



AGENDA REPORT

Meeting Date: February 19, 2013
Item Number: F-2
To: Honorable Parking Authority
From: Brenda A. Lavender, Real Estate & Property Manager
Subject: APPROVAL OF OFFICE LEASE BY AND BETWEEN THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS AND JOHNSON & JOHNSON, LLP

Attachments:

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

RECOMMENDATION

It is recommended that the Parking Authority approve the Office Lease with Johnson & Johnson, LLP at 439 N. Canon Drive, Suite 200. This lease is for a term of five (5) years and in fact extends Johnson & Johnson (J&J) tenancy in the building. A copy of the lease is on file with the City Clerk.

INTRODUCTION

Johnson and Johnson is a current tenant at this location. This lease extends the term of their tenancy by five (5) years and increases the base rent slightly from \$3.58/PSF to \$3.60/PSF monthly for the first year of the term. This lease also includes a five (5) year option to extend the lease at Fair Market Rate.

DISCUSSION

Staff has worked with J&J to extend this lease based on current fair market rent. Johnson & Johnson has been a tenant in the building for nearly seven (7) years and this lease represents an extension of the lease term and a change to the lease entity from Johnson & Rishwain to Johnson & Johnson. The office has operated under the dba of Johnson & Johnson for several years now. There are no out of pocket costs for the Parking Authority as there was no tenant improvement provided, no free rent, and no broker commission paid for this deal.

FISCAL IMPACT

The fiscal impact of this deal is additional annual revenue of \$674.64 as a result of the increased rental rate. There is no out of pocket cost and no free rent.

Don Harrison

for Noel Marquis, Acting Director of
Administrative Services, CFO
Approved By

Attachment 1

OFFICE LEASE

by and between

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

and

JOHNSON & JOHNSON, LLP,
a California limited liability partnership,
as Tenant

Beverly-Canon Project
Beverly Hills, California

DATE: February 19, 2013

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OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is made and entered into as of the 19th day of February, 2013 (the "Effective Date"), by and between THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Landlord"), and JOHNSON & JOHNSON, LLP, a California limited liability partnership ("Tenant").

1. TERMS AND DEFINITIONS. For the purposes of this Lease, the following terms shall have the following definitions and meanings:

(a) Address of Tenant:

439 Canon Drive, Suite 200
Beverly Hills, California 90210
Attn: Doug Johnson

(b) Address of Landlord:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Director of Finance Administration & Real Estate &
Property Manager

With a copy to:

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

(c) Premises: That certain premises constituting a portion of second floor of the "Building" located at 439 North Canon Drive, Beverly Hills, California, approximately as shown as cross-hatched on the floor plan attached hereto as Exhibit A and incorporated herein by this reference (the "Floor Plan"), commonly referred to as Suite 200.

(d) Premises Area: Approximately two thousand seven hundred sixty-six (2,766) square feet of "Usable Area", constituting approximately three thousand one hundred fifty-three (3,153) square feet of "Rentable Area" (as such terms are hereinafter defined).

(e) Term: Five (5) years commencing July 18, 2013, as may be extended pursuant to Section 3(b) below.

(f) Rent:

Months	Monthly Installments
1-12	\$11,350.00
13-24	\$11,690.50
25-36	\$12,041.22
37-48	\$12,402.45
49-60	\$12,774.52

(g) Base Year: 2014

(h) Security Deposit: Twelve Thousand Seven Hundred Seventy-four and 52/100 Dollars (\$12,774.52). Landlord currently holds \$11,294.58 as a security deposit under the Office Lease dated September 6, 2005 between the City of Beverly Hills and Johnson & Rishwain, LLP (the "Existing lease") and shall hereafter hold such sum as part of the security deposit under this Lease, and Tenant shall defend, indemnify and hold Landlord harmless from any claims by Johnson & Johnson, LLP or Brian Rishwain for any portion thereof.

Concurrently with its execution and delivery of this Lease, Tenant shall deposit an additional One Thousand Four Hundred Seventy-Nine and 94/100 Dollars (\$1,479.94) with Landlord as the remainder of the security deposit.

(i) Permitted Use: General office use consistent with the operation of the Project as a first-class mixed use commercial project; and for no other use or purpose. In addition, in no event shall the Premises be used as: (1) a gymnasium facility that is open to public membership, (2) a real estate or stock brokerage office with more than ten (10) employees, (3) a beauty salon or (4) medical offices.

(j) Parking: Nine (9) parking passes, subject to Section 26 below.

(k) Brokers: UGL Services Equis Operations Co. is Tenant's broker, but Landlord will not pay any fees or commissions to Tenant's broker.

(l) Guarantor: Neville Johnson and Douglas L. Johnson, jointly and severally

(m) Termination of Existing Lease for Premises: The Existing Lease shall terminate on July 17, 2013 except for obligations thereunder arising prior to such date.

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

2. PREMISES LEASED.

(a) Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises. The Premises constitutes a part of the floor of the Building designated in

Section 1(c), approximately as shown on the Floor Plan. The Premises is to be improved with the “Tenant Improvements” described in Exhibit B attached hereto and incorporated herein by this reference, in accordance with the terms set forth in Exhibit B. The Premises shall specifically include the exclusive use of the patio adjacent to the Premises overlooking Canon Drive.

(b) The terms “Usable Area” and “Rentable Area” as used in this Lease shall be determined in accordance with BOMA standards (Building Owners and Managers Association Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996); provided further, however that for all purposes of this Lease, the Usable Area and Rentable Area of the Premises and the Building shall be deemed to be as set forth in Article 1 above, notwithstanding any deviation in actual Usable and Rentable Area, unless the boundaries of the Premises and/or the Building are hereafter modified.

(c) Tenant shall have the nonexclusive right to use in common with other tenants in the Building and the Project and subject to the Rules and Regulations referred to in Section 32(a) and the parking rules and regulations referred to in Section 26 the following areas to the extent included in the Project (collectively, “Common Areas”): (i) common lobbies, restrooms, elevators, stairways, access ways, loading docks, ramps, drives and platforms and any passageways and service ways thereto, and the common pipes, conduits, wires and appurtenant equipment serving the Project; and (ii) loading and unloading areas, trash areas, parking areas (including, without limitation, the Parking Structure and other Project parking areas), roadways, sidewalks, walkways, driveways and landscaped areas and similar areas and facilities within the Project made available by Landlord for the common use and enjoyment of the occupants of the Project; provided, however, that notwithstanding the designation of the Parking Structure and the other Project parking areas as a part of the Common Areas pursuant hereto, Tenant understands and acknowledges that the Parking Structure and the other parking facilities for the Project may, at Landlord’s sole and absolute option and in accordance with applicable laws and governmental requirements, be available and open to the general public for parking.

(d) Landlord reserves the right from time to time: (i) to designate other land outside the current boundaries of the Site to be a part of the Site, in which event the Site shall be deemed to include such additional land, and the Common Areas shall be deemed to include Common Areas upon such additional land; (ii) to add additional buildings and/or other improvements (including, without limitation, additional parking structures and/or expansion of the Parking Structure) to the Project, which (by way of example only and without limitation) may be located on land added to the Site pursuant to clause (i) above, and/or to remove existing and/or future buildings and/or improvements; (iii) to make changes to the Common Areas, including, without limitation, addition of additional improvements, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscape areas and walkways; (iv) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (v) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or the Project, or any portion thereof; and (vi) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Project above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises

which are located in the Premises or located elsewhere outside the Premises, and to alter, expand and/or demolish any building within the Project; and (vii) to do and perform such other acts and make such other changes in, to or with respect to the Common Areas, the Building or any other portion of the Project as Landlord deems to be appropriate in the exercise of its reasonable business judgment; provided, however, that Landlord shall in no event take any action pursuant hereto which would materially and adversely affect the operation of Tenant's business from the Premises or reasonable means of access to and from the Premises and parking areas serving the Premises without the prior consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed.

3. TERM: OPTION TO EXTEND.

(a) This Lease shall be effective from and after the Effective Date. The term of this Lease ("Term") shall be for the initial period referenced in Section 1(e) above, commencing on July 18, 2013 (such initial period is referred to herein as the "Initial Term"), unless this Lease is earlier terminated or the Term extended, in accordance with this Lease.

(b) Tenant shall have the option to extend the Term of this Lease for one (1) extended term of five (5) years (the "Extended Term"), which Extended Term shall be exercisable by Tenant's delivery to Landlord of written notice irrevocably exercising the Extended Term no later than nine (9) months prior to expiration of the Initial Term; provided that Tenant may not exercise such option when Tenant is in default under this Lease beyond applicable notice and cure periods). The terms and conditions of this Lease shall continue in effect during the Extended Term, except (A) for terms and conditions of this Lease which are either expressly or by their operation applicable only during the Initial Term of this Lease or portions thereof, including, without limitation, the provisions of Exhibit B), (B) that Tenant shall have no further right or option to extend the Term of this Lease beyond the Extended Term, and (C) that fixed rent shall be adjusted as of the commencement of such Extended Term to equal the greater of (1) the fixed rent in effect immediately prior to the commencement of the Extended Term, or (2) the prevailing monthly fair market rental rate as of the commencement of such Extended Term (the "Fair Market Rental Rate") for tenants of premises comparable to the Premises in comparable first-class office buildings in the vicinity of the Premises ("Comparable Buildings") for periods comparable to the Extended Term (including; without limitation, consideration of such rental increases as may be appropriate during such Extended Term). Following Tenant's valid exercise of the option to extend granted hereby, the parties shall enter into an amendment to the Lease (the "Extension Amendment"), prepared by Landlord and subject to Tenant's reasonable approval, memorializing the terms of such extension of the Term by the Extended Term. As used in this Lease, references to the "Term" of this Lease, shall mean the initial Term as the same may be extended by the Extended Term, as applicable, as the context may require. The Fair Market Rental Rate for the first year the Extended Term shall be determined as follows:

(i) Following Tenant's exercise of the option to extend the Term, Landlord shall in good faith determine the Fair Market Rental Rate of the Premises (meaning the fair market rent for the highest and best use of the Premises) as of the commencement of the Extended Term, the amount of which Landlord shall notify Tenant of prior to the commencement of the Extended Term and shall provide documentation to the Tenant to support

the proposed Fair Market Rental Rate. If Tenant objects to Landlord's determination of the Fair Market Rental Rate of the Premises for the Extended Term, Tenant shall, within fifteen (15) days after receipt of Landlord's notice, notify Landlord in writing that Tenant disagrees with Landlord's determination of the Fair Market Rental Rate, and provide reasonable documentation to Landlord to support Tenant's position, then Landlord and Tenant shall meet and endeavor in good faith to agree upon the Fair Market Rental Rate for the Extended Term. If Landlord and Tenant fail to reach agreement within fifteen (15) days after Tenant's notice, then, within twenty (20) days thereafter, each party, at its own cost and by giving notice to the other party, shall appoint a licensed commercial real estate agent with at least seven (7) years full-time experience as a real estate agent active in leasing of comparable commercial space in the area of the Premises to appraise and set the Fair Market Rental Rate for the Extended Term. Until the Fair Market Rental Rate determination is completed, Tenant shall continue to pay to Landlord the amount of rent due immediately preceding the commencement of the Extended Term. After such Fair Market Rental Rate determination is completed and the Fair Market Rent Rate for the Extended Term is established, Tenant shall promptly make payment to Landlord for any underpayment of rent owing for prior months. If a party does not appoint an agent Within twenty (20) days after the other party has given notice of the name of its agent, the single agent appointed shall be the sole agent and shall set the Fair Market Rental Rate for the Extended Term. If there are two (2) agents appointed by the parties as stated above, the agents shall meet within ten (10) days after the second agent has been appointed and attempt to set the Fair Market Rental Rate for the Extended Term. If the two (2) agents are unable to agree on such Fair Market Rental Rate within thirty (30) days after the second agent has been appointed, they shall, within twenty (20) days after the last day the two (2) agents were to have set such Fair Market Rental Rate, attempt to select a third agent who shall be a licensed commercial real estate agent meeting the qualifications stated above. If the two (2) agents are unable to agree on the third agent within such twenty (20) day period, either Landlord or Tenant may request the President of the BOMA Chapter including the area of the Project to select a third agent meeting the qualifications stated in this subsection. Each of the parties shall bear fifty percent (50%) of the cost of appointing the third agent and of paying the third agent's fee. No agent shall be employed by, or otherwise be engaged in business with or affiliated with, Landlord or Tenant, except as an independent contractor.

