



AGENDA REPORT

Meeting Date: March 1, 2011
Item Number: F-7
To: Honorable City Council
From: Brenda Lavender, Real Estate & Property Manager
Subject: FIRST AMENDMENT TO LEASE BY AND BETWEEN THE CITY OF BEVERLY HILLS AND YURMAN RETAIL CALIFORNIA; LEASE TERMINATION AND SETTLEMENT/RELEASE AGREEMENT AND MEMORANDUM OF LEASE TERMINATION AND SETTLEMENT/RELEASE AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND BANG & OLUFSEN RETAIL

Attachments:

1. First Amendment to Lease – David Yurman
2. Lease Termination and Settlement/Release Agreement – B&O
3. Termination of Memorandum of Lease – B&O

RECOMMENDATION

It is recommended that the City Council approve the First Amendment to Lease with David Yurman; the Lease Termination and Settlement/Release Agreement and Memorandum of Lease Termination and Settlement/Release Agreement with Bang & Olufsen Retail. A copy of these lease documents are on file with the City Clerk. The David Yurman store is currently located at 371 N. Rodeo Drive and this agreement would expand their store premises to include the Bang & Olufsen location at 369 N. Rodeo Drive.

INTRODUCTION

The First Amendment to Lease with David Yurman expands their leased premises to include the Bang & Olufsen lease premises and extends the term of the existing Yurman store location. The expansion space term is ten (10) years, which also extends the term of the currently store by four (4) years and four (4) months.

The Termination and Settlement/Release Agreements with Bang & Olufsen terminates the lease with Bang & Olufsen 18 months early to allow for David Yurman's expansion.

DISCUSSION

Bang & Olufsen has been a long term tenant of the City. In the last three (3) years Bang & Olufsen has experienced the financial effects of the economy and been challenged to continue operating at this Rodeo Drive location. In 2010 Bang & Olufsen notified the City that the store would not look to renew their lease when it expired on 7/31/2012. In response to B&O's financial challenges and David Yurman's desire to expand the City worked with both Tenants in this transaction. As a result of this transaction, Bang & Olufsen will get an early termination and

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David Yurman will get the opportunity to expand it's current location and the City will continue its revenue stream at this prestigious Rodeo Drive location.

David Yurman Expansion: As a part of the expansion, David Yurman will pay \$500,000 to the City as compensation for the early termination of the Bang & Olufsen lease. The rental rate for the expansion space is \$32.92/SF monthly for the store space and \$3.00/SF monthly for the storage space. The rent will be increased annually by 3%. David Yurman will have three (3) months of free rent at the beginning of the expansion term to complete their improvements to the store.

David Yurman Lease Extension on existing store: The amendment to the existing lease will extend the term of the current by four (4) years and four (4) months. The rental rate in the existing lease will continue in accordance with the current lease terms through its original expiration of 1/16/2016.

Bang & Olufsen Termination: Bang & Olufsen has paid an early termination fee of \$175,000 and will continue to pay the monthly rent through the early termination date of March 15, 2011.

FISCAL IMPACT

This transaction does not change the annual revenue, it extends the revenue stream by four years and creates a wining resolution for Bang & Olufsen, David Yurman and the City.


Scott G. Miller, Director of
Administrative Services, CFO

Approved By

Attachment 1

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

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

[Space Above For Recorder's Use Only]

The undersigned declare that this First Amendment to 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.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (the "Amendment") is dated as of _____, 2011 (the "Effective Date"), and is entered into by and between THE CITY OF BEVERLY HILLS, a California municipal corporation (Landlord), and YURMAN RETAIL CALIFORNIA, LLC, a California limited liability company (Tenant).

RECITALS

A. Landlord and Tenant entered into a City of Beverly Hills Lease—Rodeo Brighton Place 371 North Rodeo Drive dated as of October 25, 2005 (the "Lease").

B. Landlord and Tenant executed a Memorandum of Lease dated October 25, 2005 recorded on December 21, 2005 as Document No. 053140562 in the Official Records of the County of Los Angeles, California (the "Memorandum").

