Furniture and Seating shall be excluded from these requirements.
20. Low-Emitting Materials, Systems Furniture and Seating - Any furniture that is brought into the TI space which was manufactured, refurbished, or refinished within one year prior to moving it space must meet one of the following requirements:
 - a. Greenguard Indoor Air Quality Certified.
 - b. Calculated indoor air concentrations that are less than or equal to those established in Table 1 Indoor Air Concentrations for furniture systems and seating.

Appendix

Chemical Contaminant	Emission Limits Systems Furniture	Emission Limits Multiple Office Seating
TVOC	0.5 mg/m ³	0.25 mg/m ³
Formaldehyde	50 parts per billion	25 parts per billion
Total Aldehydes	100 parts per billion	50 parts per billion
4-Phenylcyclohexen (4-PCH)	0.0065 mg/m ³	0.00325 mg/m ³

Salvaged and used furniture that is more than one year old at time of occupancy is excluded from the credit requirements.

Please see the City of Beverly Hills website for additional information.

http://www.beverlyhills.org/about/newsroom/green_team/green_building_ordinance.asp

[Exhibit B-2 LEED-CI Checklist: Attached]



LEED for Commercial Interiors v2.0 Registered Project Checklist

Project Name: Gardens Building - Tenant Improvement

Project Address: _____

Yes	?	No		
23	28	5	Project Totals (Pre-Certification Estimates) 57 Points	
CERTIFIED			Certified: 21-26 points	Silver: 27-31 points
			Gold: 32-41 points	Platinum: 42-57 points

Yes	?	No		
6	0	0	Sustainable Sites 7 Points	
3	0	0	Credit 1	Site Selection 1 to 3
3	0	0		Select a LEED Certified Building 3
				-OR- Locate the tenant space in a building with the following characteristics: 1 to 3
			Option 1A	Brownfield Redevelopment 1/2
			Option 1B	Stormwater Management, Rate and Quantity 1/2
			Option 1C	Stormwater Management, Treatment 1/2
			Option 1D	Heat Island Reduction, Non-Roof 1/2 to 1
			Option 1E	Heat Island Reduction, Roof 1/2
			Option 1F	Light Pollution Reduction 1/2
			Option 1G	Water Efficient Irrigation, Reduce by 50% 1/2
			Option 1H	Water Efficient Irrigation, No Potable Use or No Irrigation 1/2
			Option 1I	Innovative Wastewater Technologies 1/2
			Option 1J	Water Use Reduction, 20% Reduction 1/2
			Option 1K	On-site Renewable Energy 1/2 to 1
			Option 1L	Other Quantifiable Environmental Performance 1/2 to 3
1			Credit 2	Development Density and Community Connectivity 1
1			Credit 3.1	Alternative Transportation, Public Transportation 1
1			Credit 3.2	Alternative Transportation, Bicycle Storage & Changing Rooms 1
	1		Credit 3.3	Alternative Transportation, Parking Availability 1



LEED for Commercial Interiors v2.0 Registered Project Checklist

Yes	?	No		
2			Water Efficiency	2 Points
1			Credit 1.1 Water use Reduction, 20% Reduction	1
1			Credit 1.2 Water use Reduction, 30% Reduction	1

Yes	?	No		
4	7	1	Energy & Atmosphere	12 Points
Yes			Prereq 1 Fundamental Commissioning	Required
Yes			Prereq 2 Minimum Energy Performance	Required
Yes			Prereq 3 CFC Reduction in HVAC&R Equipment	Required

*NOTE for EAc1: All LEED for Commercial Interiors projects registered after June 26th, 2007 are required to achieve at least two (2) points under EAc 1. Projects may earn two (2) points from achieving any combination of the 4 sub-credits under EAc 1.

1	1	1	Credit 1.1 Optimize Energy Performance, Lighting Power	1 to 3
			--> Option A Reduce lighting power density to 15% below the standard	1
			Option B Reduce lighting power density to 25% below the standard	2
			Option C Reduce lighting power density to 35% below the standard	3
1			Credit 1.2 Optimize Energy Performance, Lighting Controls	1
0	2	0	Credit 1.3 Optimize Energy Performance, HVAC	1 to 2
	1		Option A Equipment Efficiency and Zoning & Controls	1 to 2
	1		Option B Reduce Design Energy Cost	1 to 2
2			Credit 1.4 Optimize Energy Performance, Equipment & Appliances	1 to 2
			Option A 70% of ENERGY STAR eligible equipment ENERGY STAR rated	1
			--> Option B 90% of ENERGY STAR eligible equipment ENERGY STAR rated	2
	1	0	Credit 2 Enhanced Commissioning	1
0	2	0	Credit 3 Energy Use, Measurement & Payment Accountability	1 to 2
	2		Case A Projects with area less than 75% of total building area	1 to 2
	2		Case B Projects with area 75% or more of total building area	2
	1		Credit 4 Green Power	1



