



## AGENDA REPORT

**Meeting Date:** December 6, 2016

**Item Number:** D-2

**To:** Board of Directors, Parking Authority of the City of Beverly Hills

**From:** Timothy Hou, Assistant to the City Manager

**Subject:**

- A. TERMINATION OF LEASE BETWEEN THE PARKING AUTHORITY AND TSUYO REHM, TRUSTEE UNDER DECLARATION OF TRUST DATED JANUARY 19, 2015 MADE BY KAZUMI KIM DBA KABUKI BEAUTY SALON; AND,
- B. APPROVAL OF LEASE BETWEEN THE PARKING AUTHORITY AND F.P.L.R., INC., DBA RAPHAEL FOR THE PROPERTY AT 313 N. CRESCENT DRIVE

**Attachments:**

- 1. Termination of Lease Between the Parking Authority of the City of Beverly Hills and Tsuyo Rehm, Trustee Under Declaration of Trust Dated January 19, 2015 Made by Kazumi Kim dba Kabuki Beauty Salon
- 2. Lease Between the Parking Authority of the City of Beverly Hills and F.P.L.R., Inc., dba Raphael
- 3. Memorandum of Lease Between F.P.L.R., Inc., and the Parking Authority of the City of Beverly Hills
- 4. Escrow Instructions

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### RECOMMENDATION

Staff recommends that the Board approve the termination of lease between the Parking Authority and Tsuyo Rehm for Kabuki Beauty Salon and approve the new lease and memorandum of lease between the Parking Authority and F.P.L.R., Inc., dba Raphael (Raphael) for the retail space at 313 N. Crescent Drive.

### INTRODUCTION

Since 1982, the Parking Authority has leased to Kabuki Beauty Salon a 1,288 square foot commercial retail space on the 300 Block of N. Crescent Drive. The proprietor for Kabuki Beauty Salon passed away on April 14, 2016. Tsuyo Rehm, who inherited the salon and has since operated it, desires to now move on from the business. On September 28, 2016, representatives for the salon submitted a proposal to staff that

would end the tenancy of Kabuki Beauty Salon and begin a new tenancy for Raphael. Staff presented the proposal to the Board and received direction during closed sessions on October 18 and November 15, 2016.

**DISCUSSION**

Staff recommends terminating the Kabuki Beauty Salon lease from 1982 and executing a contemporary lease with a new tenant, Raphael. Staff and representatives for Kabuki Beauty Salon negotiated the following proposed terms in alignment with Board direction:

- New Tenant: Raphael, which will continue to operate the site as a beauty salon
- Size: 1,288 rentable square feet
- Term: 4 years
- Rent: \$3.50 per square foot monthly (\$4,508), with an annual increase based on the Consumer Price Index (CPI)
- Option: One 3-year option to extend subject to mutual agreement between landlord and tenant with the base rent set at fair market value, but not to exceed 15% more than the last year's rent of the initial term

Raphael will be returning to Beverly Hills after operating at its current location at 647 N. Robertson Boulevard in West Hollywood for the last several years. Raphael plans to build out tenant improvements at its sole cost. Staff has performed due diligence upon the proposed tenant. After reviewing financial information and checking references, staff has determined that Raphael represents an acceptable level of risk for the size, type, and location of the business.

**FISCAL IMPACT**

For the first year, the proposed lease would generate positive revenue of \$54,096. Over the 4-year proposed lease term, the lease would generate positive revenue for the Parking Authority with a present value of approximately \$195,000. Currently the site is leased to Kabuki Beauty Salon at a monthly rate of \$4,169.52 (\$3.24 per square foot monthly). The new lease represents an eight-percent (8%) increase in the base rent, pending annual rate adjustments based on CPI, and the highest base rent to date at the Parking Authority-owned commercial spaces on N. Crescent Drive.

  
\_\_\_\_\_  
Don Rhoads  
Finance Approval

\_\_\_\_\_  
Pamela Mottice-Muller   
Approved By

# **Attachment 1**

RECORDING REQUESTED BY,  
AND WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

The undersigned Lessor declares that this Termination of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383.

### TERMINATION OF LEASE

THIS TERMINATION OF LEASE (this "**Termination**") is dated for reference purposes as of December 6, 2016, and is entered into by and between THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("**Lessor**") and TSUYO REHM, trustee under First Amended and Restated Declaration of Trust dated January 19, 2015 made by KAZUMI KIM (dba Kabuki Beauty Salon) ("**Lessee**").

### RECITALS

A. Lessor and Henry Kim executed that certain Lease dated November 16, 1982 (the "Original Lease"). The Original Lease was amended by that certain unrecorded First Amendment to Lease dated as of November 20, 1990, executed by Lessor and Lessee (the "First Amendment"); that certain unrecorded Second Amendment to Lease dated as of November 18, 1997 (the "Second Amendment"); that certain unrecorded Third Amendment to Lease dated as of November 16, 1999 (the "Third Amendment"), and that certain Fourth Amendment to Lease dated as of July 20, 2004 **that was recorded on September 23, 2004 as Document No. 04-2451905 in the Official Records of Los Angeles County, California** (the "Fourth Amendment"); that certain Fifth Amendment to Lease dated as of June 3, 2010 that was **recorded on July 16, 2010 as Document No. 20100976562 in such Official Records** (the "Fifth Amendment"); and that certain Sixth Amendment to Lease dated as of May 17, 2011 that was **recorded on July 5, 2011 as Document No. 20110905538 in such Official Records** (the "Sixth Amendment"); and that certain unrecorded Seventh Amendment to Lease dated February 18, 2014. The Original Lease, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment and the Seventh Amendment, is hereinafter referred to as the "**Lease**."

B. The Lease affects a portion ("**Premises**") of the building located at 333 North Crescent Drive, Beverly Hills, California (the "**Property**"), which has been acquired by the Parking Authority of the City of Beverly Hills (i.e., the "**Lessor**" herein) from the City of Beverly Hills (the initial lessor under the Lease).

C. Henry Kim is deceased. Henry Kim did not have a will and Kazumi Kim was his sole surviving relative. Kazumi Kim operated Kabuki Beauty Salon in the Premises until her

passing in April 14<sup>th</sup> 2016. Tsuyo Rehm, as trustee under a trust created by Kazumi Kim, succeeded to the ownership of the Kabuki Beauty Salon and has been operating the business under the Lease.

D. In connection with the Sixth Amendment, Kazumi Kim executed a Guaranty of Lease dated May 17, 2011 (the "**Lease Guaranty**").

E. F.P.L.R. Inc. is acquiring the Kabuki Beauty Salon business and is concurrently entering into a new lease for the Premises with Lessor; consequently, Lessor and Lessee desire to terminate the Lease, the Lease Guaranty, and the recorded Fourth Amendment, Fifth Amendment and Sixth Amendment.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, the rents to be paid hereunder and of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. Termination of Lease Documents. The Lease (including, without limitation, all recorded amendments) and Lease Guaranty are terminated as of the date of recordation hereof.

2. Counterparts. This Termination 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, Lessor and Lessee have executed this Termination.

**LESSOR:**

THE PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS,  
a municipal corporation

By: \_\_\_\_\_  
John A. Mirisch,  
Chairman of the Board

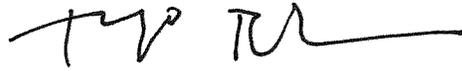
ATTEST:

\_\_\_\_\_  
Byron Pope, Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Laurence S. Wiener,  
General Counsel

**LESSEE:**



TSUYO REHM, trustee under First Amended  
and Restated Declaration of Trust dated  
January 19, 2015 made by KAZUMI KIM (dba  
"Kabuki Beauty Salon")

**[SIGNATURES OF PARTIES MUST BE ACKNOWLEDGED BY A NOTARY]**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

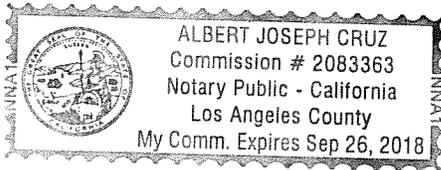
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Los Angeles )  
On 11/21/2016 before me, ALBERT JOSEPH CRUZ Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Tsuyo REHM  
Name(s) of Signer(s)

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 [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document  
Title or Type of Document: TERMINATION OF LEASE  
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_  
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

On \_\_\_\_\_, before me, \_\_\_\_\_,

(insert name and title of the officer)

Notary Public, 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)

# **Attachment 2**

**LEASE**

between

THE PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS,  
as Landlord

and

F.P.L.R., INC.  
(dba "Raphael"),  
as Tenant

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## LEASE

This Lease ("Lease") is entered into as of the "Effective Date" (as defined in Section 1.1 below) by and between "Landlord" and "Tenant" (each as defined in Section 1.2 and Section 1.3 below).