C. In connection with the Lease, Yurman Design, Inc., a New York corporation (Grantor) executed a Guaranty of Lease dated October 25, 2005 (the "Lease Guaranty"). (The Lease Guaranty described the guarantor as a California corporation, but Tenant has represented to Landlord that that was a mistake, and the guarantor is actually a New York corporation.)

D. Landlord and Tenant desire to amend the Lease (and obtain a reaffirmation of the Lease Guaranty in connection therewith).

NOW, THEREFORE, in consideration of the foregoing recitals, and the covenants and conditions contained herein, and for other consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Condition(s) Precedent; Termination of Bang & Olufsen Lease As To Yurman Expansion Space. The effectiveness of this Amendment is hereby conditioned (for the benefit of both Landlord and Tenant) upon (i) the execution by Landlord and Bang & Olufsen America, Inc. and Bang & Olufsen Retail, LLC (collectively, "Bang") of a Lease Termination and Settlement Agreement on or before March 1, 2011 and the payment by Bang to Landlord of the termination payment described therein; (ii) the vacation by Bang of the space currently leased to Bang that is included on Exhibit "A" hereto on or before March 15, 2011. (Landlord shall then promptly deliver that space to Tenant with the HVAC, electrical and plumbing in working order.) If either condition is not satisfied, then either party may terminate this Amendment by written notice to the other.

2. Initial Additional Rent Payment by Yurman. By its execution and delivery of this Amendment, Landlord acknowledges receipt from Tenant of additional rent for the Expansion Space of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00). If this Amendment is terminated under Section 1 above, Landlord shall return such additional rent to Tenant.

3. Expansion of Leased Premises. Notwithstanding anything to the contrary in the Lease or the Memo, as of the date on which Landlord delivers the Expansion Space to Tenant (the "Expansion Space Commencement Date") the "Premises" (as such term is used in the Lease) shall consist of the area outlined on Exhibit "A" attached hereto (which includes space not previously part of the Premises). Except as expressly provided in Section 1 above, Tenant shall accept the additional space (the "Expansion Space") in its then "AS IS" condition, without representation or warranty, express or implied (except that Landlord shall deliver the Expansion Space to Tenant with the HVAC, electrical and plumbing in working order as described in Section 1 above).

4. Minimum Monthly Rent for Expansion Space. Commencing on the date that is three (3) calendar months after the date on which Landlord delivers the Expansion Space to Tenant (the "Expansion Space Rent Commencement Date"), and on the first day of each subsequent calendar month, Tenant shall pay to Landlord the sum of \$55,539.42 as monthly rent for the Expansion Space, which includes \$2,379.00 of monthly rent for storage space ("Expansion Space Minimum Monthly Rent"); provided, however, that on each anniversary of the Expansion Space Rent Commencement Date, the Expansion Space Minimum Monthly Rent shall increase by three percent (3%).

5. Minimum Monthly Rent for Remainder of Leased Premises. The Minimum Monthly Rent for the remainder of the leased premises (excluding the Expansion Space) shall remain at the rate in effect as of the end of the initial term of the Lease (without considering the extension under Section 8 below) until January 16, 2018 (i.e., the date that is two (2) years after the end of the initial term), and shall increase on January 16, 2018 and on each subsequent anniversary of such date by three percent (3%) per year (and Section 4B of the Lease shall not apply).

6. Further Additional Rent. In addition to the additional rent described in Section 2 above (and in addition to the Minimum Monthly Rent, including Expansion

Space Minimum Monthly Rent), Tenant shall pay to Landlord, without offset or deduction, in the same manner as Minimum Monthly Rent, the sum of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) on or before September 1, 2011.

7. Commencement of Lease as to Expansion Space. Except as otherwise expressly provided herein, all of the terms of the Lease (including, without limitation, the option to extend the Initial Term under Section 3B of the Lease) shall apply to the Expansion Space as of the Expansion Space Commencement Date.

8. Extension of Initial Term. The Initial Term of the Lease is hereby extended to the date this is ten (10) years after the Expansion Space Commencement Date.

9. Parking. The reference to “two (2) parking spaces” in Section 32 of the Lease is hereby changed to “five (5) parking spaces”.