LEED for Commercial Interiors v2.0
Registered Project Checklist

Yes	?	No		
3	9	2	Materials & Resources	14 Points
Yes			Prereq 1	Storage and Collection of Recyclables Required
	?		Credit 1.1	Tenant Space , Long Term Commitment 1
		?	Credit 1.2	Building Reuse , Maintain 40% of Interior Non-Structural Components 1
		?	Credit 1.3	Building Reuse , Maintain 60% of Interior Non-Structural Components 1
?			Credit 2.1	Construction Waste Management , Divert 50% From Landfill 1
?			Credit 2.2	Construction Waste Management , Divert 75% From Landfill 1
	?		Credit 3.1	Resource Reuse , 5% 1
	?		Credit 3.2	Resource Reuse , 10% 1
	?		Credit 3.3	Resource Reuse , 30% Furniture and Furnishings 1
?	0		Credit 4.1	Recycled Content , 10% (post-consumer + 1/2 pre-consumer) 1
	?		Credit 4.2	Recycled Content , 20% (post-consumer + 1/2 pre-consumer) 1
	?		Credit 5.1	Regional Materials , 20% Manufactured Regionally 1
	?		Credit 5.2	Regional Materials , 10% Extracted and Manufactured Regionally 1
	?		Credit 6	Rapidly Renewable Materials 1
	?		Credit 7	Certified Wood 1



LEED for Commercial Interiors v2.0
Registered Project Checklist

Yes	?	No			
7	8	2	Indoor Environmental Quality		17 Points
Yes			Prereq 1	Minimum IAQ Performance	Required
Yes			Prereq 2	Environmental Tobacco Smoke (ETS) Control	Required
		1	Credit 1	Outside Air Delivery Monitoring	1
		1	Credit 2	Increased Ventilation	1
1			Credit 3.1	Construction IAQ Management Plan, During Construction	1
1			Credit 3.2	Construction IAQ Management Plan, Before Occupancy	1
1			Credit 4.1	Low-Emitting Materials, Adhesives and Sealants	1
1			Credit 4.2	Low-Emitting Materials, Paints and Coatings	1
1			Credit 4.3	Low-Emitting Materials, Carpet Systems	1
1			Credit 4.4	Low-Emitting Materials, Composite Wood and Laminate Adhesives	1
1	0		Credit 4.5	Low-Emitting Materials, Systems Furniture and Seating	1
	1		Credit 5	Indoor Chemical and Pollutant Source Control	1
	1		Credit 6.1	Controllability of Systems, Lighting	1
	1		Credit 6.2	Controllability of Systems, Temperature and Ventilation	1
	1		Credit 7.1	Thermal Comfort, Compliance	1
	1		Credit 7.2	Thermal Comfort, Monitoring	1
	1		Credit 8.1	Daylight & Views, Daylight 75% of Spaces	1
	1		Credit 8.2	Daylight & Views, Daylight 90% of Spaces	1
	1		Credit 8.3	Daylight & Views, Views for 90% of Seated Spaces	1

Yes	?	No			
1	4		Innovation & Design Process		5 Points
	1		Credit 1.1	Innovation in Design: Provide Specific Title	1
	1		Credit 1.2	Innovation in Design: Provide Specific Title	1
	1		Credit 1.3	Innovation in Design: Provide Specific Title	1
	1		Credit 1.4	Innovation in Design: Provide Specific Title	1
1			Credit 2	LEED® Accredited Professional	1

EXHIBIT B-3

Gardens Building Standards for Vitrine Spaces

Without limiting any of Landlord's rights to approve all constructions plans and designs for the Premises, the following building standards shall apply to all Gardens Building Vitrine Spaces and the cost of compliance shall be born exclusively by Tenant:

1. Block Wall: Block/Concrete Wall to be finished with level 5 drywall with paint. Landlord's approval of paint color is required.
2. Electrical : Light fixtures to be installed above the arched door openings and may not be visible from building exterior.
3. Mechanical: All equipment to be installed above the ceiling and not visible from exterior.
4. Floors: Existing floor is concrete. Floor finish to be reviewed and approved by Landlord.
5. Barricade: Prior to start of construction a barricade shall be erected by Tenant. Tenant shall use wood/vinyl material as a barricade. The barricade and all exterior artwork must be approved in writing by Landlord.
6. Glass: Tenant shall provide security glass within the frame of the existing door frame reasonably acceptable to Landlord.
7. Air: Tenant shall provide all ventilation for the Vitrine required by Tenant's use and reasonably acceptable to Landlord.
8. Wall Finish: All framed walls to be finished with level 5 drywall with paint. Landlord's approval of paint color is required within the overall scope of space design.