### ARTICLE 1 BASIC LEASE PROVISIONS

- 1.1 Effective Date.** Date in December, 2016 on which the Tenant purchases the business known as Kabuki Hair Salon from Tsuyo Rehm, trustee, under Escrow No. 58807-TL (the "Escrow") with United Escrow Co., 3440 Wilshire Blvd., Suite 60, Los Angeles, CA 90010 (Topanga Lee, Senior Escrow officer).
- 1.2 Landlord.** THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS, a public entity.
- 1.3 Tenant.** F.P.L.R., Inc., a California corporation (dba "Raphael").
- 1.4 Premises.** That certain space described on Exhibit "A" attached hereto within the "Project" (as hereinafter defined).
- 1.5 Project.** The land and improvements at 313 N. Crescent Drive, Beverly Hills, California 90210 consisting of retail space on the street level of a public parking garage.
- 1.6 Initial Term; Conditional Extension.** The initial term of this Lease shall commence on the Effective Date ("Commencement Date") and shall end on December 31, 2020. Subject to the written consent of the General Manager, Tenant may extend the initial term for three (3) years upon the terms and conditions in Section 3.2.
- 1.7 Rent Commencement Date.** The Term Commencement Date.
- 1.8 Base Rent.** \$4,508 per month, subject to annual CPI adjustment under Section 5.2. Tenant shall pay the first month's Base Rent to Landlord on the date Tenant signs this Lease.
- 1.9 Parking.** Subject to Section 10.4, Tenant shall have the right to lease two (2) parking spaces on a non-exclusive basis (*i.e.*, Tenant shall have the right to purchase two (2) parking passes at the standard charges imposed by Landlord from time to time) in the public parking garage at 333 North Crescent Drive.
- 1.10 Use of Premises.** The Premises shall be used solely for the operation of a beauty salon.
- 1.11 Security Deposit.** Thirteen Thousand Five Hundred Twenty Four and No/100 Dollars (\$13,524.00), which is subject to Article 8. (Article 8). A portion of the Security Deposit is currently held by Landlord; Landlord received \$7,189 of it under the previous lease for the Premises and Landlord and Tenant agree that such sum shall constitute part of the Security Deposit required under this Lease. The remainder of the Security Deposit is to be delivered by tenant to Landlord through the Escrow at the close of escrow. Tenant must give \$7,189 of credit

for such security deposit portion held by Landlord through the escrow for its purchase of the business in the Premises, and shall defend, indemnify and hold Landlord harmless from and against any claims by the previous tenant or related persons or entities for return of all or any of such security deposit funds.

**1.12 Notices.** (Section 20.2)

To Landlord: The Parking Authority of the City of Beverly Hills  
455 North Rexford Drive  
Beverly Hills, California 90210  
Attn: Director of Administrative Services

With a copy to: The Parking Authority of the City of Beverly Hills  
455 North Rexford Drive  
Beverly Hills, California 90210  
Attn: City Attorney

To Tenant: At the Premises.

**1.13 Broker(s).** None.

**ARTICLE 2  
PREMISES**

**2.1 Premises.** Landlord leases to Tenant and Tenant leases from Landlord, for the “Term” (as defined in Article 3) and upon the covenants and conditions set forth in this Lease, the premises described in Section 1.4 (“Premises”).

**2.2 Reservation.** Landlord reserves the right to use the exterior walls, floor, roof and plenum in, above and below the Premises for the repair, maintenance, use and replacement of pipes, ducts, utility lines and systems, structural elements serving the Project and for such other purposes as Landlord deems necessary.

**ARTICLE 3  
TERM**

**3.1 Term.** The term of this Lease (“Initial Term”) shall commence upon the Commencement Date, and shall end on December 31, 2020. The Initial Term, as extended (if at all) under Section 3.2 below is referred to in this Lease as the “Term”.

**3.2 Conditional Extension; Extension Term Rent.** Tenant may request the General Manager to approve a three (3) year extension of the initial term (the “Extension Term”) provided Tenant makes its request, in writing, at least ninety (90) days, but not more than one hundred and twenty (120) days, prior to the expiration of the initial term. If General Manager desires to approve such request, the General Manager shall notify Tenant in writing and shall include in such notice the fair market rent, determined by the General Manager in good faith, which may not be more than fifteen percent (15%) greater than the then-current Base Rent,

which shall be the Base Rent for the initial year of the extension term and shall thereafter be adjusted annually in accordance with Section 5.2 below.

#### **ARTICLE 4 POSSESSION AND CONDITION**

**4.1 Delivery of Possession.** Landlord shall deliver possession of the Premises to Tenant as soon as reasonably possible after the Effective Date.

**4.2 Accessibility Requirements.** Tenant hereby agrees to make all improvements necessary for the Premises to comply with the American with Disabilities Act and any other accessibility laws. Landlord hereby informs Tenant that the Premises have not been determined by a Certificate Access Specialist to meet applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53.

**4.3 Condition of Premises.** Tenant acknowledges that Tenant has thoroughly inspected the Premises. Tenant shall accept the Premises in their current "AS-IS" condition, without representation or warranty, express or implied.

#### **ARTICLE 5 RENT**

**5.1 Rent.** Tenant shall pay the Base Rent specified in Section 1.8 in monthly installments, in advance, on or before the first (1st) day of each month, without prior demand and without offset, abatement or deduction, commencing on the Commencement Date. Should the Commencement Date be a day other than the first (1st) day of a calendar month, then the monthly installment of Rent for the first partial month shall be paid to Landlord on the Commencement Date.

**5.2 Annual CPI Adjustments.** On each anniversary of the Rent Commencement Date except for the first day of the Extension Term (defined in Section 3.2) (each such anniversary being hereinafter referred to as an "Adjustment Date"), the then-current monthly Base Rent shall be increased 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-Riverside-Orange County statistical area (CPI U) (1982 84=100) ("CPI") for the immediately preceding year (i.e., the year ending on the applicable anniversary of the Rent Commencement Date on which anniversary the monthly Base Rent is to be so adjusted), which shall be calculated by multiplying the then-current monthly Base Rent amount by a fraction, the numerator of which shall be the August CPI published immediately prior to the applicable Adjustment Date and the denominator of which shall be the August CPI of the year preceding the numerator year (or in the case of the first adjustment, prior to the Rent Commencement Date); provided, however, that in no event shall monthly Base Rent decrease. 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.

Landlord shall notify Tenant in writing of each such adjustment. Tenant shall continue to pay monthly Base Rent at the then-current rate until Landlord gives Tenant written notice of adjustment, but delay in giving such notice shall not waive the increase in Base Rent, and upon

delivery of an adjustment notice, Tenant shall pay to Landlord all previous unpaid adjustments concurrently with Tenant's next scheduled payment of monthly Base Rent.

**5.3 Additional Rent.** Tenant shall pay, as "Additional Rent", without offset, abatement or deduction, all sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease in addition to Base Rent, and Landlord shall have the same rights and remedies for the nonpayment of Additional Rent as it has with respect to the nonpayment of Rent.

**5.4 Late Payments.** If Tenant fails to pay when the same is due any Base Rent or Additional Rent, the unpaid amounts shall bear interest at the Interest Rate, as defined in Section 20.5(d) below, from the date the unpaid amount was initially due, to and including the date of payment. In addition, if any installment of Base Rent or Additional Rent is not received by Landlord from Tenant within ten (10) days after the date when due, Tenant shall immediately pay to Landlord a late charge equal to One Thousand Five Hundred Dollars (\$1,500.00). Landlord and Tenant agree that this late charge represents a reasonable estimate of the direct and indirect costs, expenses and damages Landlord will incur as a result of Tenant's late payment (which damages would be impractical and extremely difficult to calculate accurately) and is therefore fair compensation to Landlord for its loss suffered by reason of late payment by Tenant.

**5.5 Place of Payment.** Tenant shall pay Base Rent and Additional Rent to Landlord at the first address for Landlord specified in Section 1.12 or to such other address and/or person as Landlord may from time to time designate in writing to Tenant. The previous tenant of the Premises has paid rent for the full month of November; Tenant is buying such previous tenant's business in the Premises in November. Consequently, the first partial month of Base Rent (for the remainder of the month of November) shall be kept by Landlord and deemed paid, but Tenant must give credit to the previous tenant for such overpayment by the previous tenant of November rent through the escrow for Tenant's purchase of the business in the Premises, at the close of Escrow (in November, 2016). Tenant shall defend, indemnify and hold harmless from and against claims by the previous tenant for refund by Landlord of overpaid November rent.

## ARTICLE 6 PROPERTY TAXES/ASSESSMENTS

### 6.1 Real Property Taxes and Assessments.

(a) As used in this Lease, the term "Taxes" shall include any form of tax or assessment, license fee, license tax, possessory interest tax, tax or excise on rental, or any other levy, charge, expense or imposition imposed by any Federal, state, county or city authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district on any interest of Landlord or Tenant in the Project. The term "Taxes" shall not include Landlord's general income taxes, inheritance, estate or gift taxes.

Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges and agrees that for so long as Landlord's interest in the Project is owned by the state or any local public entity or government, including without limitation a municipal corporation (collectively, a "Governmental Entity"), this Lease and Tenant's interest hereunder

constitutes a possessory interest subject to property taxation and as a result Tenant may be subject to the payment of real estate taxes levied on that interest (in which event, Tenant shall pay such taxes within thirty (30) days following billing from the applicable governmental authority, or, if such taxes are not separately assessed, then in accordance with the further provisions of this Article). In addition, for so long as the Landlord's interest in the Project is owned by a Governmental Entity, the full cash value, as defined under applicable laws, of the possessory interest upon which real estate taxes may be based shall equal the greater of (A) the full cash value of the possessory interest, or (B) Tenant's allocable share of the full cash value of the property that would have been taxed if the property had been subject to property tax upon acquisition by the Governmental Entity. Tenant agrees to forward Landlord a copy of its tax bill or possessory interest tax statement within thirty (30) days of its receipt.