10. Conflicts. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail and control.

11. Counterparts. This Amendment 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 have executed this First Amendment to Lease as of the date first above written.

TENANT:

YURMAN RETAIL CALIFORNIA, LLC,
a California limited liability company

By: David Yurman
David Yurman, Manager and Member

By: Sybil Yurman
Sybil Yurman, Manager and Member

LANDLORD:

ATTEST:

THE CITY OF BEVERLY HILLS,
a California municipal corporation

_____(Seal)
Byron Pope
City Clerk

By: _____
Jimmy Delshad
Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By: Laurence S. Wiener (BG)
Laurence S. Wiener
Authority Counsel

By: _____
Jeffrey Kolin, CCM,
City Manager

By: _____
Scott Miller
CFO/Director of Administrative Services

REAFFIRMATION OF LEASE GUARANTY:

Yurman Design, Inc. hereby approves the forgoing First Amendment to Lease ("Amendment"), reaffirms the Lease Guaranty and agrees that the Lease Guaranty guarantees the obligations under the Lease as amended by the foregoing First Amendment to Lease. As used in the Lease Guaranty, the term "Lease" shall mean the Lease as amended by the foregoing First Amendment to Lease.

YURMAN DESIGN, INC.,
a New York corporation

By: David Yurman
David Yurman
~~President~~ Chairman

EXHIBIT "A"

REVISED DESCRIPTION OF PREMISES

[Attached.]

ACKNOWLEDGMENT

State of ~~California~~ New York)
County of New York)

On 10th day of February before me, ERIDANIA PEREZ Notary Public
(insert name and title of the officer)

personally appeared DAVID YORULAN Chairman

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 Eridania Perez
Signature of Notary Public

ERIDANIA PEREZ
Notary Public, State of New York
No. 01PE6194833
Qualified in New York County
Commission Expires October 14, 2012

ACKNOWLEDGMENT

State of ~~California~~ New York)
County of New York)

On the 11th day of Feb 2011 before me, ERIDANIA PEREZ Notary Public
(insert name and title of the officer)

personally appeared Sybil Yurulan - President

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 Eridania Perez
Signature of Notary Public

(Seal)

ERIDANIA PEREZ
Notary Public, State of New York
No. 01PE6194833
Qualified in New York County
Commission Expires October 14, 2012

Attachment 2

LEASE TERMINATION AND SETTLEMENT/RELEASE AGREEMENT

THIS LEASE TERMINATION AND SETTLEMENT/RELEASE AGREEMENT (this "Agreement") is dated as of March 1, 2011, and is entered into by and among the CITY OF BEVERLY HILLS, a California municipal corporation ("Lessor"), BANG & OLUFSEN AMERICA, Inc., a Delaware corporation ("BOA") and BANG & OLUFSEN RETAIL, LLC, a Delaware limited liability company ("Retail" and together with BOA, "Lessee").

RECITALS:

A. Lessor and BOA executed that certain "City of Beverly Hills Amended and Restated Lease – Rodeo Brighton Place, 355 North Rodeo Drive" dated January 23, 2001, for certain space within the building located at 355 North Rodeo Drive, Beverly Hills, California (the "Premises"), which was amended by an Amendment to Lease dated July 24, 2007 (and as so amended, said lease is hereinafter referred to as the "Lease").

B. BOA assigned the Lease to Retail pursuant to an Assignment and Acceptance of Lease dated March 6, 2001.

C. A Memorandum of Lease dated July 24, 2007 executed by Lessor, Retail and BOA. was recorded on August 30, 2007 as Document No. 20072034028 in the Official Records of Los Angeles County, California (the "Memo").

