

***Redondo Landing - On The Pier***  
**STANDARD LEASE (NNN)**



***100"I" and 100"J" Fisherman's Wharf***  
***Redondo Beach CA 90277***

**"DEEP END LIVE"**

***Lessee: South Bay Live, LLC***  
***Effective Date: May 19, 2025***

***Redondo Landing - On The Pier***

1-15-12 Standard Lease Form  
100"I" and 100"J" – South Bay Live, LLC - 5-19-25 Effective Date

Lessee's Initials:   

Lessor's Initials:  \_\_\_\_\_



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# Redondo Landing - On The Pier

## STANDARD LEASE (NNN)

### 1. BASIC LEASE PROVISIONS ("Basic Lease Provisions").

**1.1 Parties:** This Lease is dated for reference purposes only as of **MAY 19, 2025** ("Effective Date"), and is made by and between **RDR Properties, LLC, a California limited liability company** ("Lessor"), and **SOUTH BAY LIVE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY** (for individuals, include the name of each spouse, if applicable, and for entities, the State of formation and the name of all general partners or managing members) (individually and collectively, "Lessee"). Lessor and Lessee are each sometimes referred to herein as a "Party" and collectively as the "Parties".

**1.2 Trade Name:** "DEEP END LIVE" (the aforementioned name is referred to herein as the "Trade Name").

**1.3 Guarantor(s):** DARYL ROBERT SWENSSON, JOSEPH PATRICK SMITH, AND BRENTON RANDALL REGER (individually and collectively, "Guarantor") (see Exhibit 6 if there is a Guarantor listed above)

**1.4 Premises:** Unit Number(s) UNIT "I" WHICH IS COMPRISED OF APPROXIMATELY FOUR THOUSAND (4,000) GROSS RENTABLE SQUARE FEET IN THE BUILDING (INCLUDING ALL ENTRY WAYS AND STAIRWELLS); TO BE INCREASED TO TEN THOUSAND (10,000) RENTABLE SQUARE FEET IN THE BUILDING (INCLUDING ALL ENTRY WAYS AND STAIRWELLS) IN THE EVENT THAT LESSEE EFFECTIVELY EXERCISES "LESSEE'S EXCLUSIVE EXPANSION RIGHT" UNDER ADDENDUM SECTION 66 TO EXPAND INTO UNIT "J" WHICH IS COMPRISED OF APPROXIMATELY SIX THOUSAND (6,000) GROSS RENTABLE SQUARE FEET IN THE BUILDING (the "Premises"), all of which are a part of the Project and depicted in Exhibit 1 attached to this Lease. (See Section 2.1, See Addendum Section 66, and Exhibit 1).

**1.5 Building:** The entire building(s) commonly known to as 100 Fisherman's Wharf, in the City of Redondo Beach, County of Los Angeles, State of California (the "Building").

**1.6 Permitted Use:** NIGHTCLUB/LOUNGE/BAR WITH DANCING AND LIVE MUSIC ENTERTAINMENT OPERATING AT LEAST 6 NIGHTS PER WEEK. LESSEE SHALL (A) OBTAIN AND OPERATE THE PREMISES UNDER A TYPE 48 ABC APPROVED LIQUOR LICENSE FOR ON-SITE SALE OF FULL BAR ALCOHOLIC AND NON-ALCOHOLIC BEVERAGES, (B) PROVIDE LIVE MUSIC ENTERTAINMENT AT THE PREMISES NO LESS THAN 4 TIMES PER WEEK, AND BE PERMITTED TO (C) HOST PRIVATE EVENTS AT THE PREMISES, AND (D) ENGAGE IN THE ANCILLARY SALE OF MERCHANDISE (E.G., T-SHIRTS AND HATS SPECIFICALLY DISPLAYING THE TRADE NAME) at the Premises ("Permitted Use"). (See Section 6)

**1.7 Minimum Business Hours:** ("Minimum Business Hours") shall be NO LESS THAN SIX (6) HOURS PER DAY WITH A MINIMUM OF TWO (2) HOURS EACH DAY BEING AFTER 7PM. (See Sections 2.6 and 6.4(a))

**1.8 Term; Commencement Date; Expiration Date:** The initial term (the "Initial Term") of the Lease shall be for a period of TEN (10) YEARS AND EIGHT (8) MONTHS, commencing on the first day of the month during which "TENDER OF POSSESSION" of the Premises (SPECIFICALLY UNIT 100 "I") by Lessor to Lessee occurs (the "Commencement Date") (See Section 3.2), and ending at 5pm on the day (the "Expiration Date") that is TEN (10) YEARS AND EIGHT (8) MONTHS after the Commencement Date.

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Lessee's Initials: DRC BRR JPS  
Lessor's Initials: RDR \_\_\_\_\_



**1.9 Option(s) to Extend the Term:** Lessee shall have the following **ONE (1)** option(s) (the "Option" or the **Options**) to extend the Term, as set forth below (See Sections 3.4 and Addendum Section 65):

Option Number	Length of Option ("Option Period")	Minimum Monthly Rent at Commencement of Option Period(s)	Subsequent Rent Adjustments during Option Period(s)
<u>1</u>	<u>5 YEARS</u>	<u>FAIR MARKET RENT</u>	<u>FIVE (5%) ANNUAL INCREASES</u>

**1.10 Minimum Monthly Rent,** increased as follows (See Sections 4.1 and 4.3, and Addendum Section 57). **Minimum Monthly Rent shall be increased by 150% in the event that Lessee exercises "Lessee's Exclusive Expansion Right" to expand into Unit "J".** (See Addendum Section 66)

Lease Year	Lease Month	Adjustment Date	New Minimum Monthly Rent per Square Foot	New Minimum Monthly Rent
<u>1 &amp; 2</u>	<u>1-20</u>	<u>1<sup>ST</sup> DAY OF THE MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8 and Addendum Section 57)	<u>\$1.00</u>	<u>\$4,000.00</u>
<u>2 &amp; 3</u>	<u>21-32</u>	<u>1<sup>ST</sup> DAY OF THE 21<sup>ST</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.10</u>	<u>\$4,400.00</u>
<u>3 &amp; 4</u>	<u>33-44</u>	<u>1<sup>ST</sup> DAY OF THE 33<sup>RD</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.20</u>	<u>\$4,800.00</u>
<u>4 &amp; 5</u>	<u>45-56</u>	<u>1<sup>ST</sup> DAY OF THE 45<sup>TH</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.30</u>	<u>\$5,200.00</u>
<u>5 &amp; 6</u>	<u>57-68</u>	<u>1<sup>ST</sup> DAY OF THE 57<sup>TH</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.40</u>	<u>\$5,600.00</u>
<u>6 &amp; 7</u>	<u>69-80</u>	<u>CONTINUED ON NEXT PAGE</u> <u>1<sup>ST</sup> DAY OF THE 69<sup>TH</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.50</u>	<u>\$6,000.00</u>