(b) If Landlord conveys the Project to a person or entity who is not a Governmental Entity, and whenever thereafter the Project is not owned by a Governmental Entity, Tenant shall pay to the then Landlord, as Additional Rent, from and after the Rent Commencement Date, a share of the Taxes described below. Taxes for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Taxes after the actual amount of Taxes are ascertained or in advance, monthly or quarterly, based upon estimated Taxes. If Landlord elects to collect Tenant's share of Taxes based upon estimates, Tenant shall pay to Landlord, on a monthly basis an amount estimated by Landlord to be the monthly Taxes payable by Tenant. Landlord may periodically adjust the estimated amount. If Landlord collects Taxes based upon estimated amounts, then following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish Tenant with a statement covering the year just expired showing the total Taxes for the Project for such year, the total Taxes payable by Tenant for such year, and the payments previously made by Tenant with respect to such year, as set forth above: If the actual Taxes payable for such year exceed Tenant's prior payments, Tenant shall pay to Landlord the deficiency within ten (10) days after its receipt of the statement. If Tenant's payments exceed the actual Taxes payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Taxes and/or other Additional Rent that become due to Landlord; provided that Landlord shall refund to Tenant the amount of any overpayment for the last year of the Term. If the Premises and underlying realty are part of a larger parcel for assessment purposes or are within a multi-level building ("larger parcel"), Tenant's share of the Taxes shall be determined by multiplying all of the Taxes on the larger parcel, by a fraction, the numerator of which shall be the useable area of the Premises and the denominator of which is the useable area in the larger parcel.

**6.2 Other Property Taxes.** Tenant shall pay, prior to delinquency, all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, trade fixtures, merchandise and other personal property in, on or upon the Premises. If any such items of property are assessed with property of Landlord, then the assessment shall be equitably divided by Landlord between Landlord and Tenant.

**ARTICLE 7  
SECURITY DEPOSIT**

Landlord holds the sum specified in Section 1.11 (“Security Deposit”) in cash, which shall be held by Landlord as security for the faithful performance by Tenant of all 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 provision 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 this Security Deposit for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant’s default, or to compensate Landlord for any other 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 five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount and Tenant’s failure to do so shall be a default under this Lease. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord’s option, to the last assignee of Tenant’s interest hereunder) within ninety (90) days following expiration of the Term. If Landlord transfers its interest in the Building, Landlord shall transfer the cash Security Deposit to Landlord’s successor in interest. TENANT HEREBY WAIVES THE PROVISIONS OF SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE AND AGREES THAT THE FOREGOING PROVISIONS OF THIS SECTION 7 SHALL GOVERN LANDLORD’S USE AND RETURN OF THE SECURITY DEPOSIT.

**ARTICLE 8  
TENANT’S CONDUCT OF BUSINESS**

**8.1 Permitted Use.** Tenant shall use the Premises solely for the use specified in Section 1.11 and for no other use or purpose. Tenant’s operations shall not disturb other tenants or create a nuisance.

**8.2 Winter Shopping Season Hours and Decoration.** Tenant acknowledges that the Landlord has a significant interest in promoting retail sales in the City of Beverly Hills (“City”) in order to maximize sales tax revenues and otherwise benefit both 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.

**8.3 Tenant’s Signs.** Tenant shall not affix upon the exterior (or interior windows or doors) of the Premises any sign, advertising placard, name, insignia, trademark, descriptive material or other like item (collectively, the “Exterior Signs”), unless the Exterior Signs: (i) comply with all governmental requirements, (ii) comply with any sign criteria hereafter established by Landlord for the Project from time to time, and (iii) are approved by the General Manager in writing. All

of the Exterior Signs shall be erected by Tenant at its sole cost and expense, shall be professionally prepared, and Tenant shall maintain all of its Exterior Signs in good condition and repair during the Term. Prior to the expiration, or upon earlier termination of this Lease, as applicable, Tenant shall remove all of its Exterior Signs and restore the areas on which the Exterior Signs were located to their condition prior to the installation of the Exterior Signs, all at Tenant's sole cost and expense.

## **ARTICLE 9 MAINTENANCE, REPAIRS AND ALTERATIONS**

**9.1 Landlord's Maintenance Obligations.** Landlord shall maintain in good condition and repair the structural components and foundations, roofs and exterior surfaces of the exterior walls of all buildings (exclusive of doors, door frames, door checks, windows, window frames, storefronts and storefront awnings).

**9.2 Landlord's Right of Entry.** Landlord, its agents, contractors, servants and employees may enter the Premises following not less than forty-eight (48) hours prior written notice to Tenant (except in the event of an emergency, in which case no prior notice shall be required) and Landlord's good faith efforts to coordinate such entry with Tenant's on-site management so as to minimize interference with Tenant's business operations (except in a case of emergency): (a) to examine the Premises; (b) to perform any obligation or exercise any right or remedy of Landlord under this Lease; and (c) to perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter. If Landlord makes any repairs which Tenant is obligated to make pursuant to the terms of this Lease, Tenant shall pay the cost of such repairs to Landlord, as Additional Rent, promptly upon receipt of a bill from Landlord for same.

**9.3 Tenant's Maintenance Obligations.** Except for the portions and components of the Premises to be maintained by Landlord as set forth in Section 9.1, Tenant, at its expense, shall keep the Premises and all utility facilities and systems exclusively serving the Premises ("Tenant Utility Facilities") in first-class order, condition and repair; provided, however, that Tenant shall have no right to paint the exterior or interior of the windows or doors without Landlord's prior written consent. Tenant shall contract with a validly licensed service company for the regular (but not less frequently than quarterly) maintenance, repair and/or replacement (when necessary) of the heating, ventilating and air conditioning equipment serving the Premises (the "HVAC System") and shall provide Landlord with a copy of such license and the applicable service contract within ten (10) days following execution of the applicable service contract but no later than thirty (30) days following the opening of the restaurant.

**9.4 Alterations.** Tenant shall not make or cause to be made to the Premises any addition, renovation, alteration, reconstruction or change (collectively, "Alterations") (i) costing in excess of Five Thousand Dollars (\$5,000.00), (ii) affecting the exterior storefront, fire sprinkler systems, exterior walls, floor slab, or roof of the Premises, (iii) requiring or resulting in any penetration of the roof, demising walls or floor slab of the Premises or (iv) involving structural changes or additions, without first obtaining the written consent of Landlord. Whether or not Landlord's consent is required under the preceding sentence, Tenant shall obtain all

governmental approvals and permits and shall otherwise comply with law with respect to all alterations and improvements. Tenant shall provide Landlord with not less than thirty (30) days' prior written notice of the commencement of any Alterations in the Premises and Landlord shall have the right to enter upon the Premises to post customary notices of non-responsibility with respect thereto. Subject to Section 20.3, all improvements to the Premises by Tenant including, but not limited to, light fixtures, floor coverings and partitions and other items but excluding trade fixtures and signs, shall be deemed to be the property of Landlord upon installation thereof. Within thirty (30) days after the completion of any Alterations, Tenant shall deliver to Landlord a set of "as built" plans depicting the Alterations as actually constructed or installed. If Tenant shall make any permitted Alterations, Tenant shall carry "Builder's All Risk" insurance in an amount reasonably determined by Landlord covering the construction of such Alterations and such other insurance as Landlord may reasonably require. Any Alterations to the Premises which are required by reason of any future law, ordinance, rule, regulation or order of any governmental authority having jurisdiction over the Premises or the Project, or any future change in any such existing law, ordinance, rule, regulation or order, and which does not pertain to the structural portions of the Project, shall be made by Tenant, and at the sole cost of Tenant.

## **ARTICLE 10 PARKING**

(a) Tenant understands and acknowledges that the parking structure and facilities at 333 North Crescent Drive serving the Project (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 maintain the Parking Facilities in good condition and repair, but Landlord may alter or make improvements to the Parking Facilities. Tenant's customers shall have the right to park in the Parking Facilities at the prevailing rates charged by Landlord for use of the Parking Facilities from time to time. 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) Tenant shall have the right to lease up to two (2) parking spaces in the Parking Facilities on the terms and conditions of Landlord's standard form parking permit agreement, as such agreement may be changed from time to time by Landlord. Tenant shall pay monthly fees for the parking spaces equal to the standard monthly fees charged by Landlord from time to time for spaces in the Parking Facilities. The monthly fees for the parking spaces shall be payable concurrently with the rent under this Lease, and shall be deemed additional rent.

(c) The Landlord shall not be obligated to ensure that other vehicles do not park in the parking spaces.

## ARTICLE 11

[INTENTIONALLY OMITTED]

## ARTICLE 12 INSURANCE

**12.1 Tenant's Insurance.** Tenant, at its sole cost and expense, commencing on the date Tenant is given access to the Premises, and continuing during the Term, shall procure, pay for and thereafter keep in full force and effect the following types of insurance, in at least the amounts and in the forms specified below:

(a) Comprehensive or commercial general liability insurance with coverage limits of not less than Three Million Dollars (\$3,000,000.00) for combined single limit for bodily injury, personal injury, death and property damage liability per occurrence or the limit carried by Tenant, whichever is greater, insuring against any and all liability of the insureds with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises or related to the exercise of any rights of Tenant pursuant to this Lease, subject to increases in amount as Landlord may reasonably require from time to time. All such liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property set forth in Section 12.4. Further, all such liability insurance shall include, but not be limited to, personal injury, blanket contractual, cross-liability and severability of interest clauses, broad form property damage, independent contractors, owned, non-owned and hired vehicles and, if alcoholic beverages are served, sold, consumed or obtained in the Premises, liquor law liability.

(b) Worker's compensation coverage in an amount adequate to comply with law, and employer's liability coverage with a limit of not less than One Million Dollars (\$1,000,000.00).

(c) Plate glass insurance covering all plate glass on the Premises at full replacement value. Tenant shall have the option either to insure this risk or to self-insure.