D. Lessor and Lessee have agreed to enter into this Agreement in order to terminate the Lease and the Memo on the terms and subject to the conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and release(s) set forth, the sufficiency of which the parties hereto acknowledge, the parties hereto agree as follows:

1. Lessee Termination Payment and Other Obligations. In consideration for this Agreement, Lessee shall pay to Lessor, without offset or deduction, the sum of \$175,000 in the form of a check concurrently with the execution and delivery of this Agreement by Lessee and Lessor. If (a) Yurman Retail California, LLC ("Yurman") does not irrevocably deliver to Lessor an executed First Amendment to Lease ("First Amendment") on or before February 15, 2011 or (b) Lessor fails to approve and execute the First Amendment by March 4, 2011; or (c) Lessor fails to approve and execute this Agreement on or before March 4, 2011, then, upon the occurrence of any of the events described in clauses (a), (b) or (c), Lessor shall promptly return the \$175,000 in the form of a check to Lessee and this Agreement shall be null and void and of no further force and effect. In no event shall Lessor have any claim, right or interest in or to the \$175,000 paid by Lessee under this Section 1 unless Yurman irrevocably delivers the executed First Amendment to Lessor on or before February 15, 2011 and Lessor approves and executes the First Amendment and approves and executes this Agreement on or before March 4, 2011. If Yurman irrevocably delivers the First Amendment to Lessor on or before February 15, 2011, then Lessor shall promptly so notify Lessee in writing. If Lessor approves and executes the First Amendment and approves and executes this Agreement on or

before March 4, 2011, then Lessor shall promptly so notify Lessee in writing. Upon receipt of the written notice described in the immediately preceding sentence, Lessee shall deliver possession of the Premises to Lessor on or before March 15, 2011 in the condition required by Section 30 of the Lease. Any written notice to Lessee by Lessor under this Section 1 may be given by Brenda Lavender of Lessor by email to mssexton@dykema.com.

2. Termination of Lease. Upon satisfaction of all of the terms and conditions set forth in the first two sentences of Section 1, and Lessee's delivery of possession of the Premises to Lessor on or before March 15, 2011 free of Lessee's personal property, the Lease shall terminate as of the date on which Lessee so delivers possession to Lessor, and except for Lessee's obligations under this Agreement (including, without limitation, Section 5 below), Lessee shall then have no further obligations to Lessor in connection with the Lease.

3. Claims; Mutual Releases.

3.1 Definition of Claims. As used herein, the term "**Claims**" shall mean any past, present or future, fixed or contingent, matured or unmatured, liquidated or unliquidated, claims, cross-claims, obligations, liabilities, rights, demands, notices, injuries, damages, losses, requests, obligations to defend or indemnify, suits, lawsuits, costs, costs of suit, attorneys' fees, experts' fees, actions, administrative proceedings, causes of action or orders, of any nature, character, type or description, whenever and however occurring, whether at law, or in equity, and whether sounding in tort, contract, nuisance, trespass, negligence, strict liability or any statutory, common law or other cause of action.

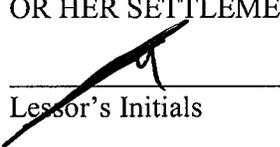
3.2 Release by Lessor. Effective as of the date on which the Lease terminates under Section 2, Lessor hereby fully and irrevocably releases, waives, acquits and discharges Lessee from all Claims, whether known or unknown, existing or potential, suspected or unsuspected, or that may hereafter be sustained, that Lessor may have or assert, or may hereafter have or assert, by reason of any contract (express, oral or written, implied in fact or implied in law), right to defense or indemnification (legal or equitable, contractual, statutory or common law), liability, matter, cause, fact, thing or act or omission arising out of, caused by or having any connection with the Lease or the Premises excluding Claims arising from any failure by Lessee to comply with the terms of this Agreement.

3.3 Release by Lessee. Effective as of the date on which the Lease terminates under Section 2, Lessee hereby fully and irrevocably releases, waives, acquits and discharges Lessor from all Claims, whether known or unknown, existing or potential, suspected or unsuspected, or that may hereafter be sustained, that Lessee may have or assert, or may hereafter have or assert, by reason of any contract (express, oral or written, implied in fact or implied in law), right to defense or indemnification (legal or equitable, contractual, statutory or common law), liability, matter, cause, fact, thing or act or omission arising out of, caused by or having any connection with the Lease or the Premises excluding claims arising from any failure to Lessor to comply with the terms of this Agreement. Without limiting the foregoing, Lessee acknowledges and agrees that the foregoing release shall apply not only to its personal Claims, if any, but also to any future loss resulting from Claims brought by third-parties against Lessee in connection with the Lease or the Premises.

