



AGENDA REPORT

Meeting Date: January 8, 2013
Item Number: H-7
To: Honorable Mayor & City Council
From: Brenda Lavender, Real Estate & Property Management Manager
Subject: SECOND AMENDMENT OF LEASE, BY AND BETWEEN THE CITY OF BEVERLY HILLS AND PARTICIPANT MEDIA, LLC.
Attachments: 1. Second Amendment of Lease

RECOMMENDATION

It is recommended that the City Council approve the Second Amendment of Lease by and between the City of Beverly Hills and Participant Media, LLC. A copy of the second amendment to lease is on file with the City Clerk. If approved Participant Media will lease the last office space in the City's building at 331 Foothill Road.

INTRODUCTION

Participant Media is an entertainment company that specializes in socially conscience films and events to improve conditions around the world. Participant's film list includes An Inconvenient Truth, Darfur Now, Charlie Wilson's War, and The Soloist to name a few. Participant Media currently leases the entire 2nd and 3rd floors of the building under the original lease and first amendment.

DISCUSSION

Participant Media is leasing the remainder of the 1st floor of the building which is approximately 5,800 rentable square feet in two (2) separated spaces. The lease will be conterminous with the 2nd and 3rd floor space and will expire on December 31, 2021. The starting rental rate for this space is \$3.80/square foot monthly. The City will provide a tenant improvement allowance of \$60.00/square foot and provide seven (7) months of free rent during the construction period.

FISCAL IMPACT

The long term fiscal impact of this is lease is additional lease revenue of \$2,184,600.39 over the life of the lease. In the initial year of the lease term there is a negative impact of (\$237,800) from the upfront costs of the deal. The upfront costs include a tenant improvement allowance of (\$348,000), and seven (7) months of free rent of (\$154,280).

Don Harrison

for

Noel Marquis, Acting 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 Second Amendment of Office Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and is exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

SECOND AMENDMENT OF OFFICE LEASE

THIS SECOND AMENDMENT OF OFFICE LEASE (the "Amendment") is dated as of January 8, 2013 (the "Effective Date"), and is entered into by and between the CITY OF BEVERLY HILLS, a California municipal corporation ("Landlord"), and PARTICIPANT MEDIA, LLC, a Delaware limited liability company ("Tenant").

RECITALS

A. Landlord and Tenant entered into an Office Lease dated as of December 1, 2009, a Memorandum of Lease dated December 1, 2009 recorded on March 11, 2010 as Document No. 20100337997 in the Official Records of the County of Los Angeles, California (the "Memo"), and a First Amendment of Office Lease dated August 16, 2011, recorded on September 9, 2011 as Document No. 2011128689 ("First Amendment") (collectively, the "Original Lease"). Capitalized terms used in this Amendment but not defined herein shall have the meaning set forth in the Original Lease.

B. Landlord and Tenant desire to amend the Original Lease and Memo to, among other things, expand the Premises leased pursuant to the Original Lease ("Original Premises") to include the area on the first floor of the Building depicted on Exhibit A attached hereto (the "Additional Expansion Space").

C. The term of the Original Lease expires on December 31, 2021.

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:

A G R E E M E N T

1. Delivery of Additional Expansion Space. Effective as of the Additional Expansion Space Commencement Date (as such term is defined below), the "Premises" (as such term is used in the Original Lease) shall be expanded to include the Additional Expansion Space,

and all references herein and in the Original Lease to the Premises, except as superseded by the terms of this Amendment, shall thereafter mean and refer to, collectively, the Original Premises and the Additional Expansion Space. Subject to delays beyond Landlord's reasonable control, Landlord shall deliver the Additional Expansion Space to Tenant promptly after the mutual execution and delivery of this Amendment for the purpose of Tenant's preparing for and performing the Tenant Improvements in the Additional Expansion Space. Delivery of the Additional Expansion Space shall be deemed to have occurred when Brenda Lavender delivers (i) a letter to Tenant confirming that the Additional Expansion Space is available and free of any other possessory interest (other than Landlord), and (ii) keys to the Additional Expansion Space to Bob Murphy of the Tenant. The term "Additional Expansion Space Commencement Date" shall be the date that is one hundred and thirty-five (135) days after the date Landlord delivers the Additional Expansion Space to Tenant, as such date is extended by "Commencement Date Delays" which shall have the meaning set forth in Section 3(b) of the Original Lease except that Commencement Date Delays shall not include item (iii) in the definition of "Landlord Caused Delay" in Section 3(b) of the Original Lease. Where the term "Lease" is used in this Amendment, it shall collectively refer to the Original Lease and this Amendment. Landlord and Tenant hereby irrevocable stipulate and agree that the Additional Expansion Space contains 5,800 rentable square feet, that there shall be no adjustment of such area, any rent, the Security Deposit or the Tenant's Additional Expansion Space Share based on any measurement or remeasurement of the Additional Expansion Space, or any portion thereof. Notwithstanding anything to the contrary contained herein, in the event Tenant completes the Tenant Improvements in the Additional Expansion Space prior to the Additional Expansion Space Commencement Date and Tenant is not in default under the Lease at the time Tenant desires to open for business and has provided Landlord with insurance certificates for the insurance required of Tenant under the Lease with respect to the Additional Expansion Space and has provided Landlord with a temporary Certificate of Occupancy, then Tenant shall be entitled to use and occupy the Additional Expansion Space for business purposes prior to the Additional Expansion Space Commencement Date without any obligation to pay Rent for the Additional Expansion Space under the Lease. Within six (6) months following the Additional Expansion Space Commencement Date, Landlord shall deliver to Tenant a Notice of Lease Term Dates in the form attached hereto as Exhibit "C" as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within fifteen (15) business days of receipt thereof (provided that if said notice is not factually correct, then Tenant shall make such changes as are necessary to make the notice factually correct and shall thereafter execute and return such notice to Landlord within such fifteen (15) business day period). In the event Landlord shall fail to send Tenant the Notice of Lease Term Dates within six (6) months following the Additional Expansion Space Commencement Date, Tenant may send to Landlord notice of the occurrence of the Additional Expansion Space Commencement Date substantially in the form of the Notice of Lease Term Dates, which Notice of Lease Term Dates Landlord shall acknowledge by executing a copy of the Notice of Lease Term Dates and returning it to Tenant (provided that if said Notice of Lease Term Dates is not factually correct, Landlord shall make such reasonable changes to the Notice of Lease Term Dates as are necessary to make such Notice of Lease Term Dates factually correct and shall thereafter execute and return such notice to Tenant). Once the Notice of Lease Term Dates is executed and delivered by Landlord and Tenant, the same shall be binding upon Landlord and Tenant.