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Lessee's Initials: DRS BRR JPS  
Lessor's Initials: RDR

<u>7 &amp; 8</u>	<u>81-92</u>	<u>1<sup>ST</sup> DAY OF THE 81<sup>ST</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.60</u>	<u>\$6,400.00</u>
<u>8 &amp; 9</u>	<u>93-104</u>	<u>1<sup>ST</sup> DAY OF THE 93<sup>RD</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.70</u>	<u>\$6,800.00</u>
<u>9 &amp; 10</u>	<u>105-116</u>	<u>1<sup>ST</sup> DAY OF THE 105<sup>TH</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.80</u>	<u>\$7,200.00</u>
<u>10 &amp; 11</u>	<u>117-128</u>	<u>1<sup>ST</sup> DAY OF THE 117<sup>TH</sup> MONTH AFTER THE COMMENCEMENT DATE</u> (See Section 1.8)	<u>\$1.90</u>	<u>\$7,600.00</u>

**1.11 Advance Minimum Monthly Rent and Estimated Monthly CAM Expenses Paid Upon Lease Execution:** NINE THOUSAND FIVE HUNDRED NINETY-FIVE AND 0/100 DOLLARS (\$9,595.00) payable for the following period(s): \$4,000.00 FOR THE MINIMUM MONTHLY RENT DUE FOR THE 9<sup>TH</sup> MONTH AFTER THE LEASE COMMENCEMENT DATE HAS BEEN ESTABLISHED; AND \$5,595.00 FOR THE ESTIMATED MONTHLY AMOUNT OF LESSEE'S SHARE OF CAM EXPENSES OF DUE FOR THE 9<sup>TH</sup> MONTH AFTER THE LEASE COMMENCEMENT DATE HAS BEEN ESTABLISHED. (See Sections 4.1 and 4.2).

**1.12 Percentage Rent for Lessor:** WAIVED BY LESSOR.

**1.13 Percentage Rent for City of Redondo Beach:** TWELVE PERCENT (12%) OF ALL MINIMUM MONTHLY RENT PAYABLE UNDER THIS LEASE (See Section 4.4).

**1.14 Security Deposit:** NINETEEN THOUSAND ONE-HUNDRED NINETY AND 0/100 DOLLARS (\$19,190.00), TO BE INCREASED WHENEVER THE MINIMUM MONTHLY RENT INCREASES UNDER THE LEASE SO THAT AT ALL TIMES LESSEE'S SECURITY DEPOSIT IS EQUAL TO TWO (2) TIMES THE THEN CURRENT MINIMUM MONTHLY RENT AND ESTIMATED MONTHLY AMOUNT PAYABLE BY LESSEE FOR LESSEE'S SHARE OF CAM EXPENSES. (See Sections 4.1, 4.2 and 5, and Addendum Section 66)

**1.15 Lessee's Share of CAM Expenses:** TWELVE AND 482/1000 PERCENT (12.482% FOR UNIT "I"; TO BE INCREASED TO THIRTY-ONE AND 206/1000 PERCENT (31.206%) IN THE EVENT THAT LESSEE EFFECTIVELY EXERCISES "LESSEE'S EXCLUSIVE EXPANSION RIGHT" TO EXPAND INTO UNIT "J" UNDER ADDENDUM SECTION 66. (See Section 4.2 and Addendum Section 66).

**1.16 Amount of Liability Insurance Lessee Is Required to Obtain:** Not less than THREE MILLION DOLLARS (\$3,000,000) per occurrence with an aggregate of not less than THREE MILLION DOLLARS (\$3,000,000) (See Section 8.1).

**1.17 Architectural Review Fee:** WAIVED BY LESSOR (See Exhibit 3).

**1.18 Real Estate Brokers** entitled to a commission (See Section 15):

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Lessee's Initials: DRS BRR JPS  
Lessor's Initials: RDR

(a) **Lessee's Broker** (if any): ASPIRE REALTY ADVISORS, INC.

(b) **Lessor's Broker** (if any): ASPIRE REALTY ADVISORS, INC.

**1.19 Lessee's Annual Advertising Commitment:** ONE PERCENT (1%) of Lessee's revenue generated at the Premises (See Section 6.7).

**1.20 Notice Addresses:**

**To Lessor:** ROBERT D. RESNICK – RDR PROPERTIES, LLC  
C/O PROPERTY MANAGEMENT ASSOCIATES, INC.  
6011 BRISTOL PARKWAY  
CULVER CITY CA 90230  
ATTN: THOMAS SPEAR  
WITH A COPY TO  
PATRICK LACEY

**To Lessee:** SOUTH BAY LIVE, LLC  
100" I" FISHERMAN'S WHARF  
REDONDO BEACH CA 90277

**1.21 Radius Restriction:** FIVE (5) MILES from the Project (PROJECT BARLEY ON THE REDONDO BEACH INTERNATIONAL BOARDWALK IS EXEMPTED FROM THE RADIUS RESTRICTION) (See Section 4.4(e)).

**1.22 Tenant Improvements Completion Date:** 3 MONTHS AFTER "TENDER OF POSSESSION".

**1.23 Lessee's Minimum Tenant Improvement Expenditure:** \$100,000.00 (See Exhibit 3).

**1.24 Addenda and Exhibits:** Attached hereto and fully incorporated herein by reference are the following documents which constitute a part of this Lease:

ADDENDUM: SECTIONS 57 THROUGH 74  
EXHIBIT 1: MAP OF PREMISES  
EXHIBIT 2: RULES AND REGULATIONS  
EXHIBIT 3: TENANT IMPROVEMENTS  
EXHIBIT 4: PROHIBITED USES  
EXHIBIT 5: APPROVED MENU AND MERCHANDISE ITEMS  
EXHIBIT 6: GUARANTY OF LEASE  
EXHIBIT 7: CITY OF REDONDO BEACH ADDENDUM TO SUBLEASE

**2. PREMISES; PARKING; COMMON AREAS.**

**2.1 Premises.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, for the Term and upon the terms and conditions set forth in this Lease, the Premises identified in Section 1.4 and Exhibit 1 hereto. The Premises shall be deemed for all purposes of this Lease to contain the approximate square feet set forth in Section 1.4 without, and regardless of, any further measurement. The Premises, the Building, and the

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Lessee's Initials: DRS BRR JPS  
Lessor's Initials: RDR \_\_\_\_\_

Common Areas are located on the Redondo Beach Pier ("**Pier**"), and together with the land upon which the same are located, which land is further described as Lot B of Tract 5322, as recorded in Map Book 56, Pages 91 and 92, and along with all other improvements thereon, are herein collectively referred to as the "**Project**" or the "**Redondo Landing**." Other than as expressly permitted in this Lease, Lessee will have no rights to the use of the roof, exterior walls, and air, water, and land rights above or below the Premises, the Building(s), and the Project.