(ii) Within thirty (30) days after the selection of the third agent, a majority of the agents shall set the Fair Market Rental Rate for the Extended Term. If a majority of the agents are unable to set such Fair Market Rental Rate within the stipulated period of time, each agent shall make a separate determination of such Fair Market Rental Rate and the three (3) appraisals shall be added together and the total shall be divided by three (3). The resulting quotient shall be the Fair Market Rental Rate for the Premises for the Extended Term. If, however, the low appraisal and/or high appraisal is/are more than twenty percent (20%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one (1) appraisal is disregarded, the remaining two (2) appraisals shall be added together and their total divided by two (2), and the resulting quotient shall be Fair Market Rental Rate for the Extended Term. If both the low appraisal and the high appraisal are disregarded as stated in this subsection, the middle appraisal shall be the Fair Market Rental Rate for the Extended Term.

(iii) Each agent shall hear, receive and consider such information as Landlord and Tenant each care to present regarding the determination of Fair Market Rental Rate for the Extended Term and each agent shall have access to the information used by each other agent. Upon determination of the Fair Market Rental Rate for the Extended Term, the agents shall immediately notify the parties hereto in writing of such determination by certified mail, return receipt requested.

(c) In the event Tenant exercises its option to extend the Term of this Lease by the Extended Term, then commencing on the first (1st) anniversary of the commencement date of the Extended Term, and each such anniversary thereafter, fixed rent shall increase by an amount equal to three percent (3%) of the fixed rent immediately preceding the applicable anniversary date.

4. DELIVERY OF POSSESSION. The parties hereby acknowledge that the Premises are currently occupied by Tenant.

5. RENT; SECURITY DEPOSIT.

(a) Commencing on the Commencement Date, Tenant agrees to pay Landlord as rent for the Premises during the Initial Term the rent designated in Section 1(f), in equal monthly installments (as specified in Section 1(f)) and, during the first year of the Extended Term, the rent determined as set forth in Section 3(b) above in equal monthly installments. Rent shall be paid monthly in advance on the first day of each and every calendar month during the Term, except that Tenant shall pay rent for the initial full month for which rent is due under this Lease concurrently with the execution of this Lease. In the event the Term of this Lease commences on a day other than the last day of a calendar month or ends on a day other than the last day of a calendar month, then the "Rent" (as hereinafter defined) for such periods shall be prorated in the proportion that the number of days this Lease is in effect during such periods bears to the actual number of days in such month, and such Rent shall be paid at the commencement of such period. In addition to the rent described in Section 1(f), Tenant agrees to pay all other amounts required to be paid hereunder as and when same are due as hereinafter provided in this Lease. Except as otherwise specifically provided in this Lease, Rent shall be paid to Landlord, without any prior notice or demand therefor, and without any abatement, deduction or offset whatsoever, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the address of Landlord designated in Section 1(b) or to such other person or at such other place as Landlord may from time to time designate in writing. All charges to be paid by Tenant hereunder other than the rent described in Section 1(f) shall constitute additional rent, shall be paid in the manner provided herein and shall sometimes be collectively referred to as "Additional Rent". The rent described in Section 1(f) and Additional Rent are collectively referred to herein as "Rent".

(b) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any encumbrance or note secured by all or any portion of the Project. Therefore, if Tenant fails to pay any Rent within five (5) days after the due date under this Lease

for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of six percent (6%) of the overdue amount as a late charge. All past-due installments of Rent shall also bear interest, as Additional Rent, at the “Interest Rate” (as hereinafter defined), from the date due until paid. For purposes of this Lease, the “Interest Rate” shall mean the greater of (i) twelve percent (12%) per annum, or (ii) two percent (2%) per annum plus the then prevailing per annum “prime rate” as most recently published in the Wall Street Journal (or the then “prime” rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing “prime” rate), provided that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law governing interest rate restrictions. Landlord’s acceptance of any late charge or interest shall not constitute a waiver of Tenant’s default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease, at law or in equity.

(c) Tenant hereby grants to Landlord a security interest in the Security Deposit in accordance with applicable provisions of the California Commercial Code. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term hereof. If Tenant defaults with respect to any provisions of this Lease, including but not limited to the provisions relating to the payment of Rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant’s default or to compensate Landlord for any loss or damage which Landlord may suffer by reason of Tenant’s default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the then required amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. Tenant waives any rights it may have under Section 1950.7 of the California Civil Code with respect to the Security Deposit. Within thirty (30) days following the expiration of the Term or earlier termination of this Lease and Tenant’s performance of all of its obligations under this Lease, the Security Deposit or any balance thereof shall be returned to Tenant. If Landlord sells its interest in the Project during the Term hereof and deposits with the purchaser thereof the then unappropriated funds deposited by Tenant as aforesaid, Landlord shall be discharged from any further liability with respect to such Security Deposit.

6. OPERATING AND TAX EXPENSES.

(a) For the purposes of this Section 6, the following terms are defined as follows:

(i) “Operating Expenses” shall consist of all costs of operation, management, ownership, maintenance and repair of the Project, as determined by accepted principles of sound accounting practice.

(ii) As used herein, the term “Tax Expenses” shall include any form of assessment, license fee, license tax, business license fee, transit tax or fee, commercial rental tax, levy, charge, penalty (other than tax penalties incurred as a result of Landlord’s gross negligence,

inability or unwillingness to make payments when due) tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage, transportation or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Project and the Premises, or any portion thereof, including, but not limited to, the following:

(1) any tax on Landlord's right to Rent or right to other income from the Premises or as against Landlord's business of leasing the Premises;

(2) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessments, taxes, fees, levies and charges that may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for the purposes of this Lease;

(3) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the state, city or federal government, or any political subdivision thereof, with respect to the receipt of such Rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and

(4) any assessment, tax, fee, levy or charge upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or based upon a reassessment of the Project, or any portion thereof, due to a change in ownership or transfer of all or part of Landlord's interest in this Lease, the Project, or any portion thereof (except to the extent specifically excluded pursuant to clause (A) below).

Notwithstanding any provision of this Section 6 expressed or implied to the contrary, (A) Tax Expenses shall not include (I) Landlord's federal or state net income, franchise, inheritance or estate taxes, (II) tax penalties incurred as a result of Landlord's gross negligence, inability or unwillingness to make payments when due; or (III) special assessments or special taxes initiated by Landlord as a means of financing improvements to the Project; and (B) there shall be no duplication of items included in Tax Expenses and items included in Operating Expenses. If the Project is no longer owned by a Governmental Entity and Tenant is obligated to pay to Landlord Tenant's pro rata share of the Tax Expenses as provided in Section 6(c)(i) below, then Tenant shall have such rights to reasonably contest the validity or amount of Tax Expenses as are permitted by applicable Laws, at Tenant's sole cost, and Landlord shall reasonably cooperate with Tenant in connection therewith (at no cost to Landlord), provided that no such contest shall in any manner limit Tenant's obligation to pay Tenant's pro rata share of Tax Expenses as and when required under this Lease.

(b) Commencing on January 1, 2015, 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

expressly and specifically provided in this Lease), an amount equal to \$1,513.44 per annum (based upon 48/100 Dollars (\$.048) per square foot of Rentable Area of the Premises) (the "Annual CAM Payment") for Tenant's share of Operating Expenses. On January 1, 2016 and on each anniversary thereof during the Term of this Lease, including during any Extended Term for which an option to extend is properly exercised (each such anniversary shall be referred to herein as an "Adjustment Date"), the Annual CAM Payment payable for the twelve (12) month period commencing upon and following such Adjustment Date shall be increased to reflect the increase in the Index for the calendar month which is four (4) full months immediately preceding such Adjustment Date over the Index for the calendar month which is sixteen (16) full months immediately preceding such Adjustment Date. As used in this Lease, the term "Index" shall mean the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau") "All Items" for All Urban Consumers for Los Angeles-Riverside-Orange County (1982-84=100). Should the Bureau discontinue the publication of the Index, publish the same less frequently or alter the same in some other manner, the most nearly comparable index or procedure as determined by Landlord shall be substituted therefor.

(c) Notwithstanding anything contained in this Lease to the contrary:

(i) 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 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 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 municipal corporation, 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 municipal corporation. Tenant agrees to forward Landlord a copy of its tax bill or possessory interest tax statement within thirty (30) days of its receipt.

(ii) If Landlord's interest in the Project is no longer owned by a Governmental Entity, Tenant shall pay to Landlord, as Additional Rent, commencing as of the date the Project is no longer owned by a Governmental Entity, Tenant's pro rata share of Tax Expenses. Tax Expenses for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Tax Expenses after the actual amount of Tax Expenses are ascertained or in advance, monthly or quarterly, based upon estimated Tax Expenses. If Landlord elects to collect Tenant's share of Tax Expenses based upon estimates, Tenant shall pay to Landlord, from and after the date the Project is no longer owned by a Governmental Entity, and thereafter on the first (1st) day of each month during the Term, an amount estimated by Landlord to be the monthly Tax Expenses payable by Tenant. Landlord may periodically adjust the estimated amount provided Landlord shall give Tenant thirty (30) days advance written notice of any such adjustment. If Landlord collects Tax Expenses 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

Tax Expenses for the Project for such year, the total Tax Expenses 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 Tax Expenses payable for such year by Tenant exceed Tenant's prior payments, Tenant shall pay to Landlord the deficiency within thirty (30) days after its receipt of the statement. If Tenant's payments exceed the actual Tax Expenses payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Tax Expenses 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. Upon Tenant's request, Landlord shall provide Tenant with a copy of the tax bill for the Project, provided, notwithstanding the foregoing, Landlord shall have no obligation to deliver to Tenant tax bills for the Project covering periods prior to two (2) years before Tenant's request to Landlord therefor.