2. Condition of Additional Expansion Space. Except as provided in this Amendment, including the terms of Exhibit B-1 attached hereto and Exhibit B-2 of the Original Lease as incorporated herein, and except for any express representations or warranties included elsewhere in the Original Lease or the Exhibits to the Original Lease (but specifically excluding any representations and warranties with respect to Delivery Condition which only applied to the Original Premises) and except for Landlord’s express maintenance and repair obligations set forth in the Lease, Tenant shall accept the Additional Expansion Space in its current condition, without representation or warranty, express or implied, except that Landlord, at its sole cost and expense and not as an Operating Expense, shall within a reasonable time after written notice from Tenant, correct latent defects in the Additional Expansion Space or in the Building systems and/or equipment that service the Additional Expansion Space and any failure of the Building systems and/or equipment that service the Additional Expansion Space and/or other areas of the Building outside of the Additional Expansion Space and Original Premises to comply with all applicable building, use, and occupancy codes, regulations and laws applicable to the City of Beverly Hills in the same manner required under the Original Lease for latent defects and failures to comply with law with respect to the Original Premises provided that such latent defect or failure to comply with law adversely affects Tenant’s use of the Additional Expansion Space or Tenant’s ability to obtain a Certificate of Occupancy. Subject to the foregoing, Tenant acknowledges that Landlord is not obligated to make any improvements or alterations to the Additional Expansion Space.

3. Minimum Monthly Rent for Additional Expansion Space. As used herein, the term “Additional Expansion Space Rent Commencement Date” shall mean the date that is seven (7) full calendar months after the Additional Expansion Space Commencement Date. Commencing on the Additional Expansion Space Rent Commencement Date, and continuing until the end of the Term, Tenant shall pay to Landlord Monthly Rent for the Additional Expansion Space as set forth below (“Additional Expansion Space Monthly Rent”).

<u>Months (after Additional Expansion Space Commencement Date)</u>	<u>Additional Expansion Space Monthly Rent</u>
8-12	\$22,040.00
13-24	\$22,701.20
25-36	\$23,382.24
37-48	\$24,083.70
49-60	\$24,806.21
61-72	\$25,550.40
73-84	\$26,316.91
85-Dec. 31, 2021	\$27,106.42

4. Common Area Expense/Operating Expense Charges for Additional Expansion Space.

(a) As used herein: (i) the term “Base Additional Expansion Space Operating Expenses” means the Operating Expenses (as defined in the Lease) for the calendar year 2013;

(ii) the term “Initial Additional Expansion Space Operating Expense Payment Date” shall mean January 1, 2014; and (iii) the term “Tenant’s Additional Expansion Space Share” shall mean eight and 39/100 percent (8.39%).