**2.2 Vehicle Parking.** Lessor offers no space for vehicle parking, and Lessor makes no warranties, representations, or promises as to the availability or cost of any parking or vehicle access for Lessee's employees, agents, suppliers, shippers, invitees, guests, or business patrons.

**2.3 Common Areas — Definition.** The term "**Common Areas**" is defined as all areas, facilities, equipment, and improvements outside the Premises and other leased tenant spaces in the Project, which are within the boundaries of Project, and that are designated by Lessor, from time to time, for the general non-exclusive use of Lessor, Lessee, other occupants of the Project, and/or members of the public. Common Areas shall include, but not be limited to, common entrances, corridors, sidewalks, walkways, paving, patios, stairways and stairwells, airshafts, elevators, restrooms, loading and unloading areas, trash areas, roadways, parkways, ramps, driveways, decorative walls and finishes, landscaped areas, aquascaped areas, areas underneath the Project, decorative and boundary walls and service and storage areas. Common Areas shall exclude areas reserved for the exclusive use of any individual tenant in the Project.

**2.4 Common Areas — Use by Lessee; Rules and Regulations.** Lessee shall have the right to use, on a non-exclusive basis, those Common Areas designated by Lessor, but Lessee shall have no rights to alter or modify, or display, store, or sell merchandise, goods, or any other property of Lessee's in, any area outside the Premises, and Lessee agrees to follow and be bound by the rules and regulations ("**Rules and Regulations**") attached hereto as Exhibit 2, as they may be modified by Lessor, in its sole discretion, from time to time, and to cause Lessee's employees, agents, suppliers, shippers, customers, and invitees also to follow and conform to the Rules and Regulations. Lessor, or such other person(s) as Lessor may appoint, shall have the exclusive control and management of the Common Areas and the right, from time to time, to modify and enforce the Rules and Regulations. Lessor shall not be liable to Lessee for the non-compliance of the Rules and Regulations by any third parties, including, but not limited to, other tenants of or visitors to the Project.

**2.5 Common Areas and Project Changes.** Lessor shall have the right to make such changes and alterations to the Project and the Common Areas, from time to time, as Lessor deems desirable in Lessor's sole and absolute discretion, including, without limitation, the right to:

(a) **Change the location, size, shape, number, appearance, or operation** of the Common Areas or any part thereof, and to designate other land and improvements inside or outside the boundaries of the Project to be part of the Common Areas;

(b) **Use the Common Areas** while engaged in maintenance or in making additional improvements, repairs or alterations to the Project, and temporarily close or restrict access to any of the Common Areas for purposes of maintenance, repairs, and improvement so long as reasonable access to the Premises remains available;

(c) **Construct, eliminate, modify or alter any buildings** or other improvements within the Project, including, but not limited to, modifying or altering the facades, storefronts, entrances and dimensions of any buildings within the Project, changing the number of floors in any buildings within the Project, constructing or eliminating any pedestrian areas within the Project, converting any open-air pedestrian areas to enclosed pedestrian areas and vice versa, and constructing buildings and other improvements within any portions of the Project now or hereafter designated as Common Area; and

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(d) **Modify or alter any other aspects of the Project**, including, without limitation, store dimensions, store entrances (including the entrance to the Premises), and the identity, number and type of any other stores and occupants in the Project (including the merchandise or services to be sold or provided by any such occupants). Lessor shall also have the right to place or permit the placement of kiosks, sales carts, seating and tables, whether fixed or portable, at any location within the Common Areas.

**2.6 Outdoor Areas.** Any outdoor patio, walkway, or other outdoor area(s) in the Project expressly designated as part of the Premises on Exhibit 1 hereto ("**Outdoor Areas**") shall constitute a portion of the Premises and Lessee shall retain exclusive use of the Outdoor Areas for purposes of this Lease subject to Lessee's full compliance with each of the following terms and conditions: (a) Lessee shall, during the Term, continuously use, occupy, and operate the Permitted Use in the entirety of the Outdoor Areas during all Minimum Business Hours (except for days of inclement weather, such as rain, or excessive wind or cold temperatures), (b) if the Permitted Use is for restaurant or other food or beverage purposes, the Outdoor Areas shall be used solely for the seating of (and, if a full-service restaurant, providing tableside service to) patrons at tables and/or chairs located in the Outdoor Areas, (c) Lessee's use and occupancy of the Outdoor Areas shall be in strict compliance with all terms and conditions of this Lease, (d) the Outdoor Areas shall not be used for the storage of any unused property, delivery boxes or crates, or trash that is not hidden from view, and (e) emergency pedestrian traffic to and from all other areas of the Project through and around the Outdoor Areas shall not be impeded by Lessee's use or occupancy of the Outdoor Areas. In the event that Lessee is in Default of any of the terms and conditions of this Lease regarding the use and occupancy of the Outdoor Areas, then Lessor may, upon ten days (10) written notice to Lessee, remove the Outdoor Areas from the Premises, for all purposes under this Lease, in which event (aa) Lessee shall cease all use and occupancy of the Outdoor Areas, (bb) vacate and remove all of its property from the entirety of the Outdoor Areas, and (cc) Lessor shall be free to use or permit the use of the Outdoor Areas (or any part of them) for any purpose Lessor determines in its sole discretion, including, but not limited to, converting the Outdoor Areas into Common Areas, allowing another tenant to use and occupy same, or closing the Outdoor Areas off from any use.

### 3. TERM.

**3.1 Term.** The Initial Term and Commencement Date of this Lease shall be as specified in Section 1.8 of the Basic Lease Provisions. It is expressly acknowledged and agreed by the Parties that this Lease, and the terms and provisions hereof, are binding in all respects when executed and delivered by the Parties, notwithstanding that the Initial Term may not commence and certain obligations, including the obligation to pay Rent, may not accrue until a later time. "**Term**" shall refer to the Initial Term together with any Option Period(s) granted to Lessee in Section 1.9 of the Basic Lease Provisions that are effectively exercised by Lessee under the terms and conditions of this Lease.

**3.2 Tender of Possession.** Lessor shall tender possession of the Premises to Lessee ("**Tender of Possession**") as soon as reasonably practicable, but in no event later than ten (10) days, after all "Contingencies", including, but not limited to, approval of this Lease by the City of Redondo Beach, have been fully satisfied or waived by Lessee (*See Addendum Section 64*). Tender of Possession shall be deemed made when Lessor has notified Lessee that the "Contingencies" have been satisfied and Lessor has offered Lessee reasonable access to occupy the Premises.