(iii) If Landlord's interest in the Project is no longer owned by a Governmental Entity, Tenant's pro rata share of Tax Expenses as of the date of such transfer shall not exceed what would have been Tenant's pro rata share of Tax Expenses if the Premises were owned by a private entity as of September 6, 2005, increased by the maximum amount that would have been permitted under applicable law preceding the date of such transfer, and thereafter Tenant's pro rata share of Tax Expenses shall increase as permitted by then applicable law. Landlord and Tenant agree that in determining Tenant's pro rata share of Tax Expenses as of September 6, 2005, the assessed value of the Premises as of September 6, 2005, shall be reasonably determined at such time, if ever, that this subparagraph (iii) becomes applicable, which figure (increased as set forth above) shall be used by the parties to determine Tenant's pro rata share of Tax Expenses in the event of such a transfer; provided, that this subparagraph (iii) shall apply only to the first transfer to a non-Governmental Entity in the Initial Term, and shall not apply to any such transfer in the Extended Term.

7. USE.

(a) Tenant shall use the Premises for the use or uses set forth in Section 1(i) above, and shall not use or permit the Premises to be used for any other purpose whatsoever. In addition, in no event shall the Premises be used as: (1) a gymnasium facility that is open to public membership, (2) a real estate or stock brokerage office with more than ten (10) employees, (3) a beauty salon or (4) medical offices. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act of 1990, applicable fire-life safety codes of the City where the Project is located, and governmental requirements imposed in connection with the development or occupancy of the Building, including, without limitation, participation in any transportation management programs and compliance with any applicable air quality/trip reduction requirements), and shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws. Tenant shall make any and all alterations or improvements to the Premises required to comply with applicable Laws; except that Tenant shall not be required to make structural alterations or improvements to the Premises required to comply with applicable Laws unless such compliance is necessitated by Tenant's particular use of or Alterations to, the Premises. Tenant shall comply with all rules, orders, regulations and requirements of any insurance authority having jurisdiction over the Project or any present or future insurer relating

to the Premises or the Project. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any existing insurance policy or endorsement required by reason of Tenant's failure to comply with the provisions of this Section 7 or by reason of Tenant's use or occupancy of the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises and shall keep the Premises in first class repair and appearance. Notwithstanding anything to the contrary contained in this Lease, in no event shall the Premises be used for any medical or dental office uses. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area specified for the Building by Landlord's architect, with the partitions to be considered a part of the live load. Landlord reserves the right to prescribe the weight and positions of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute properly the weight thereof.

(b) (i) To Landlord's actual knowledge, as of the date hereof, no "Hazardous Materials" (as hereinafter defined) are being used upon the Project in violation of any applicable Laws. In the event that following the delivery of possession of the Premises, it is determined that any portion of the Project was, as of the delivery of possession of the Premises, in violation of applicable Laws respecting Hazardous Materials and the same has a material and adverse affect upon the operation of Tenant's business from the Premises, then Landlord shall promptly thereafter cause the remediation of the same so as to cure such material and adverse affect.

(ii) Except general office supplies typically used in an office area in the ordinary course of business, such as copier toner, liquid paper, glue, ink, and cleaning solvents, for use in the Manner for which they were designed and in accordance with applicable laws, in such amounts as may be normal for the office business operations conducted by Tenant in the Premises, neither Tenant nor any subtenant nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use, handle, store or dispose of any Hazardous Materials in, on, under or about the Premises, the Building or the Project. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are otherwise caused to be located in, on, under or about the Premises, Building or Project by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in valuation of the Premises, Building or Project, and sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of any contamination directly or indirectly arising from the activities which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises, Building and/or Project to the condition existing prior to the introduction of any such Hazardous Materials, provided Landlord's approval of such actions shall first be obtained and Tenant shall fully cooperate in connection with any such clean-up,

restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall immediately notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant or the Premises concerning the presence of any Hazardous Materials. Tenant acknowledges that Landlord, at Landlord's election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate. The covenants of Tenant under this Section 7(b)(ii) shall survive the expiration of the Term or earlier termination of this Lease.

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

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

9. CONDITION OF PREMISES. Tenant acknowledges that except as specifically otherwise provided in this Lease and subject to express Landlord's representations, warranties and covenants set forth in this Lease, (i) the lease of the Premises by Tenant pursuant hereto shall be on an "as is" basis, (ii) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty with respect to the Premises or any other portion of the Project, and (iii) Landlord shall have no obligation to improve or alter the Premises or Project for the benefit of Tenant.

10. ALTERATIONS.

(a) Tenant shall not make or allow to be made any alterations, additions or improvements (collectively, any "Alterations") in or to the Premises during the Term without obtaining Landlord's prior written consent (which consent shall not be unreasonably withheld or delayed); except, however, that Tenant may make interior, non-structural Alterations to the Premises costing less than Five Thousand Dollars (\$5,000.00) per work of Alterations and not (i) requiring the demolition of any existing improvements or (ii) affecting the roof, mechanical or utility systems serving the Premises or the exterior appearance of the Building, without Landlord's prior consent but upon at least ten (10) days prior written notice to Landlord. Any request for consent to Alterations requiring consent shall be accompanied by two (2) complete

sets of plans and specifications for the proposed Alterations suitable for submission to Landlord's architect for evaluation and a statement of the identity of the contractor who will perform such Alterations. If Landlord's consent is required for any Alterations, Tenant shall pay all reasonable out-of-pocket costs incurred by Landlord in the evaluation of the plans and specifications, including, but not limited to, Landlord's general contractor's, architects' and engineers' fees. In addition, as a condition to Landlord's granting of its consent to any Alterations, Landlord shall have the right to require that such Alterations work be performed by Landlord's designated contractors and subcontractors, or (if Landlord does not so require that such work be performed by Landlord's designated contractors and subcontractors), Landlord shall have the right to approve the contractor and subcontractors performing such Alterations, such approval not to be unreasonably withheld or delayed (provided that in any event Building standard subcontractors shall be used for work on Building roof, exterior, mechanical and utility systems), and Landlord shall have the right to require that Tenant furnish assurances satisfactory to Landlord that all contractors and subcontractors who will perform such work have in force workers' compensation and such other employee and comprehensive general liability insurance in accordance with the standards set forth in Section 17(a) (but with a liability limit of not less than One Million Dollars (\$1,000,000.00)), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 17(a). All Alterations work to be performed by Tenant in the Premises requiring the consent of Landlord pursuant hereto, including the delivery, storage and removal of materials, shall be scheduled through and be subject to the reasonable supervision of Landlord, and shall be performed in accordance with any reasonable conditions or regulations imposed by Landlord, All Alterations work (whether or not Landlord's consent is required therefor) shall be completed in a good and workmanlike manner and in accordance with all applicable Laws. All Alterations requiring Landlord's consent shall be completed in accordance with the approved plans and specifications therefor. Promptly following the completion of any Alterations where the preparation of "as-built" plans would be customary for the particular Alterations work performed, Tenant shall deliver to Landlord both a "hard" copy and a copy on CAD diskette of the "as built" plans and specifications (including all working drawings) for such Alterations. Promptly following the completion of any Alterations for which any governmental permit, approval or sign-off is required under applicable Laws, Tenant shall deliver to Landlord a copy of signed-off permits, inspection cards or other documentation, if any is available given the nature of the Alterations Work performed, evidencing governmental approval of completion of the work. Promptly following the completion of any Alterations requiring Landlord's consent, Tenant shall cause to be recorded in the Office of the County Recorder of the County where the Project is located a Notice of Completion in accordance with Section 3093 of the California Civil Code or any successor statute with respect to the work, and deliver a copy thereof to Landlord. Any supervision by Landlord of such Alterations shall in no event constitute Landlord's approval of the work so performed, nor shall Landlord be responsible for or have any liability with respect to such supervision or work. Copies of required building permits or authorizations shall be obtained by Tenant at its expense and Tenant shall furnish copies of same to Landlord.

(b) Any mechanics' liens filed against the Premises or against the Building or the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant will be discharged by Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at Tenant's sole cost and expense. All Alterations upon the Premises shall, unless Landlord elects otherwise by written notice to Tenant at the time of Tenant's installation of such

Alterations, become the property of Landlord upon the expiration of the Term or earlier termination of this Lease, and shall remain upon and be surrendered with the Premises, as part thereof, at the expiration of the Term or earlier termination of this Lease (excluding Tenant's trade fixtures and personal property as provided in Section 10(c)). If Landlord requires Tenant to remove any Alterations, Tenant, at its sole cost and expense, agrees to remove the identified Alterations on or before the expiration of the Term or earlier termination of this Lease and repair any damage to the Premises caused by such removal (or, at Landlord's option, Tenant agrees to pay to Landlord Landlord's reasonable estimate of the costs of such removal and repair prior to such expiration or termination).

(c) The Tenant Improvements previously made by Johnson & Johnson, LLP under the Existing Lease and any other Tenant Improvements made pursuant to this Lease shall be the sole property of Landlord and shall not be removed by Tenant from the Premises. Notwithstanding the foregoing, all articles of personal property and all business and trade fixtures (which are susceptible of removal without material damage to the Premises and which are not permanently affixed to the Premises), machinery, equipment, furniture and removable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. If Tenant shall fail to remove all of its property from the Premises upon (i) the expiration of the Term or (ii) earlier termination of this Lease for any cause whatsoever within ten (10) days after such earlier termination (and Tenant shall be liable for paying all Rent and other charges due hereunder and performing all other obligations of Tenant hereunder until it completes such removal), Landlord may, at its option, either treat such property as being conveyed to Landlord, in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or remove the same in any manner that Landlord shall choose and store or dispose of said property without liability to Tenant for loss thereof, and Tenant agrees to pay to Landlord upon demand any and all expenses incurred in such removal, including court costs, reasonable attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession. In the alternative, Landlord may, at its option, sell said property, or any of the same, in such manner as Landlord determines to be appropriate in Landlord's reasonable business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased premises following the expiration of the lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

11. REPAIRS.

(a) From and after delivery of possession of the Premises to Tenant, Tenant shall keep, maintain and preserve the Premises in a first class condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the Premises and every

part thereof (other than elements of the Premises to be maintained and repaired by Landlord pursuant to this Lease) and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 10(e) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as improved by the Tenant Improvements, excepting permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, casualty damage governed by Section 18 below, and damage which Landlord is obligated to repair under this Lease.