(b) Commencing on the Initial Additional Expansion Space Operating Expense Payment Date, Tenant shall pay to Landlord as additional rent, in equal monthly installments, in advance, on or before the first (1st) day of each month, without prior demand and without offset, abatement or deduction, except as otherwise specifically set forth in the Lease, an amount per month estimated by Landlord in good faith on a category by category basis (the “Monthly Additional Expansion Space Operating Expense Payment”) for Tenant’s Additional Expansion Space Share of Operating Expenses that exceed the Base Additional Expansion Space Operating Expenses (and if applicable under Section 8(e) of the Original Lease, also Tenant’s Additional Expansion Space Share of estimated Tax Expenses). Landlord shall use good faith efforts to notify Tenant in writing by December 1, 2013 of Landlord’s estimate of Tenant’s Additional Expansion Space Share of Operating Expenses for 2014 in excess of the Base Additional Expansion Space Operating Expenses. On the first anniversary of the Initial Additional Expansion Space Operating Expense Payment Date, and on each subsequent anniversary of the Initial Additional Expansion Space Operating Expense Payment Date during the Term (each such anniversary shall be referred to herein as an “Additional Expansion Space Adjustment Date”), the Monthly Additional Expansion Space Operating Expense Payment (and Tax Expense payment for the Additional Expansion Space, if applicable) payable during the twelve (12) months commencing upon and following such Additional Expansion Space Adjustment Date shall be increased to reflect Landlord’s estimate of Tenant’s Additional Expansion Space Share of Operating Expenses for that twelve (12) month period that exceed the Base Additional Expansion Space Operating Expenses (and if applicable under Section 8(e) of the Original Lease, also Tenant’s Share of estimated Tax Expenses for the Additional Expansion Space). Landlord will use good faith efforts to notify Tenant of the revised estimate on or before the date that is thirty (30) days prior to the applicable Additional Expansion Space Adjustment Date, but if such notice is not given, Tenant shall continue to make payments in the amounts previously estimated until Landlord gives Tenant such notice.

(c) As soon as reasonably practicable after the anniversary of the Initial Additional Expansion Space Operating Expense Payment Date, and each subsequent anniversary of the Initial Additional Expansion Space Operating Expense Payment Date, which Landlord shall endeavor to perform by April 1 of each year, Landlord shall furnish Tenant a statement on a category-by-category basis with respect to the preceding year, showing actual Operating Expenses (and if applicable under Section 8(e) of the Original Lease, actual Tax Expenses) owed by Tenant for that year in excess of the Base Additional Expansion Space Operating Expenses, and the total payments made by Tenant with respect thereto. Notwithstanding anything to the contrary contained herein, Tenant shall not be responsible for Tenant’s Additional Expansion Space Share of any Operating Expenses or Tax Expenses attributable to any year which are first billed to Tenant more than two (2) calendar years after the earlier of the expiration of the applicable year or the expiration or earlier termination of the Term, provided that in any event Tenant shall be responsible for Tenant’s Additional Expansion Space Share of Operating Expenses or Tax Expenses levied by any governmental authority or by any public utility companies at any time following the expiration or earlier termination of the Term which are attributable to any year (provided that Landlord delivers Tenant a bill for such amounts within

two (2) years following Landlord's receipt of the bill therefor). Unless Tenant raises any objections to Landlord's statement within two (2) years after it is given to Tenant, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Tenant's share thereof. Additionally, if following Tenant's delivery to Landlord of a written request for a Tenant review, Landlord fails to make its accounting records for the applicable year reasonably available for such purpose, then the review period shall be extended one (1) day for each day that Tenant and/or Tenant's auditor, as the case may be, is so prevented from accessing such accounting records. In no event shall the payment by Tenant of any Operating Expenses or Tax Expenses, or any amount on account thereof, preclude Tenant from exercising its rights under this Section. If Tenant does object to such statement, Landlord shall provide Tenant and any accountant selected by Tenant with back-up books and records for the figures shown on the statement for Tenant to audit. In connection with the foregoing review, Landlord shall furnish Tenant with such reasonable supporting documentation relating to the subject statement as Tenant may reasonably request and Landlord will provide Tenant with reasonable space for such Tenant review and reasonable use of such available office equipment, but may charge Tenant for telephone calls and photocopies at Landlord's actual cost. If after such audit, Tenant still objects to Landlord's statement, the parties shall negotiate in good faith to resolve any disputes. In the event that following Tenant's review, Tenant and Landlord continue to dispute the amounts shown on Landlord's statement and Landlord and Tenant are unable to resolve such dispute, then either Landlord or Tenant may submit the matter to judicial resolution and the proper amount of the disputed items shown on such statement shall be determined by such judicial resolution. If the resolution of the parties' dispute with regard to the Additional Rent shown on the statement reveals an error in the calculation of Tenant's Additional Expansion Space Share of Operating Expenses or Tax Expenses to be paid for such year, the parties' sole remedy shall be for the parties to make appropriate payments or reimbursements, as the case may be, to each other as are determined to be owing, plus interest at the Interest Rate from the date originally paid or owed. Any such payments shall be made within thirty (30) days following the resolution of such dispute. At Tenant's election, Tenant may treat any overpayments resulting from the foregoing resolution of such parties' dispute as a credit against Rent until such amounts are otherwise paid by Landlord. Tenant shall be responsible for all costs and expenses associated with Tenant's review, and Tenant shall be responsible for all reasonable audit fees of Tenant, as well as attorney's fees and related costs of Tenant (collectively, the "Costs"), provided that if the parties' final resolution of the dispute involves the overstatement by Landlord of Operating Expenses or Tax Expenses for such year in excess of four percent (4%), then Landlord shall be responsible for all Costs. This provision shall survive the termination of the Lease to allow the parties to enforce their respective rights hereunder. Any amounts due Landlord or Tenant shall be paid at the time and in the manner set forth below. Any objection of Tenant to Landlord's statement and resolution of any dispute shall not postpone the time for the payment of any amounts due Tenant or Landlord based on Landlord's statement, nor shall any failure of Landlord to deliver Landlord's statement in a timely manner relieve Tenant of Tenant's obligation to pay any amounts due Landlord based on Landlord's statement except as specifically provided above (provided that in the event that such failure continues for a period of six (6) months following receipt of notice from Tenant, Tenant may elect to seek specific performance). If Tenant's Additional Expansion Space Share of increases in Operating Expenses and Tax Expenses, as finally determined for the Additional Expansion Space for a calendar year, exceeds the total payments made by Tenant on