EXHIBIT C

RULES AND REGULATIONS

1. Except as may be specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building (except within the Premises) without the prior written consent of Landlord. Tenant shall not place anything against or near exterior windows or doors which may appear unsightly from outside the Premises or which are visible from the exterior of the Premises (other than approved window coverings). Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Building. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety and interest of the Building. Without Landlord's written consent, neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Building or enter any other areas restricted by Landlord.

3. At Landlord's request, as a part of the Tenant Improvements, Tenant shall install new locks in, and re-key, the Premises, and in such event, Tenant shall deliver a copy of a key to all such locks to Landlord upon installation thereof. In addition, upon the termination of its tenancy, Tenant shall deliver to Landlord the keys to all doors and locks in the Premises.

4. All contractors and technicians rendering any service to Tenant after completion of the Tenant Improvements provided in the Lease and Exhibit B-2, thereto, shall be referred to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed) prior to performing any such service. This applies to all work performed in the Building, including but not limited to, installation of telephone and telegraph equipment and electrical devices and installations affecting floors, walls, woodwork, windows, ceilings and any other physical portion of the Building. None of Tenant's contractors or subcontractors shall be entitled to (1) display identification or other signage at the Building, (2) use the passenger elevators or (3) park anywhere in the Parking Structure except in the area designated by Landlord.

5. Without limiting Landlord's approval rights of Tenant Improvements provided in the Lease or Exhibit B-2, Landlord also shall have the right after completion of Tenant Improvements to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. The persons employed to move such equipment in or out of the Building must be approved by Landlord which approval shall not be unreasonably withheld, delayed or conditioned. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the

Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

6. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of Tenant's permitted uses. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

7. Except as provided in the Lease and its Exhibits, Tenant shall not use any method of heating or air conditioning other than that installed by Landlord.

8. Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall keep corridor doors closed.

9. Landlord reserves the right, exercisable upon thirty (30) days' prior written notice to Tenant, to change the name and/or street address of the Building.

10. Landlord reserves the right to exclude from the Building during hours other than Building hours of operation, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

11. Tenant shall close and lock the doors of its Premises before Tenant and its employees leave the Premises.

12. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

13. Tenant shall not use the Premises for any business or activity other than that specifically provided for in this Lease.

14. Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof(s) or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

15. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to Tenant Improvements or Alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires, except in accordance with the provisions of the Lease pertaining to Tenant Improvements or Alterations. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord to the extent required by the provisions of the Lease pertaining to Tenant Improvements or Alterations. Tenant shall repair any damage resulting from noncompliance with this rule.

16. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building or Common Areas (collectively, the "Project") are prohibited, and Tenant shall cooperate to prevent such activities.

17. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of these Rules and Regulations.

18. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

19. Tenant shall comply with all reasonable safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

20. There shall be no smoking within the Building or immediately adjacent to Building entrances (except in areas, if any, designated therefor by Landlord).

21. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease.

22. Upon written notice to Tenant, Landlord reserves the right to alter and/or rescind any of these Rules and Regulations and to make future Rules and Regulations. Tenant agrees to abide by all such Rules and Regulations herein above stated and (upon Landlord's written notice to Tenant of the alterations and/or additions) to abide by all alterations and additions to these Rules and Regulations.

23. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, customers, invitees and guests.

24. Landlord reserves the right to charge as additional Rent to Tenant, any extra costs incurred by Landlord as a result of the violation of these Rules and Regulations by Tenant or by Tenant's employees, agents, customers, invitees and guests.

EXHIBIT D

MEMORANDUM OF LEASE

RECORDING REQUESTED BY:

WHEN RECORDED RETURN TO:

Parking Authority of the City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of April 22, 2010, by and between the PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS, a parking authority established pursuant to the Parking Law of 1949 of the State of California ("Authority"), and LA VALENCIA, a California corporation ("Tenant").

RECITALS

A. Tenant and Authority have entered into that certain Lease dated April 20, 2010 (the "Lease"), pursuant to which Authority has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Authority, a portion (the "Premises") of that certain building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 240 N. Beverly Drive. The Building is located on the land more particularly described on Exhibit A attached hereto (the "Property"). The Premises are more particularly described in the Lease.