(b) Landlord shall keep, maintain and preserve the Project in first-class condition and repair, the roof, structure and foundation, integrated Building utility and mechanical systems, parking facilities and other Common Areas of the Project, the costs of which shall be included in Operating Expenses; provided, however, that to the extent such maintenance and/or repair work is (i) attributable to items installed in Tenant's Premises which are above standard interior improvements (such as, for example, custom lighting, special HVAC, other than the HVAC system discussed in Section 14(a), and/or electrical panels or systems, kitchen or restroom facilities and appliances constructed or installed within Tenant's Premises), (ii) attributable to the installation, as a part of the Tenant Improvements, Tenant's Alterations or Tenant's trade fixtures, of items which are less than first-class in quality, workmanship or manner of installation, and/or (iii) necessitated by the negligence or wilful misconduct of Tenant or any of the "Tenant Parties" (as hereinafter defined), then Tenant shall pay to Landlord the cost of such maintenance and/or repairs. Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need for such repairs or maintenance is given to Landlord by Tenant. Subject to the provisions of Sections 18 and 19 below, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including, without limitation, Sections 1941 and 1942 of the California Civil Code).

12. LIENS. Tenant shall not permit any mechanics', materialmen's or other liens to be filed against the Project nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or, contractors. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding or otherwise) within thirty (30) days following receipt of notice thereof from Landlord), Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing' Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord at once, as Additional Rent, upon notice by Landlord, any sums paid by Landlord to remove such liens.

13. ENTRY BY LANDLORD. Landlord and its employees, agents, representatives, consultants and/or contractors shall have the right from time to time upon twenty-four (24) hours notice (which may be telephonic or by facsimile) to Tenant (although Landlord shall use reasonable efforts to provide Tenant with such prior oral or written notice as is reasonably

practicable under the circumstances, except in the event of an emergency or for scheduled provision of services to the Premises) to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, encumbrancers or tenants, to post "for lease" or similar signs during the last six (6) months of the Term, to post notices of non-responsibility, to alter, improve or repair the Premises or any other portion of the Building, all without being deemed guilty of any eviction of Tenant and without abatement of Rent, and may, in order to carry out such purposes, erect scaffolding and other necessary structures where required by the character of the work to be performed. Landlord shall use reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry (except in the event of an emergency). Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises or the Project, except to the extent cause by the gross negligence or willful misconduct of Landlord. Landlord shall at all times have and retain a key with which to unlock all doors to and in the Premises. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations, except as otherwise expressly agreed herein by Landlord.

14. UTILITIES AND SERVICES.

(a) (i) Tenant shall be permitted access to the Premises during the Term on a twenty-four (24) hours per day, seven (7) days per week basis.

(ii) Landlord shall, at its sole cost and expense, maintain the existing HVAC in good working order, condition and repair. Tenant agrees to reasonably cooperate with Landlord, and to abide by all reasonable regulations and requirements which Landlord may prescribe for the proper function and protection of the HVAC. Tenant will have the ability to control the thermostat and the hours of operation of the HVAC service, and Tenant shall use commercially reasonable efforts to operate the same in a manner which does not unduly increase the wear and tear on the HVAC unit and/or the maintenance costs for the HVAC unit. Tenant acknowledges that the cost and expense of any electric power used in connection with such HVAC service shall be solely the responsibility of Tenant as provided in Section 14(a)(iii) below. Tenant agrees not to connect any apparatus, device, conduit or pipe to the Building chilled and hot water air conditioning supply lines. Tenant further agrees that neither Tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or Project or unreasonably tamper with, touch or otherwise affect said installations or facilities. The cost of maintenance and service calls to adjust and regulate the HVAC system shall be charged to Tenant if the need for maintenance work results from either Tenant's unreasonably tampering with room thermostats, or Tenant's failure to comply with its obligations under this Section 14, or Tenant's heat or cold generation in excess of that which is customary for general office use.

(iii) Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises without the written consent of Landlord. Tenant agrees to 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 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 Tenant's share, as reasonably determined by Landlord based upon estimated actual usage. 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. Except to the extent specifically provided otherwise herein, no failure or interruption of any utility or service shall entitle Tenant to terminate this Lease or discontinue making payments of Minimum Annual Rent or any other Rent payable by Tenant under this Lease.

(iv) Landlord will provide janitor service to the Premises before and after typical business hours on a five (5) days per week basis, excluding "Holidays". As used herein, "Holidays" shall include New Year's Day, Washington's Birthday (observed), Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas and any other national or state holiday customarily recognized by operators of comparable buildings. Tenant shall pay to Landlord, as Additional Rent within fifteen (15) days following receipt of invoice therefor from Landlord, the cost of (1) any extra janitorial service required due to the nature of Tenant's improvements, Alterations, fixtures and/or personal property being other than that which is customary for general office use, and/or (2) the removal of any of Tenant's refuse and rubbish to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of the Premises for general office use.

(b) Except to the extent specifically provided otherwise herein, Landlord's failure to furnish any of such utilities and services, whether caused by accident, breakage or repairs, strikes, lockouts or other labor disturbances or labor disputes of any such character, governmental regulation, moratorium or other governmental action, inability despite the exercise of reasonable diligence to obtain such utilities or services or otherwise, shall not result in any liability to Landlord nor shall Tenant be entitled to any abatement or reduction of Rent, nor shall Landlord be deemed to have evicted Tenant, nor shall Tenant be relieved from the performance of any covenant, obligation or agreement in this Lease because of any such failure, unless caused by the gross negligence or willful misconduct of Landlord and Tenant's business operations in the Premises are materially adversely affected, nor shall Tenant be entitled to terminate this Lease in such event; provided, that, notwithstanding the foregoing, if such interrupted utility or service is not restored within five (5) days following Landlord's receipt of written notice from Tenant of the fact that Tenant's business operations have been materially adversely affected by such interruption, Tenant shall be entitled to an equitable abatement of Rent. In the event of any stoppage or interruption of services or utilities, Landlord shall use reasonable diligence to attempt to resume such services or utilities.

15. INDEMNIFICATION. Tenant shall be liable for, and agrees, to the maximum extent permissible under applicable Laws, to promptly indemnify, defend and hold harmless Landlord, its affiliated entities and their respective members, partners, officers, directors, employees, agents, successors and assigns (collectively, the "Landlord Indemnified Parties"),

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

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

17. INSURANCE.

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

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), and products and completed operations liability, with a combined single limit of not less than Three Million Dollars (\$3,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord and such of Landlord's Lienholders (as defined in Section 2.3 below) and

ground lessors as are designated by Landlord, each as additional insureds thereunder, all as their respective interests may appear, shall contain a cross liability endorsement, and shall be primary and noncontributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, to require an increase in such liability insurance limit if consistent with then standard industry practices for prudent risk management by a tenant of comparably-sized premises within Comparable Buildings.

(iii) Workers' Compensation and Employer's Liability Insurance in form and amounts as required by applicable law.

(iv) Any other form or forms of insurance as Landlord and Landlord's Lienholders may reasonably require from time to time, in form, in amounts, and for insurance risks against which a prudent tenant of a comparable size and in a comparable business would protect itself given the economic feasibility of such insurance and consistent with then industry standards for prudent risk management by tenants of comparably-sized premises in Comparable Buildings.

The minimum limits of insurance set forth in this Section 17(a) are not intended to limit the liability of Tenant under this Lease. Notwithstanding any provision of this Lease to the contrary, the obligations of Tenant to provide increased or new insurance under Sections 17(a)(ii) and (iv) above, shall be limited to the extent the same is then customarily provided by comparable tenants of comparably sized premises and having a comparable use in Comparable Buildings and is then reasonably available on a commercially reasonable basis at a reasonable cost. All policies of insurance maintained by Tenant under this Section 17(a) shall be taken out with insurance companies holding a General Policyholders Rating of "A" and a Financial Rating of "X" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall be cancelable or reducible in coverage except after at least thirty (30) days prior written notice to Landlord. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, following ten (10) days notice to Tenant, order such insurance and charge the reasonable cost thereof to Tenant. If Landlord obtains any insurance that is the responsibility of Tenant under this Section 17(a), Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall promptly remit said amount to Landlord, as Additional Rent. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) During the Term, Landlord shall carry the following insurance:

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage, and also covering such other risks as Landlord or Landlord's lender may require) upon the Project (but excluding any property which Tenant is obligated to insure under Sections 17(a) above) in an amount not less than ninety percent (90%) of the full replacement cost thereof (excluding footings, foundations and excavation), and including commercially reasonable rental loss coverage for losses covered by such insurance policy. Such insurance policy shall include coverage of the Tenant Improvements (as modified from time to time by Tenant's Alterations) and the parties shall reasonably cooperate to allow for proper valuation thereof for insurance purposes. Such insurance policy or policies shall name Landlord as a named insured. The deductible under the All Risk policy shall not exceed such amount as Landlord determines to be appropriate given prudent risk management practices.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability, and products and completed operations liability, with a combined single limit of not less than Three Million Dollars (\$3,000,000.00).

Landlord may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability 'coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(c) Other than as customary for general office use, Tenant will not keep or use, sell or offer for sale, in or upon the Premises any article which may be prohibited by any insurance policy then in force covering the Building or the Project. If Tenant's occupancy or business in or upon the Premises, whether or not Landlord has consented to the same, includes such extraordinary activities for a first-class office building that the same results in any increase in premiums for the insurance periodically carried by Landlord with respect to the Building or the Project, Tenant shall from time to time pay as Additional Rent any such increase in premiums within thirty (30) days after being billed therefor by Landlord. In determining whether increased premiums are a result of a change in Tenant's use of the Premises, a schedule issued by the organization computing the insurance rate on the Project showing the various components of such rate, shall be conclusive evidence of the several items and charges which make up such rate.

(d) All policies of property damage insurance required hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without unreasonable cost. To the extent such a waiver of subrogation is obtainable, neither Landlord nor Tenant shall be liable to the other for any damage caused by fire or any of the risks insured against or required to be insured against under any insurance policy required by this Lease. Landlord and Tenant waive any rights of recovery against the other for injury or loss due to risks covered by or required to be covered by such policies of property damage insurance containing such a waiver of subrogation clause or endorsement to the extent insurance proceeds cover the injury or loss.

18. DAMAGE OR DESTRUCTION.

(a) If the Premises shall be destroyed by fire or other casualty so as to render all or a portion of the Premises untenable, then, for so long as Tenant is actually not occupying all or a portion of the Premises as a result of such prevention from use, Tenant shall be entitled to an abatement of Tenant's obligation for payment of fixed rent, on a proportionate basis to the extent that Tenant's use of the Premises is so effectively prevented, which abatement shall commence as of the date of the casualty and continue during the period of such repair or reconstruction, until such time as Tenant is no longer so effectively prevented from using the Premises; provided, however, such Rent shall only abate to the extent of insurance proceeds received by Landlord with respect thereto under any rental loss insurance maintained by Landlord.

(b) Except where Landlord or Tenant elects to terminate this Lease as hereinafter provided, Landlord shall use reasonable diligence to repair any casualty to the Premises, Building or Common Areas to the extent of available insurance proceeds plus any funds delivered by Tenant to Landlord for purposes of performing such repairs (as hereinafter provided), subject to delays and adjustment of insurance proceeds (provided that Tenant shall be responsible for the repair of Tenant's furniture, fixtures, equipment and personal property). In the event of the total destruction of the Premises or the Project or that portion of the Project located between the public alley adjacent to the Project and Canon Drive, or in the event of the partial destruction of the Premises or the Project or that portion of the Project located between the public alley adjacent to the Project and Canon Drive which is the result of an event not required to be covered by the insurance to be maintained by Landlord pursuant to this Lease, or requiring repair for which Landlord is unable (despite the exercise of commercially reasonable efforts) to obtain necessary governmental permits or approvals without being subject to unreasonable expense or condition, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within ninety (90) days following the occurrence of the casualty. The proceeds from any insurance paid by reason of damage to or destruction of the Project or any part thereof insured by Landlord, shall belong to and be paid to Landlord. Tenant shall not be entitled to any compensation or damages from Landlord or Landlord's insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration.