account thereof, Tenant shall pay Landlord the deficiency within thirty (30) days after Landlord's delivery to Tenant of Landlord's statement. If Tenant shall have overpaid, then Tenant's excess payments shall be credited toward the Rent next due from Tenant under the Lease. For any partial calendar year at the end of the Term, Additional Rent shall be prorated on the basis of a 365-day year by computing Tenant's Additional Expansion Space Share for the entire year and then prorating such amount for the number of days during such year included in the Term. Notwithstanding the termination of the Lease, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as the case may be, within thirty (30) days after Landlord delivers to Tenant a final statement for the calendar year in which the Lease terminates, the difference between Tenant's Additional Expansion Space Share for that year, as finally determined by Landlord, and the total amount previously paid by Tenant on account thereof.

(d) Notwithstanding anything contained in the Lease to the contrary, Tenant acknowledges and agrees that for so long as Landlord's interest in the Building is owned by the City or by any other Governmental Entity, the Lease and Tenant's interest hereunder with respect to the Additional Expansion Space may constitute 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 prior to the date due, or, if such taxes are not separately assessed, then in accordance with the further provisions of Article 8 of the Original Lease as modified by this Section 4). Tenant shall pay such taxes to the levying authority.

(e) In the event the current Landlord sells the Building (or there is otherwise a change in ownership) to a non-governmental entity, then for so long as the Building is owned by a non-governmental entity, then in addition to other sums payable under the Lease, Tenant shall pay to the non-governmental Landlord Tenant's Additional Expansion Space Share of the amount by which Tax Expenses in any property tax year exceed the Tax Expenses for the property tax year in which the sale occurs (annualized to reflect a full property tax year of Tax Expenses at the tax rate in effect after the reassessment following the sale or change of ownership to the non-governmental entity). Tenant's payment of such increases in Tax Expenses shall exclude increases that result from any further "change in ownership" (as defined by applicable property tax law) by the non-governmental Landlord.

5. Additional Security Deposit. Concurrently with its execution and delivery of this Amendment, Tenant shall deliver to Landlord the sum of Twenty Two Thousand Forty and No/100 Dollars (\$22,040.00) as an additional Security Deposit which will be added to and become part of the Security Deposit under the Lease and which shall be subject to all of the terms and waivers in Section 6 of the Original Lease.

6. Tenant Termination Right. Tenant's option to terminate the Lease under Section 3(d) of the Original Lease shall apply to the entire Premises, including the Additional Expansion Space, except that, in addition to the payments described in Section 7 of the First Amendment, the portion of the Tenant Improvement Allowance for the Additional Expansion Space described in Section 9 below that remains unamortized as of the termination date, which shall be determined by amortizing such Tenant Improvement Allowance for the Additional Expansion Space on a straight line basis over the period from the Additional Expansion Space Commencement Date to the end of the Term, without interest. Landlord agrees to deliver to

Tenant Landlord's calculation of the termination fee with respect to the entire Premises, including the Additional Expansion Space, within thirty (30) days after Tenant's written request.

7. Shell and Core Finishes. With respect to the Additional Expansion Space only, Exhibit B-1 of the Original Lease is hereby deleted and is hereby replaced with the attached Exhibit B-1.

8. Parking. In addition to the parking described in the Original Lease, upon the Additional Expansion Space Commencement Date, Tenant shall have the right, but not the obligation, to rent from time to time up to an additional seventeen (17) parking passes for unreserved parking spaces in the Parking Structure that are not marked "visitor". Tenant shall pay the prevailing rate charged by Landlord for parking passes for such additional unreserved parking spaces which shall be subject to increase annually as described in Section 29 of the Original Lease. Tenant shall pay the prevailing rate charged by Landlord for such parking passes for unreserved parking spaces, which shall be subject to increase annually as described in Section 29 of the Original Lease. Tenant understands and acknowledges that the Parking Structure shall, at Landlord's sole and absolute option, be available and open to the general public for parking subject to Landlord's obligations under Section 29 of the Original Lease. Additional terms relating to parking are described in Section 29 of the Original Lease.