(d) Insurance covering all of Tenant's leasehold improvements and alterations, in an amount not less than their full replacement value from time to time, including replacement cost endorsement, providing protection against any peril included within the classification Fire and Extended Coverage, sprinkler damage, vandalism, malicious mischief, and such other additional perils as covered in an "all risks" standard insurance policy. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Article 13.

**12.2 Policy Form and Evidence of Insurance.** All policies of insurance required of Tenant herein shall be issued by insurance companies with a general policy holder's rating of not less than "A" and a financial rating of not less than Class X, as rated in the most current available "Best's Key Rating Guide", and which are qualified to do business in the State of California. All such policies, except for the Workers' Compensation coverage, shall name and shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's agents and mortgagee(s) or beneficiary(ies) as additional insureds. The policies described in subparagraphs

(c) and (d) of Section 12.1 shall also name Landlord and Landlord's mortgagee(s) or beneficiary(ies) as loss payees, and Landlord shall furnish to Tenant the names and addresses of such mortgagee(s) and beneficiary(ies). Executed copies of the policies of insurance or certificates thereof shall be delivered to Landlord prior to Tenant, its agents or employees entering the Premises for any purpose. Thereafter, executed copies of renewal policies or certificates thereof shall be delivered to Landlord within thirty (30) days prior to the expiration of the term of each policy. All policies of insurance delivered to Landlord must contain a provision that the company writing the policy will give to Landlord thirty (30) days' prior written notice of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All policies required of Tenant herein shall be endorsed to read that such policies are primary policies and any insurance carried by Landlord or Landlord's property manager shall be noncontributing with such policies.

**12.3 Blanket Policies.** Notwithstanding anything to the contrary contained in this Article 12, Tenant's obligation to carry insurance may be satisfied by coverage under a so-called blanket policy or policies of insurance; provided, however, that the coverage afforded Landlord will not be reduced or diminished and the requirements set forth in this Lease are otherwise satisfied by such blanket policy or policies.

**12.4 Indemnity.** "Landlord" for the purposes of this Section shall mean and include Landlord and Landlord's directors, officers, shareholders, agents and employees. To the fullest extent permitted by law, Tenant covenants with Landlord that Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant or any other person from any cause whatsoever related to the use, occupancy or enjoyment of the Premises by Tenant or any person thereon or holding under Tenant except for claims arising from Landlord's active negligence or willful misconduct. Tenant shall pay for, defend (with an attorney approved by Landlord), indemnify, and save Landlord harmless against and from any real or alleged damage or injury and from all claims, judgments, liabilities, costs and expenses, including attorneys' fees and costs, arising out of or connected with Tenant's use of the Premises and its facilities, or any repairs, alterations or improvements which Tenant may make or cause to be made upon the Premises, any breach of this Lease by Tenant and any loss or interruption of business or loss of rental income resulting from any of the foregoing (except as hereinafter set forth in this sentence); provided, however (and though Tenant shall in all cases accept any tender of defense of any action or proceeding in which Landlord is named or made a party and shall, notwithstanding any allegations of negligence or misconduct on the part of Landlord, defend Landlord as provided herein), Tenant shall not be liable for such damage or injury to the extent and in the proportion that the same is ultimately determined to be attributable to the negligence or misconduct of Landlord, and Landlord shall pay for, defend, indemnify, and save Tenant harmless against and from any and all claims, judgments, liabilities, costs and expenses, including attorneys' fees and costs, resulting from any such damage or injury. The obligations to indemnify set forth in this Section shall include all attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by the indemnified party from the first notice that any claim or demand is to be made or may be made. All obligations under this Section shall survive the expiration or termination of this Lease.

**12.5 Waivers of Subrogation.** Landlord and Tenant each waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises or its contents, or to other portions of the Project arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to this Lease. The insurance policies obtained by Landlord and Tenant pursuant to this Lease shall contain endorsements waiving any right of subrogation which the insurer may otherwise have against the non-insuring party. If Landlord has contracted with a third party for the management of the Project, the waiver of subrogation by Tenant herein shall also run in favor of such third party.

**12.6 Failure by Tenant to Maintain Insurance.** If Tenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Article 12, or to provide copies of policies or certificates or copies of renewal policies or certificates within the time provided in Section 12.2, Landlord may, after providing written notice to Tenant of its intention to do so, secure the appropriate insurance policies and Tenant shall pay, upon thirty (30) days following demand, the cost of same to Landlord, as Additional Rent.

## **ARTICLE 13 DAMAGE**

**13.1 Insured Casualty.** In the case of damage by fire or other perils covered by the insurance specified in Article 12, the following provisions shall apply:

(a) Unless Landlord elects to terminate this Lease (by written notice to Tenant), Landlord shall commence such repair, reconstruction and restoration of the Premises as Landlord, in its business judgment, deems necessary, as soon as reasonably practicable and shall diligently prosecute the same to completion; provided, however, that Tenant, at its cost, shall repair and restore all items of Tenant's Work and replace its stock in trade, trade fixtures, furniture, furnishings and equipment. Tenant shall commence this work promptly upon delivery of possession of the Premises to Tenant and shall diligently prosecute same to completion.

(b) Notwithstanding the foregoing, if the damage occurs during the last year of the Term, Tenant shall have the right to terminate this Lease. The termination right shall be exercised by the terminating party giving written notice to Landlord within thirty (30) days after the date of damage.

(c) Notwithstanding anything to the contrary contained herein, if Tenant is unable to reasonably operate its business from the Premises for the use specifically permitted under this Lease as a result of a casualty at the Premises and Landlord does not commence repairs within one hundred and twenty (120) days, fails to thereafter prosecute the repairs with reasonable diligence, or fails to complete the repairs within one (1) year after the date of such casualty and the damage was not caused by Tenant or its agents, employees or contractors, then Tenant shall have the right to terminate this Lease by delivering a written termination notice to Landlord, which termination notice shall be delivered to Landlord within thirty (30) days after the applicable event.

**13.2 Uninsured Casualty.** If the Premises or the Project is damaged as a result of any casualty not covered by insurance, Landlord may terminate this Lease. In the event Landlord elects to restore the Premises, Tenant shall have the same repair, restoration and replacement obligations it has pursuant to Section 13.1.

**13.3 Distribution of Insurance Proceeds.** In the event of the termination of this Lease pursuant to this Article 13, all proceeds from the Fire and Extended Coverage insurance carried by Tenant pursuant to Article 12 and all insurance covering Tenant's Work and Tenant's leasehold improvements, shall be disbursed and paid to Tenant.

**13.4 Abatement.** In the event of repair, reconstruction and restoration, as provided in this Article 13, the Base Rent and Additional Rent payable hereunder shall be thereafter abated proportionately with the degree to which Tenant's use of the Premises is impaired during the remainder of the period of repair, reconstruction and restoration and, until the earlier of the date that is sixty (60) days thereafter or the date on which Tenant again operates its business in the Premises, provided neither Tenant nor its agents, employees or contractors caused the damage. Tenant shall continue the operation of its business on the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management. Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises or the building of which the Premises are a part, Tenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration, except to the extent (a) such damage or loss is caused by the negligence or gross misconduct of Landlord, and (b) Tenant has not waived compensation, claims, liabilities or other obligations for such damage or loss pursuant to Section 12.5 above.

**13.5 Waiver of Termination.** Tenant waives any statutory rights of termination which may arise by reason of any partial or total destruction of the Premises.

## ARTICLE 14 EMINENT DOMAIN

**14.1 Taking.** The term "Taking", as used in this Article 14, shall mean an appropriation or taking under the power of eminent domain by any public or quasi-public authority or a voluntary sale or conveyance in lieu of condemnation but under threat of condemnation.

**14.2 Total Taking.** In the event of a Taking of the entire Premises or the entire Common Area, this Lease shall terminate and expire as of the date possession is delivered to the condemning authority and Landlord and Tenant shall each be released from any liability accruing pursuant to this Lease after the date of such termination.

**14.3 Partial Taking.** If there is a Taking of a material portion of the Premises or the Common Area and, regardless of the amount taken, the Premises is not, in Tenant's sole but reasonable business judgment, suitable for the continued operation of Tenant's business, then Tenant may terminate this Lease, upon giving notice in writing of such election to Landlord within thirty (30) days after receipt by Tenant from Landlord of written notice that a portion of the Premises and/or the Common Area has been so appropriated or taken. In each case, the termination of this Lease

shall be effective as of the date Tenant is required to vacate all or a portion of the Premises and/or the Common Area.

**14.4 Award.** The entire award or compensation in any such condemnation proceeding, whether for a total or partial Taking, or for diminution in the value of the leasehold or for the fee, shall belong to and be the property of Landlord. Without derogating the rights of Landlord under the preceding sentence, Tenant shall be entitled to recover from the condemning authority such compensation as may be separately awarded by the condemning authority to Tenant or recoverable from the condemning authority by Tenant in its own right and separately allocated to the taking of trade fixtures and equipment owned by Tenant, the expense of removing and relocating Tenant's trade fixtures and equipment, interruption or damage to Tenants' business, the value of Tenant's leasehold estate, or the unamortized cost of Tenant improvements paid for by Tenant.

**14.5 Continuation of Lease.** In the event of a Taking, if Landlord and Tenant elect not to terminate this Lease as provided above (or have no right to so terminate), Landlord agrees, at Landlord's cost and expense as soon as reasonably possible after the Taking, to restore the Premises and/or the Common Area necessary for Tenant to reasonably operate from the Premises (to the extent of the condemnation proceeds) on the land remaining to a complete unit of like quality and character as existed prior to the Taking and, thereafter, Base Rent and Additional Rent payable by Tenant hereunder shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining, and Landlord shall be entitled to receive the total award or compensation in such proceedings.