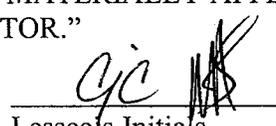
3.4 Discovery of Facts. Lessor and Lessee acknowledge that they may hereafter discover facts different from, or in addition to, those that they now believe to be true with respect to any and all of the matters or rights released in this Section. Nevertheless, Lessor and Lessee agree that the releases set forth in this Section shall be and remain effective in all respects, notwithstanding the discovery of any such different or additional facts.

3.5 1542 Waiver. Lessor and Lessee hereby waive and relinquish all rights and benefits under California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”



Lessor's Initials



Lessee's Initials

4. Stipulation by Lessee. Lessee hereby stipulates and agrees that if Lessee fails to deliver possession of the Premises as provided by Section 1, then Lessor shall have the irrevocable right, upon ex parte application and without notice to Lessee or any hearing, to a judgment from any court with jurisdiction awarding possession of the Premises to Lessor (without limiting any other remedies Lessor may have for Lessee's breach of this Agreement).

5. Condition of the Premises. Lessee's obligations under the Lease with respect to the condition of the Premises at the time possession of same is delivered to Lessor upon termination of the Lease shall survive the termination of the Lease, it being agreed and understood that such obligations are expressly excluded from Lessor's release set forth in Section 3.2.

6. Recordable Termination of Lease. Concurrently with Lessee's execution and delivery of this Agreement, Lessee shall execute a Termination of Lease in the form attached hereto as Exhibit "A" and shall deliver it to Lessor (with Lessee's signature thereon having been duly acknowledged by a notary). Lessor shall thereafter execute the Termination of Lease (with Lessor's signature duly acknowledged by a notary), but Lessor shall not record the Termination of Lease prior to the earlier of (i) termination of this Lease under Section 1; or (ii) a default by Lessee under Section 1.

7. Entire Agreement. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreement and discussion.

8. No Waiver. The waiver of any provision of this Agreement must be in writing and signed by the party providing such waiver. The waiver of a breach of any provision of this Agreement shall not be deemed to be a waiver of such provision or any subsequent breach of the same or any other provision of this Agreement. Acceptance of performance after the due date of such performance shall not be deemed to be a waiver any preceding breach of any provision of this Agreement, regardless of the accepting party's knowledge of such preceding breach at the

time of acceptance of such performance. The parties further acknowledge and agree that if and to the extent that either party does not require the other to strictly comply with the covenants, agreements and obligations contained herein, such action or inaction shall not constitute a waiver of, or otherwise affect or prejudice in any manner, either party's present or future rights, remedies, benefits or powers, including the right to require performance of such covenants, agreements and obligations strictly in accordance with the terms and provisions of this Agreement.

9. Severability. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that provision shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable provision had never been a part hereof.

10. Headings; Modifications. The headings in this Agreement are for the convenience of reference only and shall not limit or otherwise affect the meaning hereof. No provision of this Agreement may be changed, discharged, supplemented, terminated or waived except in a writing signed by the parties hereto.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns.

12. Counterparts; Facsimile/Electronic Signatures. This Agreement 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. Facsimiles and emailed copies of this Agreement may be executed and may be delivered by facsimile or email.

13. Governing Law; Jurisdiction. The terms and conditions of, and the rights and obligations under, this Agreement shall be construed and enforced in accordance with, and governed by, the local laws of the State of California. Lessee hereby submits to the jurisdiction of the Superior Court of the State of California in Los Angeles County and agree that any dispute regarding the interpretation or enforcement of, or any other matter relating to, this Agreement shall be determined in and by such court.

14. Time of Essence. Time is of the essence of each provision hereof in which time is a factor.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Agreement as of the day and year first set forth above.