(a) **Delays in Tender of Possession.** If for any reason, Lessor cannot tender possession of the Premises to Lessee pursuant to this Section 3.2, then Lessor shall have no liability to Lessee therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the Term hereof, but in such case, subject to Section 3.2(b), Lessee shall not be obligated to pay Rent under the terms of this Lease, except as may be otherwise provided herein, until the Tender of Possession is made by Lessor.

(b) **Delays Caused by Lessee, Its Agents, Employees, or Contractors.** There shall be no abatement of Rent or extension of the Commencement Date to the extent any delay in the Tender of Possession is directly or indirectly caused, in whole or in part, by (i) acts or omissions of Lessee, its agents,

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employees or contractors, including, but not limited to, Lessee's failure to provide Lessor with evidence acceptable to Lessor that all insurance required of Lessee under the Lease has been obtained and is in full force and effect, (ii) the inability or failure of Lessee to obtain any entitlements, building permits, business licenses, or other government approvals, or otherwise to comply with any Restrictions or obtain any insurance required hereunder, or (iii) any delays in the construction of any Tenant Improvements (as defined in Exhibit 3).

**3.3 Early Possession.** In the event Lessor grants Lessee early possession to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all provisions of this Lease and such occupancy shall not change the Expiration Date.

**3.4 Option(s) to Extend.** Lessor hereby grants to Lessee the number of Option(s), if any, to extend the Term of this Lease, each for the respective Option Period and subject to the applicable adjustment of Minimum Monthly Rent or other Rent, as set forth in Section 1.9 of the Basic Lease Provisions. If validly exercised, the first Option Period shall commence when the Initial Term set forth in Section 1.8 of the Basic Lease Provisions expires and each subsequent Option Period shall commence when the immediately prior Option Period (if validly exercised) expires. Lessee's rights and power to exercise each Option is hereby expressly made subject to Lessee's full compliance with and timely satisfaction of each and all of the following conditions precedent, and upon the first failure of any of the conditions precedent, such Option and all remaining Options granted hereunder shall automatically expire, terminate, and be of no force and effect:

(a) **Written exercise of the Option** has been delivered by Lessee to Lessor in compliance with all of the requirements of Section 23, on a date which is at least six (6) months and not more than nine (9) months prior to the date that the particular Option Period is set to commence;

(b) **No Default** by Lessee exists, and Lessee has not committed or failed to perform an act which with the passage of time would lead to a Default, from the date the notice of exercise of the Option is delivered by Lessee, through and including the day the subject Option Period is to commence;

(c) **Lessee has cured any Default** of any of the terms and conditions of the Lease that may have occurred at any time during the Term, in strict accordance with the terms and conditions of this Lease, before it became an Uncured Default; and

(d) **No material adverse change in the financial condition** of Lessee or any Guarantor shall have occurred, nor a material decrease in the revenue generated by Lessee at the Premises, over the two (2) years immediately preceding the day the subject Option Period is to commence.



Except as expressly modified in this Lease, all of the terms and conditions of this Lease shall apply and remain in full force and effect during all Option Periods.

**3.5 Lease Year.** The term "Lease Year," as used herein, means each of the consecutive twelve (12) calendar month periods during the Term, beginning on the first day of the calendar month in which the Commencement Date occurs. The last Lease Year may be for a period less than twelve (12) full calendar months.

**4. RENT.**

**4.1 Minimum Monthly Rent.** Lessee shall pay to Lessor the Minimum Monthly Rent for the Premises set forth in Sections 1.9 and 1.10 of the Basic Lease Provisions, increased as provided in Section 4.3 below. Minimum Monthly Rent shall be payable to Lessor in advance, on or before the first day of every month, in lawful money of the United States, at the notice address stated for Lessor in Section 1.20 of the Basic Lease Provisions or to such other persons and/or places as Lessor may designate in writing from time to time. Minimum Monthly Rent for any period during the Term which is for less than one month shall be prorated based upon a thirty (30) day month. Lessee shall pay Lessor upon execution of this Lease the Advance Minimum Monthly Rent described in Section 1.11 of the Basic Lease Provisions.

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**4.2 CAM Expenses.** This is a NET-NET-NET Lease, meaning that except as expressly otherwise stated in this Lease, all of Lessor's financial obligations created by the ownership, management, maintenance, and operation of the Project shall be included in the definition of CAM Expenses. Lessee shall pay to Lessor during each calendar year of the Term, in addition to the Minimum Monthly Rent and all other Rent due, Lessee's Share (as defined below) of all CAM Expenses (as defined below), in accordance with the following provisions:

(a) **"Lessee's Share"** shall be the percentage set forth in Section 1.15 of the Basic Lease Provisions, which percentage has been determined by dividing the approximate gross rentable square feet of the Premises by the approximate total gross rentable square feet in the Project. It is understood and agreed that all square feet and percentage figures set forth in the Lease are approximations which Lessor and Lessee agree are reasonable and have been accepted by the Parties, and such designated gross rentable square feet figures shall not be subject to revision except in connection with an actual physical change in the size of the Premises or an actual physical change in the size of the total rentable area in the Project. If for any reason a particular item of CAM Expenses was incurred on account of or solely benefits Lessee, then Lessor may, in Lessor's sole and absolute discretion, bill the entirety of such CAM Expense to Lessee and Lessee shall pay such bill within ten (10) days of receipt.

(b) **"CAM Expenses"** are defined, for purposes of this Lease, to include all costs incurred by Lessor in the ownership, operation, maintenance, repair, replacement, and improvement of the Project, in Lessor's sole discretion, including, but not limited to, those related to: (i) maintaining the Project in a neat, clean, safe, and good order and condition, including but not limited to (aa) the Common Areas, including but not limited to, any surfaces, coverings, decorative items, photos, directories, public information kiosks, digital displays, signage, floors coverings, windows, doors, drapes and window coverings, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, aquascaped areas, paving, striping, decorative and boundary walls, bumpers, irrigation systems, sewer and storm drains (located in the Common Areas, whether serving the Common Areas or any premises occupied by tenants or occupants of the Project), lighting facilities, building structure, building exteriors and roofs, fences and gates; and (bb) installing, maintaining, repairing, and replacing heating, air conditioning, water, sewer, gas, electrical, and other utility lines and systems, life safety equipment, elevator systems, fixtures, communication, other equipment, directories, and fire detection and sprinkler systems; (ii) trash disposal, janitorial and security services; (iii) any other service provided by Lessor that is elsewhere in this Lease stated, or determined by Lessor, to be a CAM Expense; (iv) the liability and property insurance policies to be maintained by Lessor under Section 8 hereof, including the cost of the premiums and any deductible portion of an insured loss; (v) Real Property Taxes (as defined in Section 10 of this Lease) paid or to be paid by Lessor; (vi) water, sewer, gas, electricity, and other public utilities and services provided to the Common Areas and/or more than one tenant or occupant of the Project; (vii) labor, salaries and applicable fringe benefits and costs, materials, supplies, and tools used in maintaining, repairing, cleaning, and/or providing any other service to the Project; (viii) an accounting and management fee equal to six percent (6%) of the aggregate of (aa) the scheduled Minimum Monthly Rent for all occupied and vacant units in the Project and (bb) Percentage Rent (including Percentage Rent for Lessor and Percentage Rent for City of Redondo Beach) due from all tenants, licensees, and other occupants in the Project; (ix) replacing, adding, removing, and/or modifying any improvements in the Project which is mandated by any governmental agency such as the City of Redondo Beach and the Los Angeles County Health Department; (x) costs of accounting, legal, architectural, engineering, design, merchandising, and other professional fees incurred in connection with the Project, including, but not limited to, for the purpose of reviewing individual tenant requests; (xi) reserves, in amounts determined by Lessor in its sole discretion, from time to time, for CAM Expenses and capital expenditures; (xii) Promotional Program charges incurred pursuant to Section 6.6 of this Lease; and (xiii) periodic contributions by Lessor to any special funds that Lessor is required to contribute to or maintain, under applicable Restrictions or the Ground Lease.