## **ARTICLE 15 ASSIGNMENT AND SUBLETTING**

**15.1 Landlord's Consent Required.** Tenant shall not assign, sublet, enter into franchise, license or concession agreements, change ownership or voting control, mortgage, encumber, pledge, hypothecate or otherwise transfer (including any transfer by operation of law, but excluding Permitted Transfers) all or any part of this Lease or Tenant's interest in the Premises (collectively "Transfer" ) without first procuring the written consent of Landlord, in its sole and absolute discretion. A sale of fifty percent (50%) or more of the ownership interests in Tenant, whether in one transaction or a related series of transactions, shall constitute an assignment of this Lease.

**15.2 Procedures.** Should Tenant desire to enter into a Transfer, Tenant shall request, in writing, Landlord's consent to the proposed Transfer at least sixty (60) days before the intended effective date of the proposed Transfer, which request shall include any information reasonably requested by Landlord to evaluate the proposed Transfer. Within thirty (30) days after receipt of Tenant's request for consent to the proposed Transfer together with all of the above-required information, Landlord shall respond and shall have the right either to: (i) consent to the proposed Transfer; (ii) refuse to consent to the proposed Transfer; or (iii) terminate this Lease, such termination to be effective thirty (30) days after Tenant's receipt of Landlord's notice electing to so terminate and the parties shall have no further obligations under this Lease except those accruing as of or prior to the effective date of such termination; provided, however, if Landlord elects to terminate this Lease as a result of such Tenant's Transfer request, Tenant shall have the

right to rescind its Transfer request within ten (10) days after Landlord's written notice of termination, in which event this Lease shall not terminate. If Landlord shall exercise its termination right hereunder, Landlord shall have the right to enter into a lease or other occupancy agreement directly with the proposed Transferee, and Tenant shall have no right to any of the rents or other consideration payable by such proposed Transferee under such other lease or occupancy agreement. A consent to one (1) Transfer by Landlord shall not be deemed to be a consent to any subsequent Transfer to any other party.

**15.3 Standard for Consent.** For purposes of Landlord's consent after an Event of Default by Tenant and Landlord's election to keep this Lease in effect, Tenant agrees that Landlord may only refuse its consent to the proposed transfer on reasonable grounds.

**15.4 No Release; Form.** No Transfer whether with or without Landlord's consent, shall relieve Tenant from its covenants and obligations under this Lease. Any Transfer shall be evidenced by an instrument in form and content satisfactory to Landlord and executed by Tenant and the Transferee.

**15.5 Fees.** Tenant shall pay to Landlord, as Additional Rent, concurrently with any request for consent pursuant to Section 15.2, a non-refundable fee of One Thousand Dollars (\$1,000.00) as payment to Landlord for its review and processing of the request.

**15.6 Transfer Rent.** If Tenant shall enter into a Transfer hereunder (other than a Permitted Transfer), Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium" (as hereinafter defined). In the event of a subletting, "Transfer Premium" shall mean all rent, additional rent or other consideration payable by such subtenant to Tenant or on behalf of Tenant in connection with the subletting in excess of the rent, additional rent 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 following costs actually incurred and paid by Tenant to secure the sublease to the extent they are reasonable: (i) improvement allowances; (ii) broker's commissions; and (iii) attorneys' fees and costs ("Transfer Expenses"). In the event of any Transfer other than a subletting, "Transfer Premium" shall mean any consideration paid by the assignee to Tenant in connection with such Transfer which Landlord reasonably determines is allocable to the leasehold value of this Lease, less such Transfer Expenses. If part of the transfer premium shall be payable by the Transferee 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. Tenant may recover its Transfer Expenses prior to paying any Transfer Premiums to Landlord provided Tenant shall have first provided Landlord with reasonable written evidence of the Transfer Expenses actually paid by Tenant.

## **ARTICLE 16 DEFAULTS**

**16.1 Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" by Tenant under this Lease:

- (i) failure to pay the Base Rent or any Additional Rent within five (5) days after written notice from Landlord to Tenant;

- (ii) failure to perform any other of the promises, covenants or agreements of Tenant contained in this Lease for more than thirty (30) days after written notice from Landlord (provided, however, if the default cannot be rectified or cured within such thirty (30) day period, the default shall be deemed to be rectified or cured if Tenant, within such thirty (30) day period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion);
- (iii) failure of Tenant to obtain any permit required by law for any particular use of the Premises;
- (iv) failure to maintain the insurance required of Tenant under this Lease;
- (v) an assignment or subletting by Tenant without Landlord's prior written consent when such consent is required by this Lease.

**16.2 Landlord Remedies.** Any notice required to be given by Landlord above shall be in lieu of, and not in addition to, any notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute. Upon the occurrence of an Event of Default by Tenant, Landlord may elect: (a) to declare the Term ended and to re-enter and take possession of the Premises and remove all persons therefrom, or (b) without declaring this Lease terminated and without terminating Tenant's right to possession, to re-enter the Premises and occupy the whole or any part for and on account of Tenant and to collect any unpaid rentals and other charges which have become payable or which may thereafter become payable, or (c) even though it may have re-entered the Premises as provided in clause (b) above, to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises. Without limiting the foregoing, Landlord shall have the right to exercise all or any of the rights and remedies afforded Landlord by California law including, but not limited to, the remedies provided under California Civil Code Sections 1951.2 or 1951.4. Pursuant to California Civil Code Section 1951.2, the damages Landlord may recover against Tenant include, but are not limited to, 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 for the same period that the Tenant proves could be reasonably avoided. Pursuant to California Civil Code Section 1951.4, Landlord may continue this Lease in effect after Tenant's breach of this Lease and abandonment of the Premises and recover rent as it becomes due, if Tenant has the right to sublet the Premises or assign this Lease, subject only to reasonable limitations. Landlord hereby agrees that in the event Landlord elects the remedy under California Civil Code Section 1951.4, Landlord will not unreasonably withhold its consent to assignment and subletting by Tenant.

**16.3 Default by Landlord.** 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. 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; provided, that the foregoing is not intended to be a waiver by Tenant of any rights it may have to condemnation awards in the event of a condemnation by Landlord of Tenant's interest under this Lease or Tenant's business.

## **ARTICLE 17 SUBORDINATION, ATTORNMENT AND ESTOPPEL CERTIFICATES**

**17.1 Subordination.** So long as the lienholder agrees in writing to be bound by the obligations of the Landlord arising after the lienholder acquires title to the Premises, and provided such lienholder also executes a commercially reasonable nondisturbance agreement in favor of the Tenant, then upon written request of Landlord, Landlord's mortgagee, or the beneficiary of a deed of trust of Landlord or a lessor of Landlord, Tenant will subordinate its rights pursuant to this Lease in writing to the lien of any mortgage, deed of trust or the interest of any lease in which Landlord is the lessee and to all advances made or hereafter to be made upon the security thereof.

**17.2 Attornment.** In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord encumbering the Premises, or should a lease in which Landlord is the lessee be terminated, Tenant shall upon the request of the purchaser or lessor attorn to the purchaser or lessor under such lease upon any foreclosure, sale or lease termination and recognize the purchaser or lessor as Landlord under this Lease, provided that the purchaser or lessor shall acquire and accept the Premises subject to this Lease.

**17.3 Estoppel Certificates.** Tenant agrees, upon not less than ten (10) days prior notice by Landlord, to execute, acknowledge and deliver to Landlord, a statement in writing in such form as may reasonably be required by Landlord or Landlord's beneficiary or transferee ("Tenant's Certificate").

**17.4 Subordination of Landlord's Liens.** Landlord hereby subordinates all statutory and contractual landlord's liens to any liens or security interests covering Tenant's inventory, or financed fixtures, furniture or equipment of Tenant in favor of bona-fide third-party lenders providing financing to Tenant (including purchase-money financing). Additionally, Tenant shall be permitted to remove personal property from the Premises without Landlord's consent (free and clear of any landlord's liens) whenever Tenant has not previously received from Landlord a written notice of default which remains uncured.

## **ARTICLE 18 MATTERS OF RECORD**

Tenant agrees that it and all persons in possession or holding under it will conform to and will not violate the terms of any covenants, conditions, restrictions, and easements currently of record.

## ARTICLE 19 UTILITIES

Tenant shall pay directly to the appropriate utility company all charges for utility services supplied to Tenant for which there is a separate meter and/or submeter to the Premises. Tenant agrees to pay to Landlord, within ten (10) days after written demand from time to time, its share of all charges for utility services supplied to the Premises for which there is no separate meter or submeter, upon billing by Landlord of such Tenant's share, which shall be determined in good faith by Landlord, as additional rent. 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 Base Rent or Additional Rent.