(c) In the event of any damage or destruction of all or any part of the Premises, Tenant agrees to immediately (i) notify Landlord thereof, and (ii) deliver to Landlord all property insurance proceeds received by Tenant with respect to any Tenant Improvements and any Alterations, but excluding proceeds for Tenant's furniture, fixtures, equipment and other personal property, whether or not this Lease is terminated as permitted in this Section 18, and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds. If, for any reason (including Tenant's failure to obtain insurance for the full replacement cost of any Tenant Improvements). Tenant fails to receive insurance proceeds covering the full replacement cost of any Tenant Improvements and any Alterations which are damaged, Tenant will be deemed to have self-insured the replacement cost of such items, and upon any damage or destruction thereto, Tenant agrees to immediately pay to Landlord the full replacement cost of such items, less any insurance proceeds actually received by Landlord from Landlord's or Tenant's insurance with respect to such items.

(d) Notwithstanding anything to the contrary contained herein, if the Premises is wholly or partially damaged or destroyed within the final six (6) months of the then remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease), and if as a result of such damage or destruction Tenant is, or reasonably will be, denied access or use of a material portion of the Premises for the conduct of its business operations for a period of ninety (90) consecutive days (or such shorter period as is then remaining in the Term), Landlord or (provided such casualty damage was not caused by Tenant or any of the Tenant Parties) Tenant may, at its option, by giving the other notice no later than sixty (60) days after the occurrence of such damage or destruction, elect to terminate the Lease as to the affected portion of the Premises.

(e) Notwithstanding anything to the contrary contained in this Lease, in the event of material casualty damage to the Project not resulting in termination of this Lease, Landlord shall deliver written notice to Tenant within ninety (90) days following such casualty damage or occurrence setting forth Landlord's good faith estimate of the time required for completion of repair and/or restoration of the Project, and if such estimated time exceeds one (1) year from the occurrence of the casualty, Tenant may elect to terminate this Lease by written notice to Landlord within fifteen (15) days following Tenant's receipt of such notice.

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

19. EMINENT DOMAIN.

(a) If any material portion of the Project shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenable the entirety of the Premises or such a material portion of the Premises that Tenant's operation from the remainder of the Premises is not reasonably practicable as reasonably determined by the parties, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority by written notice to the other party by the effective date of such taking. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking, other than a claim for any separate award attributable to the value of any personal property or trade fixtures of Tenant which are taken or costs of Tenant's relocation, and Tenant hereby assigns to Landlord all of Tenant's interest in, and Landlord shall be entitled to receive, the entire amount of any other award without deduction for any estate or interest of Tenant (including, without limitation, any award attributable to the value of the remaining Term of this Lease). If neither Tenant nor Landlord so elects to terminate, Landlord shall, to the extent of proceeds received, commence to restore the Premises to substantially their same condition prior to such partial taking, and a proportionate allowance shall be made to Tenant for the Minimum Annual Rent corresponding to the time during which, and to the part of the Premises of which, Tenant shall be so deprived on account of such taking and restoration. Nothing contained in this Section 19(a) shall be deemed

to give Landlord any interest in any award made to Tenant for the taking of Tenant's personal property and trade fixtures or for Tenant's costs of relocation.

(b) In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 10(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations. For purposes of this Section 19(b), a temporary taking shall be defined as a taking for a period of twelve (12) months or less.

(c) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section 1265.130 of the California Code of Civil Procedure) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is condemned or taken and agree that such event shall be exclusively governed by the terms of this Lease.

20. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not voluntarily assign its interest in this Lease (an "assignment") or sublease or permit occupancy by third parties of all or any part of the Premises (a "sublease"), without first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant shall not under any circumstances mortgage, pledge or otherwise transfer or encumber this Lease or the Premises (except for an assignment or sublease pursuant to this Section 20). Any assignment or sublease without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute a default hereunder. For purposes hereof, in the event Tenant is a partnership, a withdrawal or change of the partners owning more than a one-half (1/2) interest in the partnership in one or more transfers, or if Tenant is a corporation or limited liability company, any transfer of fifty percent (50%) of its stock or membership interests in one or more transfers, or the transfer by the controlling shareholder or member of so much of its stock or membership interest that it is no longer the controlling shareholder or member, shall constitute a voluntary assignment and shall be subject to the provisions of this Section 20; provided, however, that the provisions of this sentence shall not apply if Tenant is a publicly held corporation, the shares of stock in which are traded on a public exchange. Notwithstanding anything to the contrary contained herein, Tenant shall have the right without Landlord's prior consent and without being subject to Section 20(e) below, but upon not less than fifteen (15) days prior written notice to Landlord, to assign this Lease or sublet the Premises to any entity (i) controlling, controlled by or having fifty percent (50%) or more common control with Tenant, or (ii) resulting from a merger or consolidation with Tenant or acquiring all of the assets and/or stock of Tenant; provided that any such entity shall have a tangible net worth no less than the greater of Tenant's tangible net worth as of the execution of this Lease or the time of such proposed assignment or subletting and shall assume the obligations and liabilities of Tenant under this Lease (any such permitted assignee or subtenant is referred to in this Lease as a "Permitted Transferee") and no such assignment or sublease shall in any manner release Tenant from its primary liability under this Lease.

(b) No consent to an assignment or sublease shall constitute a further waiver of the provisions of this Section 20. Tenant shall notify Landlord in writing of Tenant's intent to assign or sublease this Lease, the name of the proposed assignee or subtenant, information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed assignment or subletting, and Landlord shall, within twenty (20) days after receipt of such written notice, and the financial responsibility information and such other information as may be requested by Landlord concerning the proposed assignee or subtenant (such request to be made, if at all, within ten (10) days after Tenant's initial request for Landlord's consent and submission of the information set forth above), elect one of the following: (i) consent to such proposed assignment or sublease; (ii) refuse such consent, which refusal shall be on reasonable grounds; or (iii) terminate this Lease, such termination to be effective thirty (30) days after receipt of such notice by Tenant. 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 assignee or subtenant, and Tenant shall have no right to any of the rents or other consideration payable by such proposed assignee or subtenant under such other lease or occupancy agreement, even if such rents and other consideration exceed the rent payable under this Lease by Tenant. Landlord shall have the right to lease the Premises to any other tenant, or not lease the Premises, in its sole discretion. Landlord and Tenant specifically agree that Landlord's right to terminate this Lease under clause (iii) above is a material consideration for Landlord's agreement to enter into this Lease and such right may be exercised in Landlord's sole and absolute discretion and no test of reasonableness shall be applicable thereto.

(c) Landlord and Tenant agree, by way of example and not in limitation as to other reasonable grounds for withholding consent and without in any manner limiting Landlord's rights-in the event of a proposed assignment or sublease, that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold its consent to a proposed assignment or subletting should Landlord determine that any of the following apply: (i) the proposed transferee's use of the Premises is inconsistent with the Permitted Use set forth in Section 1(i) of this Lease; (ii) the proposed transferee is of a character or reputation which is not consistent with the quality of the Building or Project; (iii) the proposed assignee does not in Landlord's reasonable judgment have sufficient financial strength to assure performance of the obligations to be performed pursuant to such assignment or subletting; (iv) the space to be subleased is not regular in shape with appropriate means of ingress and egress suitable for normal leasing purposes; (v) the proposed transferee is a governmental agency or instrumentality thereof, or a person or entity (or an affiliate thereof) currently leasing or occupying space within the Project or the City of Beverly Hills, or with whom Landlord or the City of Beverly Hills is then negotiating for the lease or occupancy of space within the Project or the City of Beverly Hills (provided that Landlord has the ability to accommodate such person's, entity's or affiliate's space needs; (vi) Tenant is in default under this Lease beyond applicable notice and cure periods at the time Tenant requests consent to the proposed assignment or sublease or at the time the proposed assignee or subtenant would take possession of the Premises (or part thereof, in the case of a sublease); (vii) the proposed assignment or sublease is likely to result in more than a reasonable and safe number of occupants per floor within the space proposed to be assigned or sublet or is likely to result in insufficient parking for the Building; or (viii) the rent proposed to be paid by such assignee or subtenant will be less (on a per square foot of Rentable Area basis) than the Rent payable by Tenant under this Lease.

(d) Any assignee of Tenant's interest in this Lease (whether or not under an assignment requiring Landlord's consent) hereby agrees that (and at Landlord's option, if Landlord's consent is required for such assignment pursuant to this Lease, it shall be a condition to such assignment that Landlord receive an instrument executed by such assignee and expressly enforceable by Landlord agreeing that) such assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder. Any subtenant of all or any portion of the Premises (whether or not under a subletting requiring Landlord's consent) hereby agrees that (and, at Landlord's option, if Landlord's consent is required for such sublease pursuant to this Lease, it shall be a condition to such sublease that Landlord receive an instrument executed by such subtenant agreeing that) such sublease is subject and subordinate to this Lease and to all mortgages or deeds of trust; that Landlord may enforce the provisions of the sublease, including (following the occurrence of any default by Tenant under this Lease which is not cured within any applicable period for cure pursuant to Section 21 below) collection of rent; that in the event of termination of this Lease for any reason, including, without limitation, a voluntary surrender by Tenant, or in the event of any re-entry or repossession of the Premises by Landlord, Landlord may, at its option, either (i) terminate the sublease, or (ii) take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, in which case such subtenant will attorn to Landlord, but that nevertheless Landlord will not (1) be liable for any previous act or omission of Tenant under such sublease, (2) be subject to any defense or offset previously accrued in favor of the subtenant against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by subtenant of more than one month's rent.

(e) In connection with Landlord's grant of consent to an assignment or sublease as required under the provisions of this Section 20, Tenant shall pay Landlord's reasonable attorneys' fees and processing costs incurred in giving such consent (not to exceed \$1,500.00 for each request). In the event of any assignment or sublease, Landlord shall receive as additional rent hereunder fifty percent (50%) of Tenant's "Excess Consideration" derived from such assignment or sublease. If Tenant shall elect to assign or sublet, Tenant shall use reasonable and good faith efforts to secure consideration from any such assignee or subtenant which would be generally equivalent to then-current market rent, but in no event shall Tenant's monetary obligations to Landlord, as set forth in this Lease, be reduced. In the event of a sublease, "Excess Consideration" shall mean all rent, additional rent or other consideration actually received by Tenant from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, additional 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 sum of Tenant's reasonable out-of-pocket costs incurred in connection with such sublease for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such subtenant, and/or any free rent period granted to such subtenant. In the event of an assignment, "Excess Consideration" shall mean key money, bonus money or other consideration paid by the assignee to Tenant in connection with such assignment, and any payment in excess of fair market value for services rendered by Tenant to assignee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to assignee in connection with such assignment, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such assignment for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such assignee and/or any free rent period granted to such assignee. If part of the

Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

(f) Notwithstanding any permitted assignment or subletting (whether or not the same requires Landlord's consent pursuant to this Section), Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this Lease. Landlord's waiver or consent to any assignment or subletting shall not relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

21. DEFAULT BY TENANT.

(a) The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

(i) The failure by Tenant to make any payment of Rent as and when due where such failure shall continue for a period of three (3) business days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute.