(c) **No Double Billing.** CAM Expenses shall not include (i) any expenses paid directly to third parties by a tenant of the Project which are not reimbursable to the tenant by Lessor, or (ii) any expenses for which Lessor has otherwise been wholly reimbursed by a third party (including another tenant of the Project).

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(d) **Billing; Estimated Payments.** Lessee's Share of CAM Expenses shall be payable by Lessee within ten (10) days after a statement of actual expenses is presented to Lessee by Lessor. At Lessor's sole election, however, an amount may be estimated by Lessor from time to time of Lessee's Share of annual CAM Expenses, and the estimated amount shall be payable in monthly, quarterly, or such other increments, on such dates as Lessor shall designate during each calendar year of the Term of this Lease.

(e) **Annual Statements.** In the event that Lessee pays Lessor for Lessee's Share of estimated CAM Expenses, Lessor shall endeavor to deliver to Lessee within one hundred twenty (120) days after the expiration of each calendar year a statement ("**Annual Statement**") showing Lessee's Share of the actual CAM Expenses incurred during the preceding year, and a reconciliation of such actual amount due with the estimated payments actually made by Lessee for the same calendar year. The failure by Lessor to timely deliver such Annual Statement shall not constitute a waiver of Lessor's right to collect CAM Expenses from Lessee. If said Annual Statement reflects that Lessee's payments under this Section 4.2(e) for said prior calendar year (i) exceeded the actual amount of Lessee's Share as indicated on said Annual Statement, then Lessee shall be entitled to credit the amount of such overpayment against Lessee's Share of CAM Expenses next falling due, or (ii) were less than the actual amount of Lessee's Share as indicated on said Annual Statement, then Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of the Annual Statement. The Annual Statement for the full or partial calendar year during which the Term expires or this Lease is earlier terminated may be delivered after such expiration or earlier termination of the Lease, and upon Lessee's receipt Lessor and Lessee shall promptly adjust between them by appropriate cash payment any balance due to either Party.

(f) **No Imposed Obligations.** The itemization, estimation, billing, collection, and/or reconciliation of CAM Expenses or any other sums payable by Lessee to Lessor under this Lease shall not be deemed to impose any obligation upon Lessor, directly or indirectly, either to make available any specific improvements or facilities or to provide any specific services to Lessee or to the Project unless Lessor has expressly agreed elsewhere in this Lease to provide them.

(g) **Corrections.** In the event that Lessor later discovers an omission or error on a previously submitted CAM Expense itemization, billing, or reconciliation (including any Annual Statement), for the current or any prior year, then Lessor shall have the right to correct and resubmit such CAM Expense itemization, billing, or reconciliation (including any Annual Statement) previously presented to Lessee.

#### 4.3 Minimum Monthly Rent Increases.

(a) **Fixed Adjustments.** At the commencement of every Lease Year, beginning with the second Lease Year ("**Adjustment Date**"), the Minimum Monthly Rent payable under Section 4.1 of this Lease shall be adjusted by the amount of the Fixed Adjustment Amount (if any) set forth in Sections 1.10 and 1.9 of the Basic Lease Provisions.

#### 4.4 Percentage Rent.

(a) **Calculation and Payment.** During the Term, Lessee shall report and pay Percentage Rent for City of Redondo Beach ("**Percentage Rent**") to Lessor, for each 12 month period from July 1 to June 30 of the following year (or such other 12 month period as Lessor may designate from time to time), as follows: (i) monthly installments of Percentage Rent for City of Redondo Beach calculated by multiplying the percent specified in Section 1.13 of the Basic Lease Provisions by the Minimum Monthly Rent payable by Lessee under Section 4.1 of this Lease. No payment of Percentage Rent or any other Rent hereunder, nor shall any other provision of this Lease, shall be construed for any purpose to create a partnership or joint venture of any kind by or between Lessor and Lessee, or make either Party responsible for the debts and losses of the other, and in no event shall payment of Percentage Rent be considered to be made in lieu of, as a deduction or offset against, or in satisfaction of any other Rent or of any other sum due under this Lease. Percentage Rent for City of Redondo Beach shall be due

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and payable by Lessee to Lessor on or before the tenth (10th) day of each calendar month based upon the Minimum Monthly Rent payable for the immediately preceding calendar month.

**(b) Intentionally Omitted.**

**(c) Monthly Reporting.** Within ten (10) days after the end of each calendar month during the Term of this Lease, Lessee shall deliver to Lessor (i) a monthly statement of Lessee's total gross revenue generated at the Premises, including, but not limited to ticket sales, bar sales, and all other sales or revenue, (ii) a **"Monthly Statement of Percentage Rent"**, in the format prescribed by Lessor from time to time, at a minimum itemizing (a) the Minimum Monthly Rent that was actually received by Lessor for the immediately preceding calendar month, and (b) the Percentage Rent that Lessee is required to pay hereunder (as stated in Section 1.13), and (iii) a check payable to Lessor in the amount due to Lessor for the entire amounts of Percentage Rent due as set forth on said Monthly Statement of Percentage Rent. Each Monthly Statement of Percentage Rent shall be signed by Lessee if Lessee is composed of individuals, by a responsible officer of Lessee if Lessee is a corporation, by the managing partner of Lessee if Lessee is a partnership, or by the manager of Lessee if Lessee is a limited liability company (each, an **"Authorized Individual"**). (example: If Lessee paid Minimum Monthly Rent for the month of January in the amount of \$100, then \$12 of Percentage Rent would be payable by Lessee under the Lease, by the 10<sup>th</sup> day of the next month (February).