9. Landlord Improvements; Tenant Improvement Allowance and Tenant Improvements for Additional Expansion Space.

(a) Landlord shall relocate the exterior doors and shall install a demising wall. Tenant shall reimburse Landlord within ten (10) days after written demand, as additional rent, for the costs incurred by Landlord to relocate the exterior doors and for the cost to install a demising wall; however, at Landlord's option, Landlord may deduct such costs from the Tenant Improvement allowance hereinafter described, and if Landlord does so, Landlord shall promptly notify Tenant in writing of the amount so deducted.

(b) Tenant shall be entitled to perform Tenant Improvements in the Additional Expansion Space pursuant to the provisions of Exhibit B-2 (except as otherwise noted in the last sentence of this paragraph). The Tenant Improvements shall conform to the plans and specifications that, pursuant to the provisions of the Lease and Exhibit B-2, shall have been approved by Landlord in accordance with Exhibit B-2 prior to commencement thereof. The construction of the initial Tenant Improvements in the Additional Expansion Space shall be governed by Exhibit B-2 to the Original Lease except as specifically modified in this Amendment. Notwithstanding anything to the contrary contained in Section E of Exhibit B-2, with respect to the Additional Expansion Space, Landlord agrees to contribute the sum of Three Hundred Forty-Eight Thousand and No/100 Dollars (\$348,000.00) for the actual costs of design and construction of Tenant Improvements for the Additional Expansion Space, including without limitation, payment of the fees and costs of the architect, project manager and other consultants in connection with the design and construction of such Tenant Improvements for the Additional Expansion Space, costs of construction of such Tenant Improvements for the Additional Expansion Space, testing and inspection costs, trash removal costs, hoist fees, contractors' fees and general conditions, sales and use taxes and Title 24 fees, security systems, signage, data and telecommunications cabling and conduit and any other costs of design and construction of such

Tenant Improvements, but not for Tenant's moving expenses, furniture or fixtures (the "Tenant Improvement Allowance"). In no event shall any unused portion of the Tenant Improvement Allowance for the Additional Expansion Space be paid to Tenant or credited against any obligation payable by Tenant under the Lease, as amended or used for any improvements or alterations in any portion of the Premises other than the Additional Expansion Space. All of the Tenant Improvements for the Additional Expansion Space shall be subject to Sections A, B (excluding the first sentence of paragraph 2 only), C, E (excluding Section 1 only) and F of Exhibit B-2 to the Lease. Landlord has approved the preliminary space plans for the Tenant Improvements in the Additional Expansion Space prepared by Wolcott Architecture and dated October 31, 2012 (architecture).

(c) Tenant acknowledges that the Additional Expansion Space Tenant Improvements are a "public work" under Section 1720 of the California Labor Code and Tenant agrees that Tenant shall: (i) pay prevailing wages for all Additional Expansion Space Tenant Improvements in accordance with Section 1720, et seq. of the California Labor Code; (ii) otherwise comply with the provisions of Sections 1773.8, 1775, 1776, 1777.5, 1777.6 and 1813 of the California Labor Code and all other applicable Laws and regulations with respect to prevailing wages; and (iii) obtain payment and performance bond(s) for the Additional Expansion Space Tenant Improvements.

10. Non-disturbance, and Attornment. On or before January 15, 2013, Landlord shall obtain a commercially reasonable non-disturbance agreement from the City of Beverly Hills Public Financing Authority (which owns fee title to the Building and leases the Building to the City) in favor of Tenant with respect to this Amendment substantially in the form of Exhibit "D" attached hereto.

11. Signage. Tenant shall be entitled to Building standard suite signage and directory signage in connection with the Additional Expansion Space.

12. Access Cards. Landlord shall provide Tenant with seventeen (17) access cards with respect to the Additional Expansion Space, excluding replacements thereof, free of charge.

13. 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.

14. 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.

15. Entire Agreement. This Amendment (and the Original Lease to the extent not modified by the terms of this Amendment) constitutes the entire agreement of the parties with respect to the subject matter hereof.

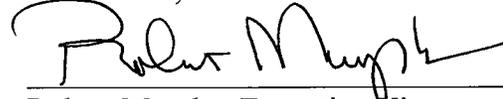
16. No Further Modifications. Except as set forth in this Amendment, all of the terms and provisions of the Original Lease shall apply and shall remain unmodified and in full force and effect.

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

TENANT:

PARTICIPANT MEDIA, LLC,
a Delaware limited liability company

By: 
James Berk, Chief Executive Officer

By: 
Robert Murphy, Executive Vice
President/Chief Financial Officer

LANDLORD:

ATTEST:

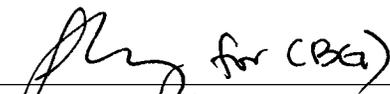
CITY OF BEVERLY HILLS,
a California municipal corporation

_____(Seal)
Byron Pope
City Clerk

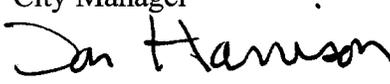
By: _____
William W. Brien, M.D.,
Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By: 
Laurence S. Wiener
City Attorney

By: _____
Jeffrey Kolin, ICMA-CM,
City Manager

By: 
for Noel Marquis,
Acting Director of Administrative
Services/CFO

State of California)
)
County of Los Angeles)