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

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

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

(b) In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant, the unamortized value of any free rent, reduced rent, free parking, reduced rate parking and any Tenant Improvement Allowance or other costs or economic concessions provided, paid, granted or incurred by Landlord pursuant to this Lease or the Existing Lease (which unamortized value shall be determined by taking the total value of such concessions and multiplying such value by a fraction, the numerator of which is the number of months of the Term not yet elapsed as of the date on which the Lease is terminated, and the denominator of which is the total number of months of the Lease Term); plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

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

(c) In the event of any such default by Tenant, Landlord shall also have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessees breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due. In connection with the exercise of such remedy, any property of Tenant may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant or disposed of in a reasonable manner by Landlord. No re-entry or taking possession of the Premises by Landlord pursuant to this Section 21(c), shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(d) If Landlord does not elect to terminate this Lease as provided above, Landlord may either recover all Rent as it becomes due or relet the Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its sole discretion may deem advisable with the right to re-enter the Premises to make alterations and repairs to the Premises, and to enable Landlord to take whatever other actions may be necessary to relet, protect or preserve the Premises. In the event that Landlord shall elect to so relet, then Rent received by Landlord from such reletting shall be applied: first, to the payment of any costs incurred in connection with any reletting (including, without limitation, costs of brokerage commissions, attorneys' fees, improvement and/or moving allowances, and alterations and/or repairs to the Premises); second, to the payment of any indebtedness other than Minimum Annual Rent due hereunder from Tenant to Landlord; third, to the payment of Minimum Annual Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied to payment of future Rent as the same may become due and payable hereunder. Should that portion of such Rent received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord immediately upon demand therefor by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting, including but not limited to brokerage commissions, or in making such alterations and repairs not covered by the Rent received from such reletting.

(e) If Tenant fails to perform any covenant or condition to be performed by Tenant, Landlord shall have the right (but not the obligation) to perform such covenant or condition (i) immediately, in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) following Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice from Landlord pursuant to Section 21(a)(ii) above. All reasonable costs incurred by Landlord in so performing shall immediately be reimbursed to Landlord by Tenant, together with interest at the Interest Rate computed from the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All costs and expenses incurred by Landlord, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting Rent or enforcing the obligations of Tenant under the Lease shall be paid by Tenant to Landlord upon demand.

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

22. DEFAULT BY LANDLORD.

(a) Unless a shorter time period is herein specified, Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event later than 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 continuously and diligently prosecutes the same to completion.

(b) In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any Lienholder of Landlord whose name and address have previously been furnished to Tenant in writing, and shall offer such Lienholder the same period of time as Landlord has to cure such default or, if such Lienholder cannot cure such default without taking possession of the Premises, such time to obtain possession of the Premises by power of sale or a judicial foreclosure, or in the event of a ground lessor, by appropriate judicial action, as is necessary to obtain possession of the Premises and effect a cure.

23. SUBORDINATION. This Lease shall be subject and subordinate at all times to (a) all ground leases which may now exist or, if a subordination, non-disturbance and attornment agreement on the applicable Lienholder's form has been delivered to Tenant, hereafter be executed affecting the Building, the Project, or the land upon which the Building and Project are situated, or both, and any and all amendments, renewals, modifications, supplements and extensions thereof; and (b) the lien of any mortgage or deed of trust which may now exist or, if a subordination, non-disturbance and attornment agreement on the applicable Lienholder's form has been delivered to Tenant, hereafter be executed, and any and all advances made thereunder, and interest thereon and all modifications, renewals, supplements, consolidations and replacements thereof. Notwithstanding the foregoing, Tenant acknowledges that Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or any such liens to this Lease. In the event that any ground lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord. Tenant shall execute and deliver, upon reasonable prior notice from Landlord, any additional documents in such form as is designated by Landlord evidencing the priority or subordination of this Lease with respect to any such ground leases or the lien of any such mortgage or deed of trust. In addition, Landlord shall use reasonable efforts and diligence to obtain a subordination, non-disturbance and attornment agreement for the benefit of Tenant from the existing Lienholder for the Project within thirty (30) days following the execution of this Lease, in such Lienholder's standard form. For purposes of this Lease, a "Lienholder" shall mean any mortgagee under a mortgage, beneficiary under a deed of trust, or lessor under a master lease or ground lease, encumbering all or a portion of the Project.

24. ESTOPPEL CERTIFICATE.

(a) Within ten (10) days following any written request which a party may make from time to time (but not more than one (1) time in any twelve (12) consecutive month period unless, in the case of Landlord, Landlord is selling or refinancing the Building or the Project), the other party shall execute and deliver to the requesting party a statement, in a form reasonably satisfactory to the requesting party, certifying: (i) the date of commencement of this Lease; (ii) the fact that this Lease is unmodified and in, full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the fixed rent and other sums payable under this Lease have been paid; (iv) that, to the certifying party's knowledge, there are no current defaults under this Lease by either party except as specified in such statement; and (v)

such other matters reasonably requested by the requesting party. Any statement delivered pursuant to this Section 24 may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrancer, transferee or purchaser of the interest of the requesting party in the Project, Premises or this Lease (without knowledge to the contrary), as applicable.

(b) Unless a party has knowledge to the contrary, if the certifying party fails to deliver such statement within such ten (10) day period, such failure shall be conclusive upon the certifying party (i) that this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) that there are no uncured defaults in the requesting party's performance, and (iii) that not more than one (1) monthly installment of Minimum Annual Rent has been paid in advance.

25. DEFINITION OF LANDLORD. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the Project. In the event of any transfer or assignment of such title or leasehold interest and the assumption in writing of Landlord's remaining obligations under this Lease by the transferee or assignee, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

26. PARKING.

(a) Notwithstanding anything to the contrary contained herein, Tenant understands and acknowledges that the Parking Structure and the other parking facilities serving the 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. Tenant's employees, visitors, invitees and 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) It is understood that rules and regulations with respect to parking may be established and amended by Landlord, in Landlord's reasonable discretion, from time to time. The use by Tenant and its employees, visitors and invitees of the parking facilities of the Project shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of the established parking rules and regulations. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein and in the established parking rules and regulations, then Landlord

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

(c) Parking areas may be leased by, added to, enlarged or established by Landlord for parking and any such addition to a then parking area or any new parking area so established by Landlord for the purpose of use under this Section 26(d) shall during the time of their respective use under the provisions of this Section 26 be considered as part of the parking-area and shall be subject to all of the provisions of this Section 26.

(d) Provided Tenant at all times satisfies and complies with the conditions set forth in this Section 26 and applicable terms of Exhibit C, Tenant shall be entitled to purchase parking passes from Landlord for nine (9) non-reserved parking spaces (collectively, the "Parking Passes"). Tenant shall be charged for the Parking Passes at prevailing market rates established by Landlord from time to time during the Term, and Landlord shall have the right, in Landlord's sole and absolute discretion, to modify or increase the charges for the Parking Passes from time to time. Five (5) of the non-reserved parking spaces shall be located on the fourth (4th) floor of the Parking Structure in the assisted park area (the "Tenant Parking Area"), and the holders of the Parking Passes shall not park in any portion of the Parking Facilities other than the Tenant Parking Area. The other four (4) non-reserved spaces shall be located in the parking structure owned by the City of Beverly Hills located at 450 N. Crescent at the prevailing rate for such structure from time to time (which is currently \$75 per month per space). Notwithstanding anything in this Lease which may be construed to the contrary, in no event shall Landlord have any responsibilities, obligations or liabilities with respect to the monitoring of any non-reserved parking spaces.

27. SIGNAGE. Subject in all events to applicable Laws and any other restrictions of record or to which the Project is subject, Tenant shall be entitled to (i) Building standard identification of Tenant upon the common Building directory board sign, to be installed by Landlord at Tenant's sole cost and expense, and (ii) Building standard identification of Tenant by name adjacent to the main entrance to the Premises, to be installed by Tenant at Tenant's sole cost and expense. The exact location, size, materials, coloring and lettering of all Tenant signage shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld.

28. NOTICES. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be either served personally, or sent by overnight courier, or sent by registered or certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address designated in Section 1(a), or if to Landlord, at the address designated in Section 1(b), or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the other party. Such notices, demands, consents and approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, (b) if sent by overnight courier providing receipt of delivery, the following business day, or (c) if mailed, two (2) business days after the time of mailing or on the date of receipt shown on the return receipt, whichever is earlier.

29. HOLDING OVER. If Tenant holds over in the Premises after the expiration of the Term or earlier termination of this Lease, Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Rent during such holding over shall equal one hundred fifty percent (150%) of the Rent in effect immediately prior to such expiration or termination. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender, but only if Landlord has given Tenant written notice that Landlord will need the Premises for a succeeding tenant by a specified date and Tenant's holding over continues past such date.

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

31. BROKERS. Landlord shall NOT be responsible for the payment of any commission owing to Tenant's Broker specified in Section 1(k) in connection with this Lease. Landlord and Tenant each represent and warrant that except for Tenant's Broker, it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, except for the Brokers and that it knows of no other real estate broker, agent or finder who is or might be entitled to a commission or fee in connection with this Lease. In the event of any claim for broker's or finder's fees or commissions in connection with this Lease in excess of that described in the first sentence of this Section, Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Landlord and Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, -demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be made by Tenant's Broker or based upon any statement, representation or agreement claimed to have been made by Tenant.

32. MISCELLANEOUS.

(a) Tenant shall faithfully observe and comply with the Rules and Regulations, a copy of which is attached hereto, marked Exhibit B, and incorporated herein by this reference, and all reasonable and non-discriminatory modifications thereof and additions thereto from time to time put into effect by Landlord and delivered in writing to Tenant, provided such modifications do not increase the monetary obligations of Tenant under this Lease or otherwise materially increase the obligations or diminish the rights of Tenant under this Lease. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of said Rules and Regulations, but Landlord shall use

commercially reasonable efforts to non-discriminatorily enforce the Rules and Regulations. In the event of any conflict between any Rule or Regulation and the other provisions of this Lease, the other provisions of this Lease shall prevail.

(b) This Lease shall be governed by, and construed in accordance with, the laws of the State of California.