**(d) Definitions of Representatives and Affiliates.** **"Representatives"** as used in this Lease means the officers, directors, shareholders, managers, staff, employees, members, principals, Affiliates, partners, independent contractors, attorneys, accountants, brokers, agents, consultants, and representatives of the referenced Party or other entity, and the predecessors, heirs, successors and assigns of all such persons or entities. **"Affiliates"** as used in this Lease means any person or entity, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with another person or entity, which, in the case of a partnership, shall include each of the general partners and managing partners thereof. The term **"control"**, as used in the immediately preceding sentence, means the possession, directly or indirectly, of the power to direct or cause the direction of the management, operations, or policies of the controlled person or entity.

**(e) Radius Restriction.** Lessee hereby acknowledges that Lessee's business reputation, intended use of the Premises, potential for payment of Percentage Rent, and ability to generate patronage of Lessee's business activities at the Premises and the Redondo Landing were all relied upon by Lessor and served as significant and material inducements contributing to Lessor's decision to execute this Lease with Lessee. In consideration thereof, regardless of whether or not Lessee is obligated to pay Percentage Rent under this Lease, Lessee hereby covenants and agrees that during the Term of this Lease, neither Lessee nor any Affiliates of Lessee, nor any shareholder or partner of Lessee, shall own, operate or have any financial interest in any business similar to or in potential competition with the business of Lessee, or which employs the same or similar trade name to the Trade Name, if the other business is located within the restricted area set forth in Section 1.21 of the Basic Lease Provisions. Without limiting Lessor's other available remedies, in the event Lessee should violate the covenant set forth under this Section 4.4(e), Lessor may, at Lessor's option, (i) terminate this Lease upon thirty (30) days' written notice to Lessee, (ii) enjoin the operation of such violative action, (iii) pursue any other remedy permitted under this Lease or applicable law.

**4.5 Definition of Rent; No Offset or Abatement.** All monetary obligations of Lessee under this Lease, including but not limited to, payment of Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses and any other amounts payable by Lessee to Lessor or the City of Redondo Beach, shall be deemed to be rent (**"Rent"**) due Lessor under this Lease, for all purposes, including, without limitation, California's Unlawful Detainer Statutes. Rent shall be paid without deduction, abatement, offset, prior notice or demand, except to the extent otherwise expressly provided in this Lease.

**4.6 Late Charges.** Lessee hereby acknowledges that late payment by Lessee of any Rent will cause Lessor to incur costs, the exact amount of which will be extremely difficult to ascertain. Such costs may include but are not limited to: attorney's fees and costs; staff, administrative, processing, accounting and collection costs,

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and late charges which may be imposed on Lessor by the terms of a mortgage or deed of trust securing Lessor's interest in the Project, or by any other vendor or creditor. Accordingly, if any Rent due hereunder shall not be received by Lessor or Lessor's designee within five (5) days after such Rent was due, with or without notice (which shall not be required) from Lessor, then Lessee shall pay to Lessor an additional ten percent (10%) of the amount of such Rent due ("**Late Charge**") as liquidated damages, it being agreed that such amount represents a reasonable estimate of the losses, costs and expenses (other than Lessor's foregone interest on the Rent due) that Lessor will suffer in such circumstances. Acceptance of the Rent without the Late Charge will not constitute a waiver of any Default by Lessee with respect to such overdue amount and/or nonpayment of the Late Charge by Lessee, nor prevent Lessor from exercising any other rights and remedies available under this Lease. Lessor's failure or delay to require or collect the Late Charge, in any one or more instances, shall not constitute a waiver of the right to collect any still unpaid or subsequent Late Charges. In addition to the Late Charge described above, interest shall accrue as provided in Section 19 on all Rent which is not paid when due or as otherwise expressly provided by the terms of this Lease.

**4.7 Cashier's Checks; Quarterly Payments.** In the event a Late Charge has become payable by Lessee and/or checks delivered by Lessee are not honored by Lessee's bank, on two (2) occasions during the Term, then in addition to payment of applicable Late Charges, Lessor's bank charges, and accrued interest, upon written notice from Lessor, Lessee shall (a) make all further payments of Rent due under the Lease by cashier's check, and (b) pay all Minimum Monthly Rent and estimated monthly CAM Expenses hereunder, in advance, on a quarterly basis on the first day of each quarter (i.e., January, April, July and October) rather than monthly, notwithstanding any provision of this Lease to the contrary.

**4.8 Application of Payments.** In the event Lessee is in arrears for payment of any Rent due or otherwise in Default under this Lease, then upon receipt by Lessor of any payment to fulfill any obligation of Lessee's under this Lease, Lessor shall have the right, in Lessor's sole discretion, to apply said payment received to any of Lessee's outstanding obligations hereunder, regardless of any notations on said payment or other statement of intent made by Lessee or any of Lessee's Representatives, and such application by Lessor shall be conclusively deemed to be the correct application for all purposes.

**5. SECURITY DEPOSIT.** Lessee shall deposit with Lessor, concurrently with the execution of this Lease, the security deposit set forth in Section 1.14 of the Basic Lease Provisions ("**Security Deposit**") as security for Lessee's faithful performance of Lessee's obligations hereunder. Whenever the Minimum Monthly Rent and/or estimated monthly payments of Lessee's Share of CAM Expenses due under this Lease increases, Lessee shall, at the time of such increase, deposit with Lessor such additional funds so that the total amount of the Security Deposit held by Lessor shall at all times bear the same proportion to Lessee's then payable Minimum Monthly Rent and estimated monthly payment of Lessee's Share of CAM Expenses as the original Security Deposit set forth in Section 1.14 did to the amount of Advance Minimum Monthly Rent and Estimated Monthly CAM Expenses paid (as set forth in Section 1.11 of the Basic Lease Provisions); provided, however, that if there is(are) a fixed increase(s) in the Security Deposit provided in Section 1.14 of the Basic Lease Provisions, said fixed increase(s) shall control. If Lessee fails to pay any Rent as and when due hereunder, or any other Default exists with respect to any provision of this Lease, Lessor may use, apply, or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, cost, expense, loss, or damage (including attorneys' fees and costs) which Lessor may suffer or incur by reason of such Default. If Lessor so uses or applies all or any portion of the Security Deposit, Lessee shall, within ten (10) days after written demand therefore, deposit additional cash with Lessor in an amount sufficient to restore the Security Deposit to the full amount then required of Lessee under this Lease. Lessor shall not be required to segregate or otherwise keep the Security Deposit separate from its general accounts. After expiration of the Term or earlier termination of this Lease, and provided Lessee has vacated the Premises and is not otherwise in Default under this Lease, then the Security Deposit or so much of it as has not been applied by Lessor, shall be returned to Lessee, without payment of interest or other increment for its use (or to the last Transferee, as required of Lessor in the most recent Transfer Documents). No trust relationship is created herein between Lessor and Lessee, and no fiduciary obligations are imposed upon Lessor hereunder, with respect to the Security Deposit. Lessee shall not mortgage, assign, transfer or encumber the Security Deposit, and any attempt by Lessee or any Transferee to do so shall be null and void

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and shall not be binding upon Lessor. The Security Deposit may be transferred or assigned by Lessor to any purchaser of, lender for, or assignee of Lessor's interest in the Project, and thereupon, Lessor shall be discharged and released, from any liability to Lessee with reference to the Security Deposit. Lessee waives its rights, if any, under California Civil Code Section 1950.7 or any other similar or successor statute governing security deposits.