On December 20, 2012, before me, Bared Costanian,
(insert name and title of the officer)

Notary Public, personally appeared James Berk,
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]

(Seal)



State of California)
)
County of Los Angeles)

On December 20, 2012, before me, Bared Costanian,
(insert name and title of the officer)

Notary Public, personally appeared Robert Murphy,
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]

(Seal)

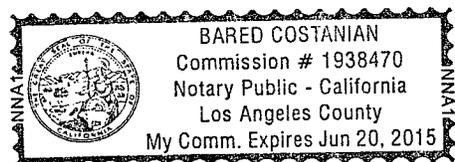
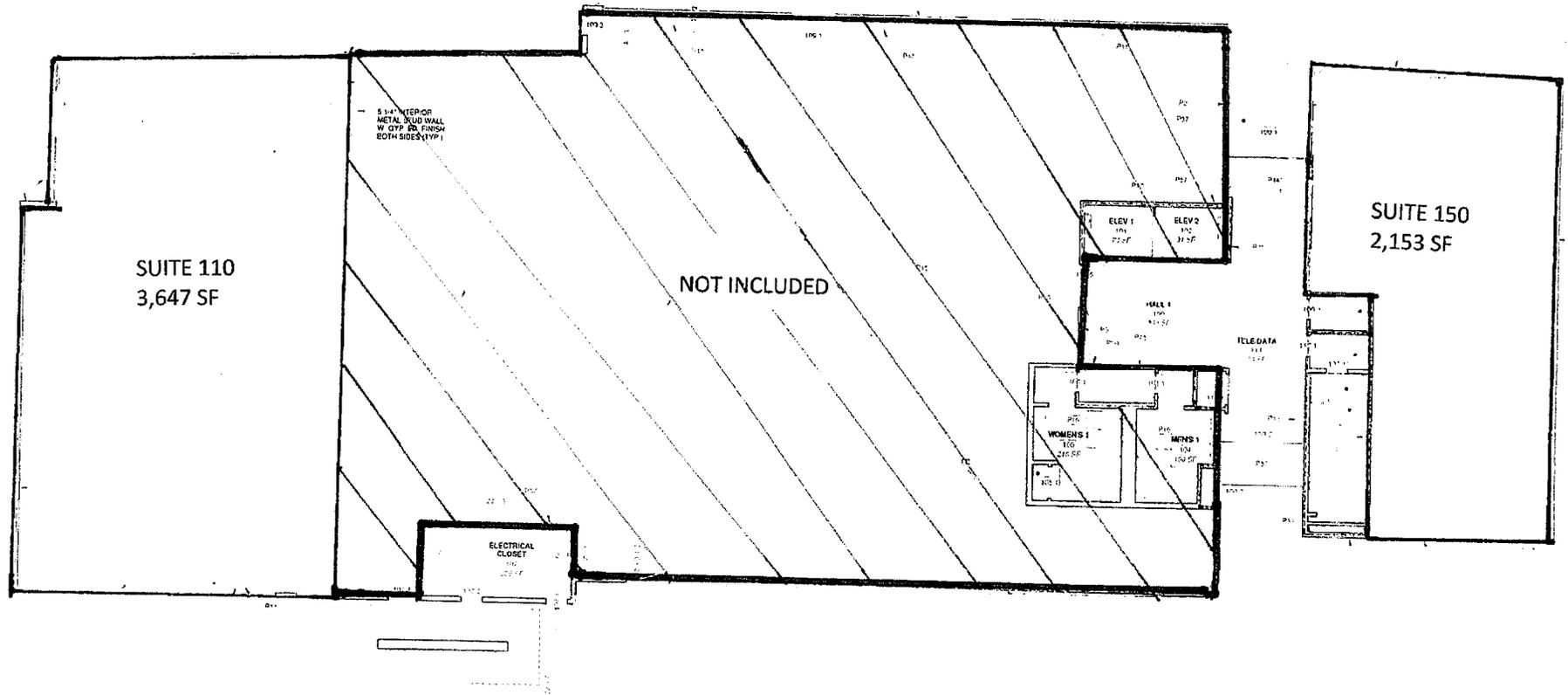


EXHIBIT A

DIAGRAM OF ADDITIONAL EXPANSION PREMISES

(Attached.)



SUITE 110
3,647 SF

NOT INCLUDED

SUITE 150
2,153 SF

ELECTRICAL
CLOSET
102

ELEV 1
101
712 SF

ELEV 2
102
315 SF

HALL 1
100
411 SF

WOMENS 1
103
216 SF

MEN'S 1
104
100 SF

TELEDATA
105
124 SF

EXHIBIT B-1

SHELL AND CORE FINISHES

The Premises shall be delivered in good working order and condition, free of latent defects and in compliance with all applicable building, use and occupancy codes, regulations and laws applicable to the City of Beverly Hills enacted as of the completion of construction and as accepted by the Notice of Substantial Completion and Landlord shall repair any latent defects in the Premises at Landlord's expense and not as an Operating Expense to the extent they adversely affect Tenant.