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

(d) The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof or any other termination of this Lease, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. Upon the expiration or sooner termination of this Lease, Tenant shall peaceably surrender the Premises and all alterations and additions thereto, in the same condition as initially improved with the Tenant Improvements, excepting permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable wear and tear, casualty damage governed by Section 18 and damage which Landlord is obligated to repair pursuant to this Lease, subject to compliance with the provisions of Section 10(c) and any other applicable provisions of this Lease. Tenant agrees that the delivery of keys to any employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Premises.

(e) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the unsuccessful party in such action or proceeding shall reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs. In addition to the foregoing award of attorneys' fees and costs to the successful party, the successful party in any lawsuit on this Lease shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment on this Lease.

(f) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord

may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(g) Neither party shall have any liability whatsoever to the other on account of the inability or delay of such party to fulfill any of its obligations under this Lease (other than obligations with respect to the payment of rent or any other monetary amounts owing under this Lease) by reason of any of the following (collectively, any "Force Majeure Event"): fire, earthquake, explosion, flood, the elements, acts of God or the public enemy, acts of war, terrorist acts, strike, other labor trouble, interference of governmental authorities or agents, or shortages of fuel, supplies or labor resulting therefrom or any other cause beyond the reasonable control of the party obligated for such performance. If this Lease specifies a time period for performance of an obligation by either party (other than payment of Rent or any other monetary amounts owing by either party under this Lease), that time period shall be extended by the period of any delay in such party's performance caused by any of the events described above. Landlord shall have no liability whatsoever to Tenant on account of any failure or defect in the supply, quantity or character of electricity or water furnished to the Premises or the Project, by reason of any requirement, act or omission of the public utility or others furnishing the Project with electricity or water, or for any other reason beyond Landlord's reasonable control, provided that Landlord shall use reasonable efforts to fulfill its obligations or remedy such failure or defect as soon as reasonably possible.

(h) The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in any gender include other genders and the neutral. The paragraph headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

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

(j) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. For purposes of this Lease, a "business day" shall mean any day other than a Saturday, Sunday or a Holiday.

(k) Intentionally omitted.

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

(m) The parties shall execute, acknowledge, deliver and cause to be recorded a short form memorandum of this Lease.

(n) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by

Landlord or in the event of any other action against Landlord with respect to this Lease, their sole and exclusive remedy shall be against Landlord's equity interest in the Project. Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the individual partners, whether general or limited, members, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, members, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding any contrary provision contained in this Lease, neither Landlord, any of the individual partners, members, directors, officers or shareholders of Landlord or any of their respective employees, agents or contractors shall 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, in each case, however occurring.

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

(p) Whenever the consent or approval of the Landlord or Tenant is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed, unless a different standard for the granting or withholding of such approval or consent is specifically set forth in this Lease.

(q) At any time during the Term (but not more than one (1) time in any twelve (12) month consecutive period, unless Landlord is selling or refinancing the Building or the Project), Tenant shall upon fifteen (15) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Tenant is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Tenant may satisfy the requirements of this subsection with respect to delivery of financial information by delivery of Tenant's most recent annual report filed with the Securities and Exchange Commission.

(r) Landlord and Tenant each hereby represent and warrant that such party is duly qualified to do business in California and that the individuals executing this Lease on such party's behalf is/are duly authorized to execute and deliver this Lease on such party's behalf.

(s) EACH PARTY HERETO (WHICH INCLUDES ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY) SHALL NOT SEEK A JURY TRIAL, HEREBY WAIVES TRIAL BY JURY, AND HEREBY FURTHER WAIVES ANY OBJECTION TO VENUE IN THE COUNTY IN WHICH THE BUILDING IS LOCATED, AND AGREES AND CONSENTS TO VENUE AND PERSONAL JURISDICTION OF THE COURTS OF THE COUNTY AND STATE IN WHICH THE

BUILDING IS LOCATED, IN ANY ACTION OR PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY STATUTE, EMERGENCY OR OTHERWISE, WHETHER ANY OF THE FOREGOING IS BASED ON THIS LEASE OR ON TORT LAW. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF MINIMUM ANNUAL RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW. EACH PARTY REPRESENTS THAT IT HAS HAD THE OPPORTUNITY' TO CONSULT WITH LEGAL COUNSEL CONCERNING THE EFFECT OF THIS SUBSECTION. THE PROVISIONS OF THIS SUBSECTION SHALL SURVIVE THE EXPIRATION OF THE TERM OR EARLIER TERMINATION OF THIS LEASE.

(t) Any dispute between Landlord and Tenant pursuant to this Lease (other than Landlord's exercise of unlawful detainer remedies) shall, at the option of either party, be heard by a referee pursuant to the provisions of California Code of Civil Procedure Section 638 *et seq.*, for a determination to be made which shall be binding upon the parties as if tried before a court or jury. The parties agree specifically as to the following: (i) within five (5) business days after service of a demand by a party hereto, the parties shall agree upon a single referee who shall then try all issues, whether of fact or law, and then report a finding or judgment thereon, provided that if the parties are unable to agree upon a referee either party may seek to have one appointed, pursuant to California Code of Civil Procedure Section 640, by the presiding judge of the County Superior Court for the county where the Project is located; (ii) the compensation of the referee shall be such charge as is customarily charged by the referee for like services, and the cost of such proceedings shall initially be borne equally by the parties; provided, however, the prevailing party in such proceedings shall be entitled, in addition to all other costs, to recover its contribution for the cost of the reference as an item of damages and/or recoverable costs; (iii) if a reporter is requested by either party, then a reporter shall be present at all proceedings, and the fees of such reporter shall be borne by the party requesting such reporter and such fees shall be an item of recoverable costs, provided that only a party shall be authorized to request a reporter; (iv) the referee shall apply all California Rules of Procedure and Evidence and shall apply the substantive law of California in deciding the issues to be heard, and notice of any motions before the referee shall be given, and all matters shall be set at the convenience of the referee; (v) the referee's decision under California Code of Civil Procedure Section 644, shall stand as the judgment of the court, subject to appellate review as provided by the laws of the State of California; (vi) the parties agree that they shall in good faith endeavor to cause any such dispute to be decided within four (4) months; and the date of hearing for any proceeding shall be determined by agreement of the parties and the referee, or if the parties cannot agree, then by the referee; and (vii) the referee shall have the power to award damages and all other relief.

(u) Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively, the "Lines") at the Project to the extent in or

exclusively serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of this Lease respecting the use of the Premises and the making of Alterations, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, and (v)— Tenant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines installed by Tenant located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any Laws or represent a dangerous or potentially dangerous condition. Landlord further reserves the right to require that Tenant remove any and all Lines installed by Tenant located in or serving the Premises upon the expiration of the Lease Term or upon any earlier termination of this Lease.

(v) It shall be a condition precedent to the effectiveness of this Lease that the guarantors referenced in Section 1(l) above execute and deliver to Landlord a guaranty of lease in the form attached hereto as Exhibit C, guarantying the full and faithful performance of all obligations of Tenant under this Lease.

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

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

(y) Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges that nothing contained in this Lease shall require Landlord, in its capacity as a governmental entity, to act in any predetermined manner in connection with its actions as a governmental entity, as opposed to its actions as a contracting party pursuant to this Lease.

(z) Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City of Beverly Hills or its departments, commissions, agencies and boards and the officers thereof, including any general plan or any zoning ordinances, or any of the duties, obligations, rights or remedies of the City of Beverly Hills thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of the City of Beverly Hills in the furtherance of the public health, welfare and safety of the inhabitants thereof.

(aa) Upon its execution and delivery of this Lease, Tenant shall concurrently execute, cause to be duly acknowledged and deliver to Landlord a Memorandum of Lease in the form attached hereto as Exhibit "D".

*(remainder of page intentionally blank;
signatures on next page)*

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

LANDLORD:

THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS,

By: _____
William M. Brien, M.D., Chairman

TENANT:

JOHNSON & JOHNSON, LLP,
a California limited liability partnership

By: _____
Douglas L. Johnson, Partner

By: _____
Neville Johnson, Partner

ATTEST:

_____ (SEAL)
Byron Pope
City Clerk

APPROVED AS TO FORM:

for (BG)

Lawrence S. Wiener
Parking Authority Counsel

APPROVED AS TO CONTENT:

Jeffrey Kolin, ICMA-CM,
Executive Director

for *Don Harrison*

Noel Marquis,
Acting Director of Administrative Services/CFO

EXHIBIT A

FLOOR PLAN SHOWING OUTLINE OF PREMISES

(see attached)

439 N. CANON DRIVE

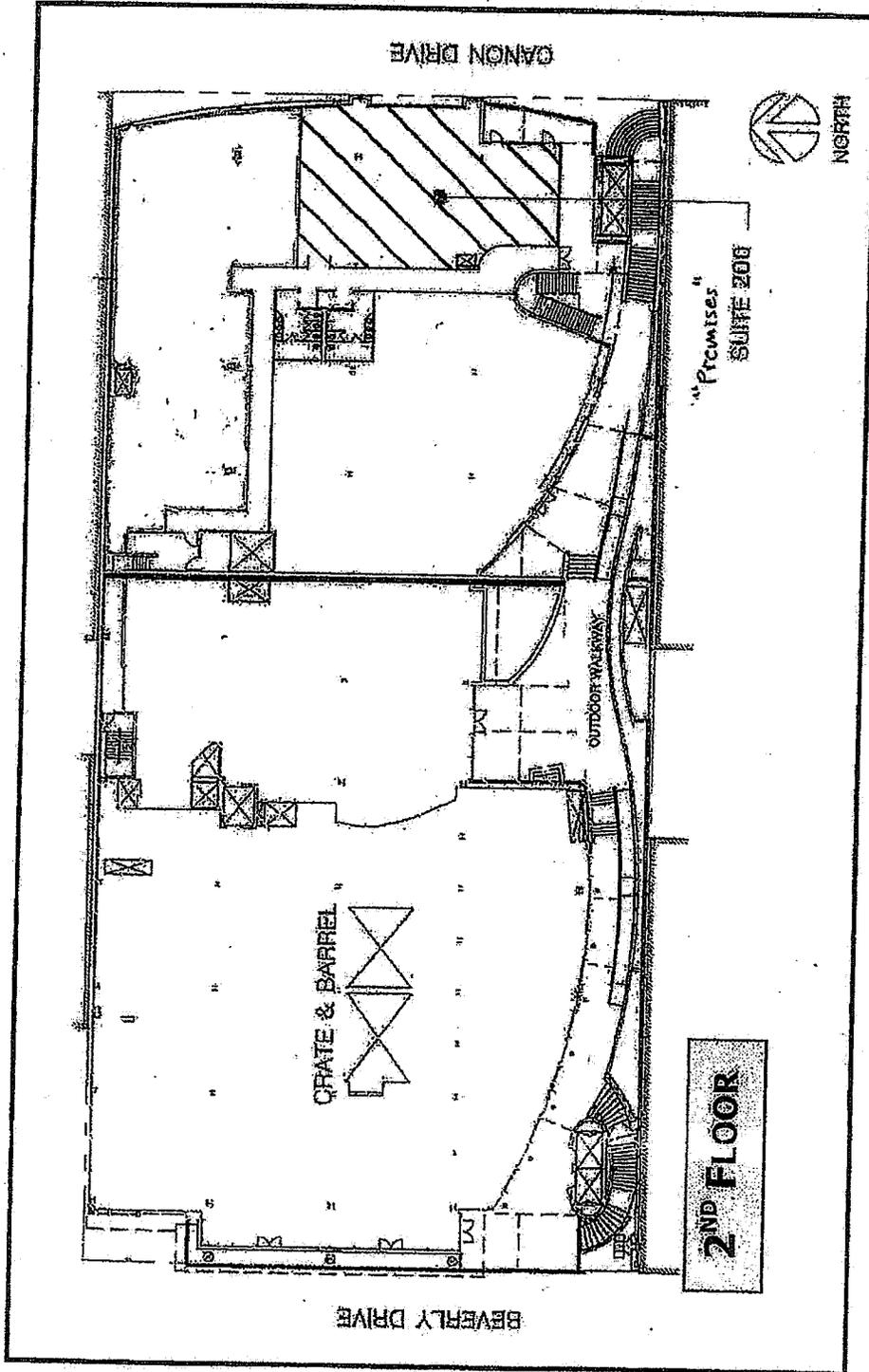


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EXHIBIT B

RULES AND REGULATIONS

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

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project. The halls, passages, exits, entrances, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety and interest of the Project and its tenants. Neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Project.