**6. PERMITTED USE.** Lessee shall not use or allow the use of the Premises for any purpose or purposes other than the Permitted Use set forth in Section 1.6, nor shall Lessee conduct or allow to be conducted any business at the Premises under any trade name other than the Trade Name set forth in Section 1.2 of the Basic Lease Provisions, without the prior written consent of Lessor, which consent may be withheld in Lessor's sole and absolute discretion.

**6.1 Compliance with Permits; Licenses; Laws.** Lessee, at Lessee's sole expense, shall promptly obtain, maintain in full force and effect, and comply with all provisions of, throughout the Term, all licenses, permits, and approvals required for Lessee's Permitted Use, any Alterations (as defined in Section 7.3), conduct of any business or other activities at, and occupancy of the Premises. Lessee warrants, represents, and agrees that, during the Term, (a) the Premises and each portion thereof, and Lessee's conduct of its business at or from the Premises, shall fully comply with all Governmental Requirements (as defined in Section 6.2 below), and Lessee shall, at its sole cost and expense, take such steps as may be required from time to time, to maintain such compliance, (b) neither the Premises nor any portion thereof shall be improved, used or occupied in violation of any Governmental Requirements, and (c) Lessee shall comply in all respects, and not permit any act to be done or any condition to exist on the Premises or any part thereof or any article to be brought or stored at the Premises which does not comply, in all respects, with all Governmental Requirements or is dangerous or which may make void or voidable any insurance of Lessee's or Lessor's. Lessee shall pay when and as due all license fees, permit fees and charges of a similar nature for the conduct by Lessee or any subtenant of any business or undertaking authorized hereunder to be conducted in the Premises.

**6.2 Definition of Governmental Requirements.** "Governmental Requirements" as used in this Lease means and includes any and all licenses, permits, laws, statutes, official policies, ordinances (including, without limitation zoning ordinances), codes, decrees, rulings, regulations, writs, injunctions, orders, rules, conditions of approval or authorizations of any governmental entity, agency or political subdivision, whether in effect on the Effective Date or subsequently issued, passed, or adopted, whether or not they constitute a change in policy from that existing as of the Effective Date, and that apply to the Premises, the Building, the Project, or the use of and operation of Lessee's business operations therein. Governmental Requirements shall include, but not be limited to, all protocols, safety precautions, requirements, and restrictions related to the the Americans with Disabilities Act and the Covid-19 pandemic and any other epidemic, pandemic, or health crisis.

**6.3 Condition of Premises; Restrictions; CASp.** Except as may otherwise be expressly provided in this Lease, Lessee hereby accepts the Premises, the Building, and the Project (including all Common Areas) in their "as is" and "where is" condition existing as of the Effective Date. Lessee further acknowledges and agrees that Lessee's possession of the Premises shall be subject to all current and hereafter applicable Governmental Requirements governing and regulating the Premises, the Building and/or the Project, and any easements (including without limitation aviation easements), liens, deeds of trust, ground leases (including, without limitation, the Ground Lease), covenants, conditions, and restrictions now or hereafter of record (the foregoing, including the Governmental Requirements, are referred to, individually and collectively hereinafter, as "Restrictions"), and Lessee hereby agrees to comply with each of the foregoing Restrictions. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises, the Building, and the Project are suitable and fit for Lessee's intended use, occupancy, and other purposes, including, but not limited to, the Permitted Use, and that neither Lessor nor any of Lessor's Representatives have made or will make any agreements, representations, or warranties as to (a) the present or future condition, suitability, or fitness of the Premises, the Building, the Project, or the surrounding area, for the conduct or profitability of Lessee's business, (b) the state of construction or repair of the Premises, the Building or any part of the Project (including all Common Areas), or (c) any agreement by Lessor to alter, remodel, improve, repair, decorate or paint the Premises. Without limiting the foregoing, Lessor reserves to itself the right, from time to time, to grant or allow, in Lessor's sole and absolute

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discretion, such easements, licenses, rights, dedications, and/or other tenancies in the Project that Lessor deems necessary or desirable, and/or to cause the recordation of parcel maps and/or covenants, conditions and restrictions, and Lessee shall, within ten (10) days after Lessor's request, execute and deliver to Lessor any documents Lessor may reasonably require in connection therewith. In the event Lessee fails to timely execute and deliver such documents, such failure shall constitute a material Default of this Lease by Lessee without the need for further notice to Lessee. Lessee's acceptance of Lessor's Tender of Possession of the Premises shall constitute Lessee's conclusive acknowledgement and agreement, for any purpose, that at that time, the Premises are in the condition called for by this Lease, that Lessor has performed all work required of it (if any) with respect to the Premises and the Project, and that the Premises are in good and acceptable condition and repair.

**CASp.** Pursuant to California Civil Code Section 1938, Lessor hereby certifies to Lessee that, as of the Effective Date of the Lease, the Premises has not undergone inspection by a "Certified Access Specialist." The following disclosure is included because the Premises has not been issued a disability access inspection certificate as described in California Civil Code Section 55.53(e):

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."



**6.4 Lessee's Operation of Business.**

**(a) Continuous Operations.** Lessee shall, continuously during the entire Term and any extensions and/or renewals thereof, conduct and carry on Lessee's business in the entirety of the Premises, keep the entire Premises open for business, and cause Lessee's business to be conducted therein, without interruption, during the Minimum Business Hours specified in Section 1.7 of the Basic Lease Provisions; provided, however, that this provision shall not apply for periods of up to sixty (60) days during which the Premises are closed and the business of Lessee is temporarily discontinued on account of Lessee's performance of (i) repairs or improvements to the Premises necessitated by material damage or destruction to the Premises, or (ii) Tenant Improvements or Alterations to the Premises for which Lessee has obtained Lessor's written approval and all required permits and approvals from all applicable government agencies.

**(b) Merchandise; Menu.** Lessee shall not, without Lessor' prior written consent, which Lessor shall not unreasonably withhold, display or offer for sale or lease to the public, in any manner, directory or indirectly, from or about the Premises, any item of food (cooked or uncooked) or beverages, or retail goods, wares, or merchandise not included in the list of approved items on Exhibit 5 hereto. Subject to the preceding sentence, Lessee shall at all times, stock, display attractively, and offer for sale or lease (as the case may be) to the public, in the Premises, a stock of seasonable goods, wares, and merchandise of such size, character, and quality appropriate to a first-class business operation of the Permitted Use, designed to produce the maximum amount of revenue from the Premises.