1. The HVAC system that is part of the Building Systems is based upon the following office assumptions:
 - The lighting allowance is 1.2 watts/sf.
 - The occupancy is 1 person/100sf.
 - Ventilation provisions are based on 1 person/15 sf.
 - The power assumption is 4.5 watts/sf.
 - Should Tenant require additional cooling in excess of the above criteria, the shaft size, power, and roof space can accommodate tenant provided split systems up to a maximum of 10 tons per floor. All split system air conditioning units shall be rated R410 or R407c to meet building LEED certification requirements.
2. The central HVAC chiller located in the parking structure that serves variable air volume air handling units on the roof. Supply and return air ducts are provided to four vertical ducts. Distribution ducts and terminal VAV boxes are Tenant's responsibility.
3. The HVAC system can be lowered to 30% of capacity and chilled water to 20% of capacity so that after hours use is available. Typical Building hours of operation are 8am to 6:30 p.m. Monday through Friday, excluding Holidays (as defined in the Lease). Tenant shall make specific arrangements reasonably acceptable to Landlord for the provision of after-hours air conditioning at Tenant's cost by installing DDC controls compatible with the Building's energy management system.
4. When tying into Building HVAC water lines, Tenant's HVAC must be purged, cleaned and certified by an independent agency at Tenant's cost to prevent contamination of the Building HVAC water.
5. The electrical system is based upon the following office assumptions:
 - Building capacity of 7.12 watt/sf (5.25 watts/sf at 110v and 1.87 watts/sf at 277 v).
 - Electrical power is provided to an electrical room panel on each floor (150 Amps/3 breakers).
 - The lighting allowance for the Premises is 1.2 VA/sf.
 - The pc power is 2.5 VA/sf.
 - Convenience power is 1.0 VA/sf.

- Electrical power is provided to an electrical room panel on each floor. Tenant to provide the conduit from the panel to the Premises.
 - All Tenant circuitry shall run through emon demon meters. Emon demon meters shall be installed by Tenant.
6. The exterior perimeter is generally building standard vision glass and mullion storefront to a height of 10 feet. Above that is frosted spandrel glass that is backed by drywall.
 7. Corridor, core, perimeter and demising walls are steel studs and drywall; and insulated, tapped, sanded and prepared to receive new level-4 finish.
 8. Principal demising doors are double doors. Other doors that may be required for exiting or convenience shall be installed by Tenant and, if they can be seen from outside the Premises, the outside finishes on the doors shall meet the building standard core finish specifications.
 9. Height from the floor to the underside of the floor above, excluding beams and utilities is 14'-5"; minimum ceiling clearance is to the top of the window line.
 10. Tenant's ductwork, plumbing, and electrical lines must be installed within Tenant's Premises. Landlord's written approval is required for all installations outside of the Premises.
 11. Landlord has constructed men's and women's common toilets on each floor near the elevators, with Building standard finishes.
 12. The Building is required to be sprinklered. Landlord has installed sprinkler mains as required by code. Distribution from sprinkler mains is to be installed by Tenant.
 13. There is an emergency generator which will provide emergency lighting and bring the elevators to the ground floor.
 14. Concrete floors have finished surfaces to the following tolerances, measured within 24 hours according to ASTM E 1155 for a randomly trafficked floor surface:
 - a. Specified overall values of flatness, F(F) 35; and levelness, F(L) 25; with minimum local values of flatness, F(F) 24; and levelness F(L) 17; for slabs on grade.
 - b. Specified overall values of flatness, F(F) 30; and levelness, F(L) 20; with minimum local values of flatness, F(F) 24; and levelness, F(L) 15; for suspended slabs
 15. Tenant shall install data/telecom lines from Building MPOE (on first floor) to Premises. There are data/telecom rooms on each floor of the Building and on the roof of the Building.
 16. Pathway to roof and roof space is limited. Landlord's prior written approval is required for all installations on the roof.

17. Elevator cabs Parklex Façade, 8mmOnix finish panels.
18. Building Access Systems provides after Building hours access.
19. Tenant must utilize hot and cold water (capped and valved) and related waste and vent stub outs at the core of each floor.
20. Mecco-shades consistent with Tenant's premises on the second (2nd) and third (3rd) floors of the Building are required for all perimeter windows by Tenant.
21. All construction plans require Landlord's written approval prior to submission for permits.
22. All trunk and branch duct work included in Landlord's Work shall be caulked and cleaned.
23. If Tenant's lighting designer (or Tenant) includes lamps/bulbs that required "seasoning", Landlord is not responsible for replacing such lamp/bulbs.
24. Landlord will not install drywall on steel columns. Steel columns have sprayed-on fireproofing. Tenant may at Tenant's cost, remove the fireproofing provided Tenant causes the columns to be painted with Intumescent fire paint in a color that is approved by Landlord.

LEED DESIGN & CONSTRUCTION GUIDELINES

The LEED guidelines require an illustrated document that provides the tenant with design and construction information that coordinates the tenant systems and operation to that of the building shell and core. The description of what should be in these Guidelines is outlined in LEED-CS version 2.0 Reference Guide SS Credit 9.