## ARTICLE 20 MISCELLANEOUS

**20.1 Hazardous Materials.** During the Term of this Lease, and during any construction work performed by or at the request of Tenant, Tenant, at its sole cost and expense, shall comply with all laws relating to the storage, use, handling and disposal of hazardous, toxic or radioactive matter released on or into the Premises by anyone other than Landlord or Landlord's contractors, including, without limitation, those materials identified in Sections 66680 and 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30 ("Title 22"), as amended from time to time (collectively, "Hazardous Materials"). Tenant shall notify Landlord and provide to Landlord a copy or copies of any environmental entitlements or inquiries related to the Premises. The clean-up and disposal of any Hazardous Materials located or released onto or about the Project by Tenant or its agents, contractors or employees shall be performed by Tenant at Tenant's sole cost and expense and shall be performed in accordance with all applicable laws, rules, regulations and ordinances, pursuant to a site assessment and removal/remediation plan prepared by a licensed and qualified geotechnical engineer and submitted to and approved in writing by Landlord prior to the commencement of any work. The foregoing notwithstanding, Landlord in Landlord's sole and absolute discretion may elect, by written notice to Tenant, to perform the clean-up and disposal of such Hazardous Materials from the Premises and/or the Project. In such event, Tenant shall pay to Landlord the actual cost of same upon receipt from Landlord of Landlord's written invoice therefor. Notwithstanding any other term or provision of this Lease, Tenant shall permit Landlord or Landlord's agents or employees to enter the Premises at any time, upon reasonable notice, to inspect, monitor and/or take emergency or long-term remedial action with respect to Hazardous Materials on or affecting the Premises or to discharge Tenant's obligations hereunder with respect to such Hazardous Materials when Tenant has failed, after demand by Landlord, to do so. All costs and expenses incurred by Landlord in connection with performing Tenant's obligations hereunder shall be reimbursed by Tenant to Landlord within thirty (30) days of Tenant's receipt of written request therefor.

Tenant shall defend, indemnify, and hold Landlord harmless from and against any and all claims, liabilities, losses, costs, and expenses (including, without limitation reasonable attorneys' fees) incurred or suffered by Landlord as a result of Tenant's or its invitees', licensees', contractors', agents' or employees' storage, use, handling, disposal or release of Hazardous Materials in or about the Premises or the Project.

**20.2 Notices.** 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 same-day or overnight private courier, addressed to the party to be served at the address indicated in Section 1.12 or such other address as the party to be served may from time to time designate in a Notice to the other party. Copies of any Notice shall be sent to the addresses, if any, designated for service of copies of Notices in Section 1.12.

**20.3 Termination and Holding Over.** Upon the expiration or earlier termination of the Term, Tenant shall peaceably and quietly surrender the Premises broom-clean, reasonable wear and tear and any damage to the Premises which Tenant is not required to repair pursuant to Article 13 or Article 14 excepted. Subject to the foregoing, Tenant shall remove from the Premises all of Tenant’s trade fixtures, furniture, equipment, signs, improvements, additions and Alterations, and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition. Should Tenant hold over in the Premises beyond the expiration or earlier termination of this Lease, the holding over shall not constitute a renewal or extension of this Lease or give Tenant any rights under this Lease. In such event, Landlord may, in its sole discretion, treat Tenant as a tenant at will, subject to all of the terms and conditions in this Lease except that the Base Rent shall be increased to one hundred fifty percent (150%) of the Base Rent previously in effect.

**20.4 Landlord’s Governmental Capacity.** All improvements made by Tenant shall be subject to Landlord’s approval in its proprietary capacity as the Landlord under this Lease; however, such approval shall not supplant, supercede, waive, or otherwise affect Landlord’s rights in its governmental capacity.

**20.5 Miscellaneous Provisions.**

(a) It is understood that there are no oral or written agreements or representations between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Landlord and Tenant. No provision of this Lease may be amended except by an agreement in writing signed by Landlord and Tenant,

(b) Subject to the terms of this Lease, all rights and obligations of Landlord and Tenant under this Lease shall extend to and bind the respective heirs, executors, administrators and the permitted concessionaires, successors, subtenants and assignees of the parties.

(c) Any waiver by either party of a breach by the other party of a covenant of this Lease shall not be construed as a waiver of a subsequent breach of the same covenant.

(d) Except where another rate of interest is specifically provided for in this Lease, any amount due from either party to the other under this Lease which is not paid when due, shall bear interest at the rate per annum (“Interest Rate”) equal to the prime interest rate published from time to time by the Wall Street Journal plus two (2) percentage points (but in no event to exceed the maximum lawful rate) from the date such amount was originally due to and including the date of payment.

(e) Each individual executing this Lease on behalf Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the Tenant.

(f) This Lease shall be governed by and construed in accordance with the laws of the State of California without giving effect to the choice of law provisions thereof.

(g) Tenant waives any and all rights of redemption granted under any present and future laws in the event Landlord obtains the right to possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

(h) In the event that, at any time after the Effective Date of this Lease, either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the party not prevailing in such action or proceeding shall reimburse the prevailing party for its actual attorneys' fees, and all fees, costs and expenses incurred in connection with such action or proceeding, including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment.

(i) Tenant shall observe faithfully and comply with, and shall cause its employees and invitees to observe faithfully and comply with, reasonable and nondiscriminatory rules and regulations governing the Project as may from time to time be promulgated by Landlord.

(j) Concurrently with the execution and delivery of this Lease, Tenant shall also execute, acknowledge and deliver to Landlord a Memorandum of Lease in the form attached hereto as Exhibit "C" for recording. Tenant shall not record this Lease, any notice or memorandum of this Lease. Upon the expiration or any earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a termination of such recorded Memorandum of Lease in the form prepared by Landlord and submitted to Tenant.

(k) Should Landlord sell, exchange or assign this Lease (other than a conditional assignment as security for a loan), then Landlord, as transferor, shall be relieved of any and all obligations on the part of Landlord accruing under this Lease from and after the date of such transfer provided that Landlord's successor in interest shall assume such obligations from and after such date. Written notice of any such transfer shall be given to Tenant.

(l) Notwithstanding anything contained in this Lease to the contrary, it is expressly understood and agreed that any judgment against Landlord resulting from any default or other claim under this Lease shall be satisfied only out of the net rents, issues, profits and other income actually received from the operation of the Project, and Tenant shall have no claim against Landlord or any of Landlord's personal assets for satisfaction of any judgment with respect to this Lease.

(m) Tenant shall be required to utilize Landlord's roofing contractor in the event Tenant or Tenant's Agents desire to penetrate the ceiling of the Premises for any repairs, alterations or improvements permitted to be made to the Premises by Tenant pursuant to the terms of this Lease that might affect the ceiling; provided, however, if Landlord and Tenant reasonably determine that Landlord's roofing contractor's rates are not reasonably competitive,

Tenant shall have the right to utilize any other licensed and reputable roofing contractor reasonably acceptable to Landlord.

(n) Tenant represents and warrants that it has not had any dealings with any realtors, brokers or agents in connection with the negotiation of this Lease, except as may be specifically set forth in Section 1.13, and agrees to pay all sums due to all realtors, brokers or agents referenced in Section 1.13 and to hold Landlord harmless from the failure to pay any such realtors, brokers or agents and any other realtors, brokers or agents contracted by Tenant from any cost, expense or liability for any compensation, commission or charges claimed by any other realtors, brokers or agents claiming by, through or on behalf of Tenant with respect to this Lease and/or the negotiation hereof.

(o) All of the exhibits referenced in this Lease are incorporated herein by this reference.

(p) Provided an Event of Default by Tenant does not occur (i.e., a default by Tenant that is not cured during the applicable cure period, if any), Tenant shall have the right of quiet enjoyment of the Premises free from interference by Landlord or by any person or entity claiming rights granted by Landlord.

(q) Tenant shall faithfully observe and comply with the Rules and Regulations that Landlord shall from time to time promulgate and/or modify. The Rules and Regulations (and modification thereto) shall be binding upon the Tenant upon delivery of a copy of them to the Tenant. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of their leases or of any of said Rules and Regulations. However, Landlord will not enforce any Rules and Regulations in a discriminatory manner.

(r) If any provision of this Lease is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Lease and the remaining portions or provisions shall be unaffected and remain in full force and effect.

(s) Time is of the essence of every provision hereof in which time is a factor.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease on the day and year first above written.

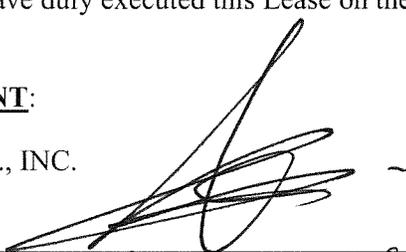
**LANDLORD:**

THE PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS

By: \_\_\_\_\_  
JOHN A. MIRISCH,  
Chairman of the Board

**TENANT:**

F.P.L.R., INC.

By:   
Print Name: RAPHAEL Cohen  
Title: President

ATTEST:

\_\_\_\_\_  
BYRON POPE  
Secretary

APPROVED AS TO CONTENT

\_\_\_\_\_  
MAHDI ALUZRI,  
General Manager

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
General Counsel

**EXHIBIT "A"**

**DIAGRAM OF PREMISES**

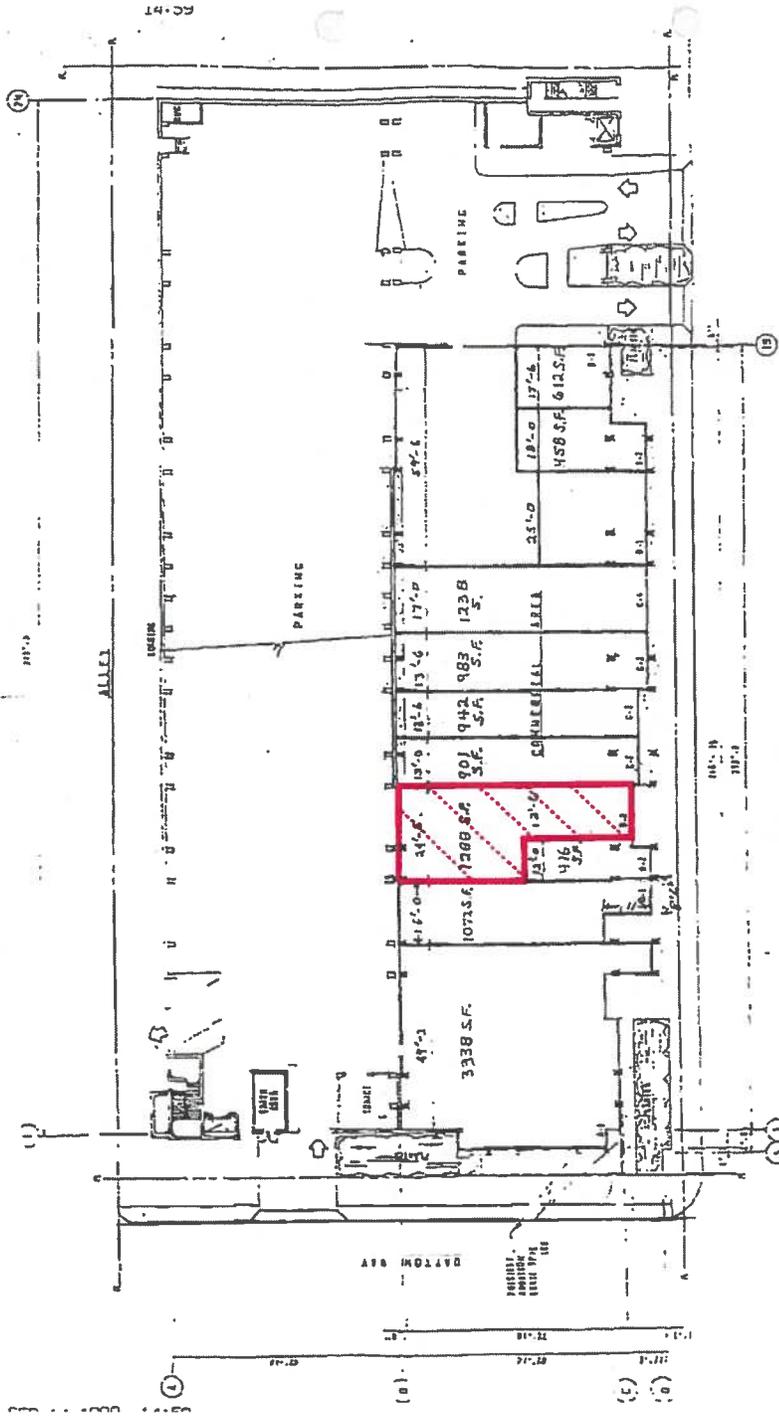


Exhibit A: Diagram of Premises  
 313 N. Crescent Drive  
 Site A: North Leasing Plan

EXISTING FLOOR AT BUILDING 011  
 UNLAWFULLY OCCUPIED  
 FLOOR AT EXISTING BUILDING



## EXHIBIT "B"

### CONSTRUCTION PROVISIONS

#### **A. GENERAL PROCEDURES**

Tenant shall prepare design and working drawings and specifications relating to any alterations or improvements by Tenant (hereinafter called "Tenant's Work") and shall submit them to Landlord.

Tenant must obtain approvals for its work from the applicable building department and all other authorities having jurisdiction (including Landlord) before commencing work. Tenant shall be responsible for payment of all fees and charges incurred in obtaining said approvals and permits.

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" are observed and performed by all designers, contractors and trades engaged by Tenant.

Tenant shall utilize professional designers and contractors. Tenant agrees to utilize plumbing, electrical or mechanical subcontractors reasonably approved by Landlord.

#### **B. PLANS AND SPECIFICATIONS FOR TENANT'S WORK**

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

1. **Tenant's Designers; Provision of Drawings.** All designers 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 relevant drawings that are in Landlord's possession available for inspection at the offices of Landlord or any other reasonable location.

2. **Submission of Preliminary Plans and Specifications.** Tenant will provide Landlord with three (3) printed sets of preliminary plans and specifications for Tenant's Work which shall demonstrate design intent and shall be subject to the approval of Landlord 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 fourteen (14) days after receipt of such preliminary plans and specifications, Landlord shall notify Tenant either of its approval thereof or of any changes required by it. If changes are required, Tenant,

within fourteen (14) 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 thirty (30) days after Landlord's approval of Tenant's preliminary plans and specifications, Tenant shall submit three (3) printed sets of final plans and specifications and such other information as may be necessary for Landlord's Work to proceed and Tenant's Work to be approved.

5. **Approval of Final Plans and Specifications.** Within fourteen (14) days after receipt by Landlord of Tenant's final plans and specifications, Landlord shall notify Tenant of its approval thereof or indicate any changes required, in which case Tenant shall resubmit for approval amended plans and specifications within an additional fourteen (14) working days after Tenant is notified of the required changes by Landlord.

6. **Final Approved Plans.** Upon Landlord's written approval of Tenant's final plans under Paragraph B.5 above, Tenant shall submit such approved plans to the appropriate governmental authority for plan checking and the issuance of a building permit, together with all necessary fees incidental to Tenant's Work. If such governmental authority requires any changes or amendments to such plans prior to the issuance of a building permit, Tenant shall, at its sole cost and expense, promptly change such plans pursuant to such governmental request and submit such changed plans to Landlord for its approval. Landlord shall have five (5) business days within which to approve or disapprove such changed plans. In the event Landlord disapproves such changed plans, Landlord shall provide Tenant with written objections, and Tenant shall have five (5) business days within which to amend such plans and incorporate Landlord's required changes. Upon Landlord's approval of the changed plans, Tenant shall promptly resubmit such plans to the appropriate governmental authority for plan checking and the issuance of a building permit as previously set forth in this Paragraph B.6. Upon Tenant's receipt of a building permit and any other necessary governmental approvals for Tenant's Work based upon plans approved by Landlord and such governmental authority (the "Final Approved Plans"), Tenant shall furnish Landlord three (3) printed copies and one (1) reproducible copy of the Final Approved Plans, and shall immediately commence construction of Tenant's Work and shall diligently pursue such construction to completion in accordance with the Final Approved Plans.

7. **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.

#### C. GENERAL REQUIREMENTS FOR TENANT'S WORK

1. **Workmanship and Materials.** All Tenant's Work required by Tenant to complete the Premises for occupancy shall be carried out with good workmanship and with first class materials, which shall all be of a high quality and shall be conforming to the best standards of practice, and shall not be in contravention of the laws, codes or regulations of the municipality or any other authority having jurisdiction.

2. **Proof of Insurance.** Before commencing Tenant's Work, Tenant shall furnish written proof to Landlord that Tenant or Tenant's general contractor has obtained general

liability, worker's compensation and any other insurance reasonably required by Landlord and that such insurance is in force to the limits and on the terms which Landlord may reasonably approve. Landlord shall be named as an additional insured in such insurance.

3. **Access and Rules.** Tenant and its contractors shall be entitled to have access to the Premises through the rear service door wherever possible, in order to execute Tenant's Work, subject to compliance with all rules, regulations and stipulations which Landlord or its contractor may make from time to time. 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;
- (c) use of the facilities and utilities;
- (d) scheduling of work;
- (e) deliveries;
- (f) clean-up of work and the disposition of refuse; and
- (g) appearance of construction site.

4. **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 designated by Landlord. 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's Work, 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 the Center 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.

5. **Landlord's Reimbursement.** Landlord shall not in any way be responsible or liable with regard to any work carried out or any materials left or installed in the Premises and shall be reimbursed for any additional costs and expenses which may be occasioned to it by reason thereof, and for any delays which may be directly or indirectly caused thereby.

6. **Damage by Tenant.** Any damage caused by Tenant's contractor or subcontractors employed on Tenant's Work 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 by

Landlord's contractor to the satisfaction of Landlord and Landlord may recover from Tenant the costs so incurred by 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 recover the costs incurred from Tenant.

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 harmless Landlord from and against any and all claims, liabilities, losses, costs, expenses and damages arising out of work done by Tenant or its contractors and Tenant shall promptly cause to be removed any liens filed against title to the Premises or Property, failing to do so Landlord may do so and Tenant shall pay all Landlord's costs, including reasonable legal costs, as incurred by Landlord in so doing.

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 as soon as reasonably possible, subject only to circumstances over which Tenant has no control and which by the exercise of due diligence could not have been avoided.

**D. WORK DONE BY LANDLORD FOR TENANT**

Any equipment or work provided by Landlord for or at the request of Tenant, shall be at the expense of Tenant and shall be paid upon request. The cost of such equipment or work shall without limitation include labor, material, applicable taxes, all architectural, engineering and contractor's fees in connection therewith and a supervision fee equal to ten percent (10%) of the aggregate cost of such equipment or work. Any costs incurred by Landlord by reason of changes that Tenant may make or request after the Architect has incorporated Tenant's approved design into the overall plans of the facility shall be added to the cost of such equipment or work as determined in the preceding paragraph.

**E. 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 "B", Landlord, in addition to and not in lieu of any other rights or remedies, shall have any or all of the following rights at its discretion:

(a) to declare all fees, charges and other sums payable by Tenant to Landlord pursuant to this Exhibit "B" to be rent and to be collectible as rent under the provisions of the Lease; or

(b) to 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. **Event of Termination.** In any event of termination pursuant to the above provision, Landlord may retain for its own use without payment therefor all or any of Tenant's Work which has been commenced, installed or completed to the date of such termination.

**F. SPECIFIC RESTRICTIONS.**

(a) Under no circumstances shall Tenant or its contractor at any time be permitted to drill or cut conduit, pipe sleeves, chases, duct equipment, openings in the floor, columns, walls or roofs of the project. Any work of this type required by Tenant must be authorized by the Landlord in writing and if Landlord so elects, performed by Landlord's contractor at Tenant's expense.

(b) No suspended loads will be permitted from the underside of the roof structure without written approval by Landlord.