LESSOR:

CITY OF BEVERLY HILLS,
a California municipal corporation

ATTEST:

Byron Pope, City Clerk

By: _____
Jimmy Delshad, Mayor

APPROVED AS TO FORM:



Laurence S. Wiener, City Attorney

APPROVED AS TO CONTENT:

Jeffrey Kolin, City Manager



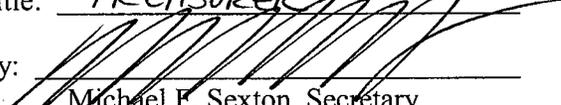
Scott G. Miller, CFO Director of
Administrative Services

LESSEE:

BANG & OLUFSEN AMERICA, INC.,
a Delaware corporation

By: 

Print Name: CINDY COOKE
Title: TREASURER

By: 

Michael F. Sexton, Secretary

BANG & OLUFSEN RETAIL, LLC,
a Delaware limited liability company

By: 

Print Name: CINDY COOKE
Title: TREASURER

By: 

Michael F. Sexton, Secretary

EXHIBIT "A"

FORM OF RECORDABLE "TERMINATION OF MEMORANDUM OF LEASE"

(Attached.)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Beverly Hills
Office of the City Manager
455 North Rexford Drive
Beverly Hills, California 90210
Attn: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Recording Fee: Exempt pursuant to California Government Code Section 27383

TERMINATION OF MEMORANDUM OF LEASE

THIS TERMINATION OF MEMORANDUM OF LEASE (this "Termination") is dated for reference purposes as of March 15, 2011 and is entered into by and among the CITY OF BEVERLY HILLS ("Lessor"), and BANG & OLUFSEN AMERICA, INC., a Delaware corporation ("BOA") and BANG & OLUFSEN RETAIL LLC, a Delaware limited liability company ("Lessee").

RECITALS

A. Lessor and Lessee's predecessor-in-interest (BOA) executed that certain "City of Beverly Hills Amended and Restated Lease – Rodeo Brighton Place, 355 North Rodeo Drive" dated January 23, 2001, for certain space within the building located at 355 North Rodeo Drive, Beverly Hills, California (the "Premises"), which was amended by an Amendment to Lease dated July 24, 2007 (and as so amended, said lease is hereinafter referred to as the "Lease").

B. BOA assigned the Lease to Lessee pursuant to an Assignment and Acceptance of Lease dated March 6, 2001.

C. A Memorandum of Lease dated July 24, 2007 executed by Lessor, Lessee and BOA was recorded on August 30, 2007 as Document No. 20072034028 in the Official Records of Los Angeles County, California (the "Memo").

D. Lessor, BOA and Lessee then entered into a Lease Termination and Settlement/Release Agreement dated as of March 1, 2011 ("Termination Agreement").

E. Lessor, BOA and Lessee now desire to terminate the Lease (including the recorded First Amendment to Lease and the Second Amendment of Lease) and the Recorded Memorandum pursuant to the terms of the Termination Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Termination. The Lease and the recorded Memorandum are hereby terminated.
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, BOA and Lessee have executed this Termination as of the date first above written.

LESSOR:

CITY OF BEVERLY HILLS,
a California municipal corporation

ATTEST:

By: _____
Jimmy Delshad, Mayor

Byron Pope, City Clerk

APPROVED AS TO FORM:

Laurence S. Wiener, City Attorney

APPROVED AS TO CONTENT:

Jeffrey Kolin, City Manager

Scott G. Miller, CFO Director of
Administrative Services

LESSEE:

BANG & OLUFSEN AMERICA, INC.,
a Delaware corporation

By: _____
Zean Nelson, President

By: _____
Michael F. Sexton, Secretary

BANG & OLUFSEN RETAIL, LLC,
a Delaware limited liability company

By: _____
Zean Nelson, President

By: _____
Michael F. Sexton, Secretary

ACKNOWLEDGEMENT

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)

ACKNOWLEDGEMENT

State of Illinois)
County of Cook)

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 Illinois that the
foregoing paragraph is true and correct. PLEASE ADD ANOTHER ACKNOWLEDGMENT
FOR THE SECOND B&O PARTY.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment 3

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Beverly Hills
Office of the City Manager
455 North Rexford Drive
Beverly Hills, California 90210
Attn: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Recording Fee: Exempt pursuant to California Government Code Section 27383

TERMINATION OF MEMORANDUM OF LEASE

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RECITALS

A. Lessor and Lessee's predecessor-in-interest (BOA) executed that certain "City of Beverly Hills Amended and Restated Lease – Rodeo Brighton Place, 355 North Rodeo Drive" dated January 23, 2001, for certain space within the building located at 355 North Rodeo Drive, Beverly Hills, California (the "Premises"), which was amended by an Amendment to Lease dated July 24, 2007 (and as so amended, said lease is hereinafter referred to as the "Lease").