EXHIBIT C

NOTICE OF LEASE TERM DATES

Participant Media
331 Foothill Road, Suite 300
Beverly Hills, California 90210

Re: Second Amendment to Office Lease dated December 18, 2012 between the City of Beverly Hills ("Landlord"), and Participant Media, LLC ("Tenant") for Suite ____ of the office building located at 331 Foothill Road, Beverly Hills, California.

Gentlemen: In accordance with the Second Amendment of Office Lease (the "Amendment"), we wish to advise you and/or confirm as follows:

1. The Additional Expansion Space Commencement Date was _____ and the Term shall end on December 31, 2021.
2. Rent commenced to accrue with respect to the Additional Expansion Space on _____, and is in the amount of _____.

"Landlord":

CITY OF BEVERLY HILLS

By: _____

Print Name: _____

Title: _____

Agreed to and Accepted

as of _____, 2013

"Tenant":

PARTICIPANT MEDIA, LLC,
a Delaware limited liability company

By: _____

Print Name: _____

Title: _____

(Attached.)

FORM OF BHPA NON-DISTURANCE

EXHIBIT D

**Recording Requested By
And When Recorded Mail To:**

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

NONDISTURBANCE AGREEMENT

This Nondisturbance Agreement (“Agreement”) is dated as of _____ 2012, and is entered into by and between the CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY, a California corporation (“Owner”), owner of the land described on Exhibit “A”, and PARTICIPANT MEDIA, LLC, a Delaware limited liability company (“Tenant”).

RECITALS

A. The City of Beverly Hills (“Landlord”) and Tenant entered into an Office Lease dated as of December 1, 2009, a Memorandum of Lease dated December 1, 2009 recorded on March 11, 2010 as Document No. 20100337997 in the Official Records of the County of Los Angeles, California (the “Memo”), a First Amendment of Office Lease dated August 16, 2011, recorded on September 9, 2011 as Document No. 2011128689 and a Second Amendment of Office Lease dated in 2012 (collectively, the “Original Lease”). Capitalized terms used in this Amendment but not defined herein shall have the meaning set forth in the Original Lease.

B. Landlord has a leasehold interest in the Land by virtue of a Ground Lease dated February 17, 2009 between Landlord and Owner (“Ground Lease”), a memorandum of which was recorded on November __, 2009 as Instrument No. _____, in the Official Records.

C. It is a condition to the effectiveness of the Lease that Owner execute this Agreement.

NOW THEREFORE, in consideration of the Lease, the foregoing recitals and other consideration, the sufficiency of which is hereby acknowledged, Owner hereby agrees that so long as Tenant is not in default under the Space Lease (beyond any period given in the Space Lease to cure such default), Owner will not disturb Tenant’s possession of the premises leased to Tenant under the Space Lease, nor shall the Space Lease be terminated or extinguished by reason of any termination of the Ground Lease under the terms of the Ground Lease and Owner agrees to assume all of the obligations of the Landlord under the Space Lease for the benefit of Tenant.

“LANDLORD”

CITY OF BEVERLY HILLS

By: _____
William W. Brien, M.D.,
Mayor

APPROVED AS TO FORM:

Laurence S. Wiener, City Attorney and Authority
Counsel

“OWNER”

CITY OF BEVERLY HILLS PUBLIC
FINANCING AUTHORITY

By: _____
William W. Brien, M.D.
Chairman of Board of Directors

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
Secretary to Board of Directors

“TENANT”

PARTICIPANT MEDIA, LLC,
a Delaware limited liability company

By: _____
James Berk,
Chief Executive Director

By: _____
Robert Murphy,
Executive Vice President/Chief Financial
Officer

(ALL SIGNATURES MUST BE ACKNOWLEDGED BY A NOTARY PUBLIC)

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)

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)

EXHIBIT "A"

DESCRIPTION OF LAND

A PORTION OF LOT 1 OF TRACT NO. 13349, IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 311, PAGE 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND A PORTION OF LOT 1 OF BLOCK 17 OF TRACT NO. 5647, IN SAID CITY, AS PER MAP RECORDED IN BOOK 60, PAGE 88 OF MAPS, IN SAID OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 OF TRACT NO. 13349, DISTANT THEREON SOUTH 0°09'01" EAST 263.51 FEET FROM THE NORTHEASTERLY CORNER OF SAID LOT 1; THENCE SOUTH 89°51'04" WEST 120.00 FEET; THENCE SOUTH 0°09'01" EAST 240.00 FEET TO THE NORTH LINE OF 3RD STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 13349; THENCE EASTERLY ALONG SAID NORTH LINE, NORTH 88°42'51" EAST 120.00 FEET TO THE EAST LINE OF SAID LOT 1 OF SAID TRACT NO. 5647; THENCE NORTHERLY ALONG SAID EAST LINE, NORTH 0°09'01" WEST 237.62 FEET TO THE POINT OF BEGINNING.