(c) Arrangements for the storage and removal of perishable garbage, to the satisfaction of Landlord, must be provided.

(d) Mounting of burglar alarms and signal systems on the exterior walls of the Premises or the building shall require prior written consent of Landlord. Individual antenna of any nature on, and all access to, the roof of the building is prohibited.

**EXHIBIT "C"**

**FORM OF MEMORANDUM OF LEASE**

(Attached.)

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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 December \_\_\_\_, 2016, and is entered into by and between F.P.L.R., INC., a California corporation ("Tenant"), and THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Parking Authority").

### RECITALS

A. Tenant and the Parking Authority have entered into that certain Lease dated in November, 2016 (the "Lease"), pursuant to which the Parking Authority has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from the Parking 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 313 N. Crescent Drive. The Premises are more particularly described in the Lease.

B. The Parking Authority and Tenant now desire to enter into this Memorandum to comply with applicable law requiring that municipal leases be recorded.

### 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 the Parking Authority agree as follows:

1. Lease. The Parking Authority hereby leases and demises to Tenant, and Tenant hereby leases and accepts from the Parking Authority, the "Premises" at 313 N. Crescent Drive described in the Lease for a term commencing on the date of recordation hereof and ending on December 31, 2020 (subject to a conditional extension of 3 years) at the rental rates and upon the other terms and conditions set forth in the Lease, which 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.

**CITY:**

THE PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS

By: \_\_\_\_\_  
JOHN A. MIRISCH  
Chairman of the Board

**TENANT:**

F.P.L.R., INC.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Name: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Byron Pope, Secretary

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

On \_\_\_\_\_, before me, \_\_\_\_\_,

(insert name and title of the officer)

Notary Public, 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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

On \_\_\_\_\_, before me, \_\_\_\_\_,

(insert name and title of the officer)

Notary Public, 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)

# **Attachment 3**

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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.

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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.

**CITY:**

THE PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS

By: \_\_\_\_\_  
JOHN A. MIRISCH  
Chairman of the Board

**TENANT:**

F.P.L.R., INC.

By:   
Print Name: RAPHAEL COTEN  
Name: Raphael

ATTEST:

\_\_\_\_\_  
Byron Pope, Secretary

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

On 11/22/2016, before me, Forough Iranpour, Notary Public

(insert name and title of the officer)

Notary Public, personally appeared Raphael Cohen, 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 F. Iranpour

(Seal)



\* Description of attached Document: Memorandum of Lease between F.P.L.R., Inc & the parking Authority of the city of R.H.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Los Angeles )

On \_\_\_\_\_, before me, \_\_\_\_\_,

(insert name and title of the officer)

Notary Public, 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)

# **Attachment 4**

## ESCROW INSTRUCTIONS

December 6, 2016

### VIA EMAIL/PDF

United Escrow Co.  
3440 Wilshire Blvd., Suite 600  
Los Angeles, CA 90010  
Attn: Topanga Lee, Senior Escrow Officer

Re: Your Escrow No. 58807-TL; Acquisition of Beauty Salon Business by F.P.L.R. Inc. (“Buyer” or “Raphael”) from Tsuyo Rehm, Trustee (“Seller” or “Kabuki”); Recordation of Termination of Lease between Seller and the Parking Authority of the City of Beverly Hills (“Parking Authority”); Delivery of New Lease between Buyer and the Parking Authority

Ladies and Gentlemen:

These instructions constitutes the joint escrow instructions of the Parking Authority, Buyer/Raphael and Seller/Kabuki in connection with the Parking Authority’s termination of a lease with Kabuki and delivery of a new lease with Raphael upon Raphael’s acquisition of a hair salon business from Kabuki.

Kabuki is in the lessee under a lease with the Parking Authority which is to be terminated upon the close of escrow by your recording a Termination of Lease in the Los Angeles County Recorder’s office. Raphael is the lessee under a new lease with the Parking Authority which is to be effective upon the close of escrow for the sale of the business and delivered by you to Raphael and the City at close of escrow.

1. DOCUMENTS AND FUNDS. In connection with the lease termination/new lease transaction, the following documents (“**Lease Documents**”) and funds are to be delivered to you:

1.1 Funds (“**Funds**”) from Raphael in the amount of at least \$9,835, of which sum \$3,500 represents an approximate refund to Kabuki for overpaid December rent allocable to the period after the close of escrow (assuming a closing on December 7) and \$6,335 represents the remainder of the security deposit required to be paid to the Parking Authority as landlord under the new Raphael lease (“**Remainder of Security Deposit**”).

1.2 Counterpart originals of a Termination of Lease, executed by Kabuki and Parking Authority and acknowledged, terminating the existing Kabuki lease between the Parking Authority and Kabuki (the “**Lease Termination**”).

1.3 Counterpart originals of a Lease, executed by Raphael and Parking Authority, by which Parking Authority will lease the Kabuki premises to Raphael (“**New Lease**”).

1.4 Counterpart originals of a Memorandum of Lease, executed by the Parking Authority and Raphael and acknowledged (“**New Memorandum**”), as required under California law for municipal leases.

2. CLOSING INSTRUCTIONS. Provided that all of the conditions set forth in Section 3 below have been satisfied, you shall: (i) if not dated, insert the closing date into the counterpart originals of the Termination of Lease; (ii) record the Termination and the New Memorandum in the Official Records of Los Angeles County, California (the “**Official Records**”); (iii) deliver to the Parking Authority the Remainder of the Security Deposit (\$6,335.00); (iii) give a refund to Kabuki for rent prepaid by Kabuki for the remainder of December after closing (Kabuki having already paid rent to Parking Authority for the entire month of December), which can be accomplished by delivering to Kabuki, from sums deposited by Raphael into escrow, a sum equal to \$138.94 multiplied by the number of days from the date of the closing (including the closing date) until the end of December; (iv) deliver one original counterpart of the New Lease, executed by the Parking Authority, to Raphael; (v) deliver one original counterpart of the New Lease, executed by Raphael to the Parking Authority at 455 North Rexford Drive, Beverly Hills, CA 90210, c/o Tim Hou.

3. CONDITIONS PRECEDENT TO CLOSING. You are authorized to record the Termination and New Memorandum in the Official Records, and deliver the New Lease and First Month’s Rent, when and only when:

3.1 You have the Lease Documents in your possession, executed and, if applicable, acknowledged and you have received the Funds;

3.2 The close of escrow and sale of the business to Raphael has closed (or will close concurrently with the lease termination/new lease transaction described herein); and

3.3 You have telephoned and received oral advice from Tim Hou of the Parking Authority at (310) 285-1037, and Tsuyo Rehm that to their knowledge, the conditions to closing have been fulfilled to the satisfaction of Kabuki, Raphael and Parking Authority.

4. OTHER MATTERS.

4.1 You shall notify the undersigned at (213) 253-0249 when you have received confirmation that the Lease Termination and New Memorandum has been recorded in the Official Records.

4.2 All fees, costs and expenses which may be incurred in closing this transaction are to be paid by Kabuki and/or Raphael (not Parking Authority), as shown on estimated closing statements prepared by you and executed by Kabuki and Raphael.

4.3 It is our understanding that escrow is expected to close on or about December 7, 2016. If you are not able to comply with the instructions set forth in this letter, or the closing does occur by Noon on December 30, 2016, you are not authorized to proceed with the closing without further authorization; in such event, you shall call Bruce Galloway (counsel to Parking Authority, at 213/253-0249) without delay.

4.4 The instructions set forth in these escrow instructions may be changed or revoked at any time by oral instructions from the undersigned, to be followed by written confirmation.

4.5 Your recordation or delivery of any documents shall constitute your acceptance of the instructions set forth in this letter and your irrevocable agreement to comply therewith; however, we request that you sign and return to the undersigned (via e-mail/PDF to bgalloway@rwglaw.com) a copy of this letter indicating your acceptance of and agreement to comply therewith.

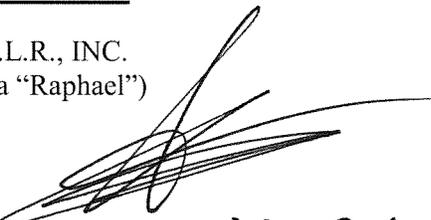
**“PARKING AUTHORITY”:**

PARKING AUTHORITY OF THE  
CITY OF BEVERLY HILLS

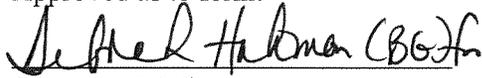
By: \_\_\_\_\_  
Mahdi Aluzri,  
General Manager

**“RAPHAEL”:**

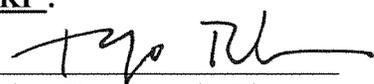
F.P.L.R., INC.  
(dba “Raphael”)

By:   
Print Name: RAPHAEL COHEN  
Title: President

Approved as to form:

  
Laurence S. Wiener  
General Counsel

**“KABUKI”:**

  
Tsuyo Rehm, Trustee under First  
Amended and Restated Declaration of  
Trust made by Kazumi Kim as of January  
19, 2013 (dba “Kabuki Beauty Salon”)

**ACKNOWLEDGMENT AND AGREEMENT**

The undersigned requests that the person executing this Acknowledgment and Agreement on behalf of United Escrow Co., Inc. is duly authorized to do so, and certifies and agrees that United Escrow Co., Inc. will act in strict accordance with the instructions set forth in the attached letter.

UNITED ESCROW CO.

By: \_\_\_\_\_

Topanga Lee, Escrow Officer

Dated: November 23  
~~December~~ \_\_\_\_, 2016