B. Tenant and Authority now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Authority agree as follows:

1. Lease. Authority hereby leases and demises to Tenant, and Tenant hereby leases and accepts from Authority, the portion of the Property defined as the "Premises" for a term of 18 months. The rental rate and other terms and conditions of the Lease are set forth in the Lease (including any options to extend the Term of the Lease), which terms and conditions are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

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

LANDLORD:

THE PARKING AUTHORITY
OF THE CITY OF BEVERLY HILLS,
a parking authority established pursuant
to the Parking Law of 1949 of the State
of California

By: _____
Jimmy Delshad,
Chairman of Board of Directors

TENANT:

LA VALENCIA,
a California corporation

By: _____
Print Name: _____
Title: _____

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
Secretary to Board of Directors

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)
Signature of Notary Public

EXHIBIT "A"
TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION OF PROPERTY

Lots 6, 7, 8, 22, 23, and 24, in Block 11 of Beverly, in the City of Beverly Hills, County of Los Angeles, State of California, as per the map recorded in book 11, page 94 of Maps, in the Official Records of said County.

Attachment 2

Memorandum of Lease

MEMORANDUM OF LEASE

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WHEN RECORDED RETURN TO:

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455 North Rexford Drive
Beverly Hills, California 90210
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RECITALS

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B. Tenant and Authority now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Authority agree as follows:

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

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

LANDLORD:

THE PARKING AUTHORITY
OF THE CITY OF BEVERLY HILLS,
a parking authority established pursuant
to the Parking Law of 1949 of the State
of California

By: _____
Jimmy Delshad,
Chairman of Board of Directors

TENANT:

LA VALENCIA,
a California corporation

By: Syrus Rasmı
Print Name: SYRUS RASMI
Title: PRESIDENT

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
Secretary to Board of Directors

ACKNOWLEDGMENT

State of California)
County of Los Angeles)

On March 15, 2010 before me, Joni M. Sand, Notary Public
(insert name and title of the officer)

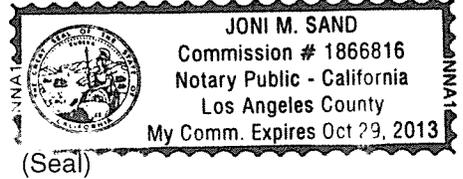
personally appeared Syrus Rasmi, President of La Valencia

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Joni M. Sand
Signature of Notary Public



ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____.

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)
Signature of Notary Public

EXHIBIT "A"
TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION OF PROPERTY

Lots 6, 7, 8, 22, 23, and 24, in Block 11 of Beverly, in the City of Beverly Hills, County of Los Angeles, State of California, as per the map recorded in book 11, page 94 of Maps, in the Official Records of said County.

Attachment 3

Guaranty of Lease

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“Guaranty”) is entered into as of April 22, 2010, by SYRUS RASMI, an individual (“Guarantor”), for the benefit of THE CITY OF BEVERLY HILLS, a municipal corporation (“Landlord”), with reference to the following facts:

A. Landlord and La Valencia, a California corporation (“Tenant”) entered into a Lease dated as of April 20, 2010.

B. It is a condition to the Landlord’s execution of the Lease that Guarantor execute and deliver this Guaranty.

C. Guarantor is an owner of Tenant and will materially benefit by the Landlord’s execution of the Lease.

1. Guarantor unconditionally guarantees, without deduction by reason of setoff, defense or counterclaim, to Landlord and its successors and assigns the full and punctual payment, performance and observance by Tenant, of all of the amounts, terms, covenants and conditions in the Lease contained on Tenant’s part to be paid, kept, performed and observed.

2. If Tenant shall at any time default in the punctual payment, performance and observance of any of the amounts, terms, covenants or conditions in the Lease contained on Tenant’s part to be paid, kept, performed and observed, Guarantor will pay, keep, perform and observe same, as the case may be, in the place and stead of Tenant. Guarantor shall also pay to Landlord all damages and expenses incurred by Landlord as a result of Tenant’s failure to perform, which expenses shall include reasonable attorneys’ fees and interest on all sums due and owing Landlord by reason of Tenant’s failure to pay same, at the maximum rate allowed by law.