3. Tenant shall cooperate with Landlord in maintaining the Common Areas. All cleaning and janitorial services for the Project and the Common Areas shall be provided exclusively through Landlord.

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

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

6. No deliveries shall be made which materially interfere with the operation of the Project. No outside food vendors shall be permitted within the Project except for making of specific deliveries of previously ordered items to the Premises or the premises of another tenant.

7. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be

necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

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

9. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord, except for supplemental air conditioning systems installed in accordance with the provisions of the Lease.

10. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall not tamper with or attempt to adjust temperature control thermostats in the Premises. Tenant shall keep corridor doors closed.

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

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

13. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and electricity, gas or air outlets in the Premises before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

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

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

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

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

18. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate to prevent such activities.

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

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

21. No cooking shall be done or permitted on the Premises except the use by Tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, and other similar hot beverages shall be permitted, and the use of an Underwriter's Laboratory approved microwave oven for employee use shall be permitted, provided that such equipment and use is in accordance with all applicable Laws. Tenant may install soft drink vending machines for use by Tenant's employees and invitees.

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

23. Tenant's requirements will be attended to only upon appropriate application to the Project management office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

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

25. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant.

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

27. Upon written notice to Tenant, Landlord reserves the right to rescind any of these Rules and Regulations and to make future Rules and Regulations as, in its judgment, may from time to time be needed for safety, comfort and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted and of which Tenant has received written notice.

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

29. Landlord reserves the right to charge as Additional Rent to Tenant, any extra costs incurred by Landlord as a result of Tenant's violation of these Rules and Regulations.

EXHIBIT C

FORM OF GUARANTY OF LEASE

(Attached.)

EXHIBIT D

FORM OF MEMORANDUM OF LEASE

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 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 February 19, 2013, and is executed by THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Landlord"), and JOHNSON & JOHNSON, LLP, a California limited liability partnership.

RECITALS

- A. Tenant and Landlord have entered into that certain Office Lease dated February 19, 2013, (the "Lease"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Landlord, a portion of that certain real property located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as Suite 220 in the building located at 439 N. Canon Drive (the "Premises").
- B. Tenant and City now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

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

1. Lease. Landlord hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, for a term of five (5) years commencing on July 18, 2013 and at the rental and upon the other terms and conditions set forth in the Lease (including an option to extend the Term of the Lease), which terms and conditions are incorporated herein by this reference.
2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

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

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

LANDLORD:

THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS,

By: _____
William M. Brien, M.D., Chairman

ATTEST:

Byron Pope, City Clerk (SEAL)

TENANT:

JOHNSON & JOHNSON, LLP

By: _____
Neville Johnson, Partner

By: _____
Douglas L. Johnson, Partner

ACKNOWLEDGMENT

State of California)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)
Signature of Notary Public

ACKNOWLEDGMENT

State of California)
County of _____)

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

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)
Signature of Notary Public

Attachment 2

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is made by NEVILLE JOHNSON and DOUGLAS L. JOHNSON, jointly and severally ("Guarantor"), in favor of THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Landlord"), in connection with that certain Office Lease dated substantially concurrently herewith (the "Lease") pursuant to which Landlord leases to Johnson & Johnson, LLP, a California limited liability partnership ("Tenant"), certain "Premises" (as more particularly defined in the Lease) within the building located at 439 N. Canon Drive, Beverly Hills, California. As a material inducement to and in consideration of Landlord entering into the Lease, Landlord having indicated that it would not enter into the Lease without the execution of this Guaranty, Guarantor does hereby agree with Landlord as follows:

1. Guarantor does hereby unconditionally and irrevocably guarantee, as a primary obligor and not as a surety, and promise to perform and be liable for any and all obligations and liabilities of Tenant under the terms of the Lease.

2. Guarantor does hereby agree that, without the consent of Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be hereafter amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of "Tenant" under the Lease as so amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Landlord or any other person acting on Landlord's behalf may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; and (e) all or any part of the Premises or of the rights or liabilities of "Tenant" under the Lease may be sublet, assigned or assumed. This is a continuing guaranty.

3. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right to require Landlord to proceed against Tenant or any other person or to pursue any other remedy before proceeding against Guarantor; (b) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (c) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant (other than any defense based on Landlord's acts or omissions), of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without in any manner limiting the generality of the foregoing, Guarantor hereby waives the benefits of the provisions of Sections 2809, 2810, 2819, 2845, 2849, 2850, 2899 and 3433 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of adverse change in the financial status of Tenant or other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind.

5. Until all Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant under, arising out of or related to the Lease or Tenant's use or occupancy of the Premises.

6. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law and/or in equity.

7. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns (including any purchaser at a judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Landlord voluntarily or by operation of law.

8. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant, or by any defense which Tenant may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

9. At any time during the Term of the Lease where Tenant is required to provide its financial statements, Guarantor shall, upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Guarantor is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Guarantor may satisfy the requirements of this section with respect to delivery of financial information by delivery of Guarantor's most recent annual report filed with the Securities and Exchange Commission.

10. As a further material part of the consideration to Landlord to enter into the Lease with Tenant, Guarantor agrees: (a) the law of the State of California shall govern all questions with respect to the Guaranty; (b) any suit, action or proceeding arising directly or indirectly from the Guaranty, the Lease or the subject matter thereof shall be litigated only in courts located within the county and state in which the Premises is located; (c) Guarantor hereby irrevocably consents to the jurisdiction of any local, state or federal court located within the county and state in which the Premises is located; and (d) without limiting the generality of the foregoing, Guarantor hereby waives and agrees not to assert by way of motion, defense or otherwise in any suit, action or proceeding any claim that Guarantor is not personally subject to the jurisdiction of the above-named courts, that such suits, action or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper.

11. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer or director of Landlord. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof. If Guarantor is a corporation, limited liability company, partnership or other entity, each individual executing this Guaranty on behalf of such corporation, limited liability company, partnership or other entity represents and warrants that he or she is duly authorized to execute and deliver this Guaranty on behalf of such corporation, limited liability company, partnership or other entity in accordance with the governing documents of such corporation, limited liability company, partnership or other entity, and that this Guaranty is binding upon such corporation, limited liability company, partnership or other entity in accordance with its terms. If Guarantor is a corporation, limited liability company, partnership or other entity, Landlord, at its option, may require Guarantor to concurrently with the execution of this Guaranty, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation, or other authorizing documentation for such entity authorizing or ratifying the execution of this Guaranty. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means Tenant and also any assignee of the interest of "Tenant" in the Lease or any subtenant of all or any part of the Premises and their respective successors in interest. If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c)

Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and shall be delivered in the manner provided in the Lease for delivery of notices and addressed to the party to be notified at the address set forth below, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party.

To Landlord:

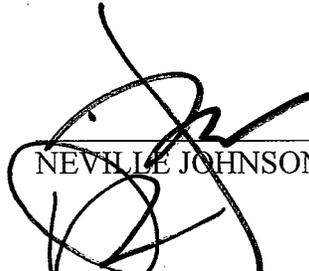
The Parking Authority of the
City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: Executive Director

To Guarantor:

Mr. Neville Johnson
Mr. Douglas L. Johnson
439 N. Canon Drive, Suite 200
Beverly Hills, California 90210

13. Upon the execution and delivery by Tenant of the Lease, and the execution and delivery of this Guaranty, that certain Guaranty of Lease dated August 11, 2005 executed by Neville Johnson and Brian Rishwain shall terminate except for obligations arising thereunder prior to such delivery.

Executed as of February 19, 2013.



NEVILLE JOHNSON


DOUGLAS L. JOHNSON

Attachment 3

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 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 February 19, 2013, and is executed by THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Landlord"), and JOHNSON & JOHNSON, LLP, a California limited liability partnership.

RECITALS

- A. Tenant and Landlord have entered into that certain Office Lease dated February 19, 2013, (the "Lease"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Landlord, a portion of that certain real property located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as Suite 220 in the building located at 439 N. Canon Drive (the "Premises").
- B. Tenant and City now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

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

1. **Lease.** Landlord hereby leases and demises the Premises to Tenant, and Tenant hereby leases and accepts the Premises from City, for a term of five (5) years commencing on July 18, 2013 and at the rental and upon the other terms and conditions set forth in the Lease (including an option to extend the Term of the Lease), which terms and conditions are incorporated herein by this reference.
2. **Purpose.** This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.
3. **Counterparts.** This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

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

LANDLORD:

THE PARKING AUTHORITY OF THE
CITY OF BEVERLY HILLS,

By: _____
William M. Brien, M.D., Chairman

ATTEST:

Byron Pope, City Clerk (SEAL)

TENANT:

JOHNSON & JOHNSON, LLP

By: _____
Neville Johnson, Partner

By: _____
Douglas L. Johnson, Partner

ACKNOWLEDGMENT

State of California)
County of Los Angeles)

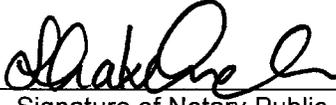
On Feb 7, 2013 before me, Shake Andreasian, notary public
(insert name and title of the officer)

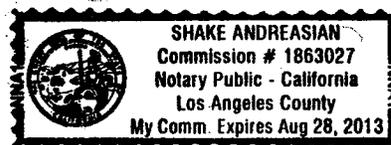
personally appeared Douglas L. Johnson

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

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

WITNESS my hand and official seal.

Signature  (Seal)
Signature of Notary Public



ACKNOWLEDGMENT

State of California)
County of Los Angeles)

On Feb. 7, 2013 before me, Shake Andreasian, notary public
(insert name and title of the officer)

personally appeared Neville Johnson

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

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

WITNESS my hand and official seal.

Signature  (Seal)
Signature of Notary Public