B. BOA assigned the Lease to Lessee pursuant to an Assignment and Acceptance of Lease dated March 6, 2001.

C. A Memorandum of Lease dated July 24, 2007 executed by Lessor, Lessee and BOA was recorded on August 30, 2007 as Document No. 20072034028 in the Official Records of Los Angeles County, California (the "Memo").

D. Lessor, BOA and Lessee then entered into a Lease Termination and Settlement/Release Agreement dated as of March 1, 2011 ("Termination Agreement").

E. Lessor, BOA and Lessee now desire to terminate the Lease (including the recorded First Amendment to Lease and the Second Amendment of Lease) and the Recorded Memorandum pursuant to the terms of the Termination Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Termination. The Lease and the recorded Memorandum are hereby terminated.
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, BOA and Lessee have executed this Termination as of the date first above written.

LESSOR:

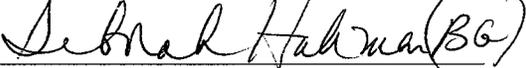
CITY OF BEVERLY HILLS,
a California municipal corporation

ATTEST:

By: _____
Jimmy Delshad, Mayor

Byron Pope, City Clerk

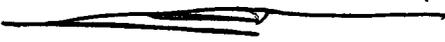
APPROVED AS TO FORM:



Laurence S. Wiener, City Attorney

APPROVED AS TO CONTENT:

Jeffrey Kolin, City Manager



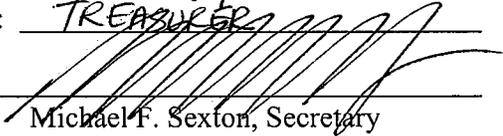
Scott G. Miller, CFO Director of
Administrative Services

LESSEE:

BANG & OLUFSEN AMERICA, INC.,
a Delaware corporation

By: 

Print Name: CINDY COOKE
Title: TREASURER

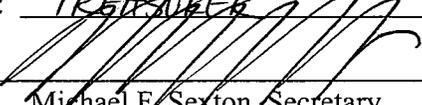
By: 

Michael F. Sexton, Secretary

BANG & OLUFSEN RETAIL, LLC,
a Delaware limited liability company

By: 

Print Name: CINDY COOKE
Title: TREASURER

By: 

Michael F. Sexton, Secretary

ACKNOWLEDGEMENT

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)

ACKNOWLEDGEMENT

State of Illinois)
County of Cook)

On February 7, 2011, before me, Susan Selgrad
(insert name and title of the officer)

Notary Public, personally appeared Cindy Cooke & Michael F. Fobow
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 Illinois that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Susan Selgrad

(Seal)



ACKNOWLEDGEMENT

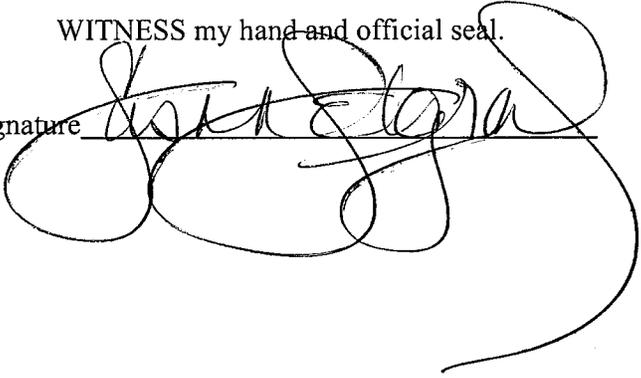
State of Illinois)
County of Cook)

On February 4, 2011, before me, Susan Selgrad

Notary Public, personally appeared Lindy Cooke & Michael F. Sutton (insert name and title of the officer) 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 Illinois that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)