3. Any act of Landlord, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, the giving of any consent to any matter or thing relating to the Lease, or the granting of any indulgence or extension of time to Tenant may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

4. The obligations of Guarantor hereunder shall not be released by Landlord’s receipt, application or release of any security given for the performance and observance of any covenant or condition in the Lease contained on Tenant’s part to be performed or observed, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

5. The liability of Guarantor hereunder shall in no way be affected by: (a) the release or discharge of Tenant in any creditor’s, receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Tenant or the estate of tenant in bankruptcy, or of any remedy for the enforcement of Tenant’s liability under the Lease resulting from the operation of any present or future provision of the national bankruptcy act or other statute or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Tenant; (e) any disability or other defense of Tenant; (f) the cessation from any cause whatever of the liability of Tenant; (g) the exercise by Landlord of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

6. If Tenant shall become insolvent or be adjudicated bankrupt, whether by voluntary or involuntary petition, if any bankruptcy action involving Tenant shall be commenced or filed, if a petition for reorganization, arrangement or similar relief shall be filed against Tenant, or if a receiver of any part of Tenant's property or assets shall be appointed by any court, Guarantor shall pay to Landlord the amount of all accrued, unpaid and accruing rent and other charges due under the Lease to the date when the debtor-in-possession, the trustee or administrator accepts the Lease and commences paying same. At such time as the debtor-in-possession, the trustee or administrator rejects the Lease, however, Guarantor shall pay to landlord all accrued, unpaid and accruing rent and other charges under the Lease for the remainder of the Lease Term. At the option of Landlord, Guarantor shall either: (a) pay Landlord an amount equal to the rent and other charges which would have been payable for the unexpired portion of the Lease Term reduced to present-day value (using a discount rate of four percent); or (b) execute and deliver to Landlord a new lease for the balance of the Lease Term with the same terms and conditions as the Lease, but with Guarantor as tenant thereunder. Any operation of any present or future debtor's relief act or similar act, or law or decision of any court, shall in no way affect the obligations of Guarantor or Tenant to perform any of the terms, covenants of the Lease or of this Guaranty.

7. Guarantor may be joined in any action against Tenant in connection with the obligations of Tenant under the Lease and recovery may be had against Guarantor in any such action. Landlord may enforce the obligations of Guarantor hereunder without first taking any action whatever against Tenant or its successors and assigns, or pursuing any other remedy or applying any security it may hold. Guarantor hereby waives all rights to assert or plead at any time any statute of limitations as relating to the Lease, the obligations of Guarantor hereunder and any surety or other defense in the nature thereof including, without limitation, the provisions of California Civil Code Section 2845 or any similar, related or successor provision of law. Guarantor also hereby waives the provisions of Sections 2809, 2810, 2819 and 2850 of the California Civil Code and their successors, and all other waivable defenses.

8. Until all of the covenants and conditions in the Lease on Tenant's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payment or performance by Guarantor hereunder; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant to Landlord under the lease.

9. This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, to any assignment, subletting or other tenancy thereunder and to any holdover term following the Lease Term granted under the Lease, or any extension or renewal thereof.

10. In the event of any litigation between Guarantor and Landlord with respect to the subject matter hereof, the unsuccessful party in such litigation shall pay to the successful party all fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

11. If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. This instrument constitutes the entire agreement between Landlord and Guarantor with respect to the subject matter hereof, superseding all prior oral and written agreements understandings with respect thereto. It may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Landlord.

13. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

14. Every notice, demand or request (collectively "Notice") required hereunder or by law to be given by either party to the other shall be in writing. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by telegram, mailgram or same-day or overnight private courier, addressed to the party to be served at the address indicated below or such other address as the party to be served may from time to time designate in a Notice to the other party.

15. The parties hereto agree that all actions or proceedings arising in connection with this Guaranty shall be tried and litigated exclusively in the State and Federal courts located in the County of Los Angeles, State of California. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to a arising out of this Guaranty in any jurisdiction other than that specified in this paragraph. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the State and Federal courts located in the County of Los Angeles, State of California shall have jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Guaranty. Each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it is contemplated by this paragraph by overnight or express mail, ordinary U.S. mail, or registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices as set forth at the end of this Guaranty, or in the manner set forth in Paragraph 14 of this Guaranty for the giving of notice. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

16. This Guaranty may be assigned in whole or part by landlord upon written notice to Guarantor, but it may not be assigned by Guarantor without landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion.

17. The terms and provisions of this Guaranty shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the parties hereto.

18. Guarantor represents and warrants to Landlord that Guarantor will not transfer Guarantor's assets to another entity or person for the purposes of circumventing Guarantor's obligations to Landlord under this Guaranty.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

“GUARANTOR”



Syrus Rasmi

Landlord's Address for Notices:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Director of Finance Administration

Guarantor's Address for Notices:

256 N. Beverly Drive
Beverly Hills, CA 92010