**(c) Auctions; Sales.** Lessee shall not (i) advertise or conduct any auction, distress, fire, bankruptcy, liquidation, relocation, or going out of business sale; (ii) warehouse or stock in the Premises any goods, wares or merchandise other than those offered for sale in the Premises; or (iii) use or permit the use of the Premises for the sale or display or pornography or sexually explicit materials, drugs or drug-oriented paraphernalia, weapons or explosives, or any other goods and/or services which, in the sole discretion of Lessor, are inconsistent with the image of a community or family oriented Project.

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(d) **Waste; Nuisances.** Lessee shall not use or permit the Premises to be used in any manner which may result in waste or the creation of a nuisance, and Lessee shall maintain the Premises free of any objectionable noises, odors, sights, or disturbances. Lessee shall fully comply with all health, fire, and police regulations and shall not use or permit the use of the Premises for any purpose or in any manner which may constitute a violation of any Restrictions. Lessee shall not perform any act which may damage or injure the Premises, the Building, or the Project (including without limitation the Common Areas), or which would be likely to disrupt any other Project occupant's business operations or sales, or any visitors or invitees at the Project.

(e) **Supervision.** Lessee shall cause the Premises and the business of Lessee conducted therein, to be personally supervised in all respects, at all times, by competent personnel who have legal capacity and power to act on behalf of Lessee. Lessee shall not engage in or display, or permit any activity or display, at the Premises, which may in any way tend to deteriorate the reputation of the Project, of any lessee of the Project, or of the Pier or surrounding pier area.

(f) **Obstructions; Windows.** Lessee shall not keep or display any merchandise or property in, or otherwise obstruct any part of, the Common Areas, including, without limitation, the sidewalks or areaways adjacent to the Premises. Lessee shall keep the display windows in the Premises well lighted from dusk to such time as Lessor may reasonably require from time to time, but in any event at least until the final time specified in the Minimum Business Hours set forth in Section 1.7 of the Basic Lease Provisions.

(g) **Prohibited Uses.** No portion of the Premises shall be used for (i) any of the prohibited uses set forth in Exhibit 4, or (ii) any use or purpose in violation of applicable Restrictions. In the event that the repeated and continued conduct by patrons of Lessee results in interference with the business of other occupants in the Project and Lessor receives two (2) or more complaints from any such other occupants, the City of Redondo Beach, or members of the public, Lessor may require that Lessee obtain special security, at Lessee's sole expense, to mitigate such interference, or at Lessor's sole discretion, Lessor may elect to obtain such special security and Lessee shall be responsible for reimbursing Lessor, on demand, for the entire cost thereof including interest at the interest rate established pursuant to Section 19 of this Lease from the date incurred by Lessor until paid by Lessee. Lessee shall not install equipment or carry any stock or goods or do anything in or about the Premises which will increase the cost of insurance to be carried by Lessor hereunder and Lessee shall be solely responsible for payment of the entire amount of any such increased cost to Lessor, within ten (10) days after receipt of an invoice from Lessor, with interest at the interest rate established pursuant to Section 19 of this Lease from the date incurred by Lessor until paid by Lessee. The listing of the foregoing prohibited uses is in no way intended to limit Lessee's obligation to obtain Lessor's prior express consent to any proposed change in the Permitted Use.

**6.5 Lessee Mix.** Lessor reserves the absolute right to affect such other occupancies and to approve such other menus and merchandise lists in the Project as Lessor, in its sole discretion, shall determine. Lessee has not and shall not rely on the fact that, nor does Lessor make any representation regarding, any specific occupant or type or number of occupants of any space in or conducting any particular business operations at the Project.

**6.6 Joint Promotional Program.** Lessor shall have the right, but not the obligation, to create, maintain, join, participate in, contribute to, and/or manage one or more fund(s) (individually and collectively, a "**Promotional Program**") for the advertising, marketing, special events, and promotion (individually and collectively, "**Promotional Activities**") of the Pier and/or the Project. Under the terms of Section 4.2 hereof, Lessee's Share of CAM Expenses shall include Lessee's Share of the Project's total annual budget of the Promotional Program, which total annual budget shall not exceed two percent (2%) of the combined gross sales of all occupants of the Project, as reported by such other occupants, for the prior calendar year. Lessor, at its sole discretion, from time to time, may (a) organize, reorganize, create or modify the entity, goals, and Promotional Activities, of the Promotional Program, (b) elect to operate the Promotional Program independently or together with businesses and/or organizations whether or not they are affiliated with the Project (including, but not limited to, other businesses, leaseholds, and/or organizations on the Pier, in the harbor area, in the City of Redondo

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Beach, or other regional groups, trade organizations, etc.), and (c) modify the formula for Lessee's annual charges to the Promotional Program, so long as they do not exceed the maximum set forth in this Section 6.6. As of the Effective Date, the Redondo Pier Association is designated as the Promotional Program.

**6.7 Lessee Advertising.** In addition to Lessee's contribution to the Promotional Program, as set forth in Section 6.6 above, Lessee shall plan and carry out Lessee's own independent advertising, marketing, and promotional activities ("**Lessee's Marketing Program**"), including, but not limited to, (a) the development and up to date maintenance of a web site dedicated to marketing and promoting Lessee's business at the Premises, and (b) development and placement of advertisements in local newspapers and magazines, digital and social media, direct mailings and/or television. All of Lessee's advertisements and promotional materials shall prominently identify the location of Lessee's business at the Premises as "At the Redondo Landing – On the Pier", its location on the Redondo Beach Historical Pier, and where appropriate the Redondo Landing's logo. Nothing herein shall be deemed to grant any use or ownership rights to Lessee or any other party of Lessor's ownership rights in or to the name, logo, or image of the Redondo Landing, other than the limited rights to use same in Lessee's Marketing Program. Upon request by Lessor, Lessee shall provide Lessor with a written report of Lessee's Marketing Program, together with links to Lessee's web site and a copy of each published advertisement. If there is an amount entered into Section 1.19 of the Basic Lease Provisions, then this amount shall be the minimum budget Lessee agrees to spend every calendar year on Lessee's Marketing Program.



**6.8 Storefront Window Displays; Merchandising.** If Lessee is a retail merchant with storefront windows, then Lessee agrees to maintain first class storefront window displays and in-store merchandising and shelving, and to modify and update the storefront window displays, at a minimum, four (4) times per year during the Term (i.e., every January 15, June 15, September 15, and November 15), and at any time upon two (2) weeks notice from Lessor. Unless Lessor elects, in its sole discretion, to provide these services to the Premises as a CAM expense, Lessee also agrees to wash all storefronts and windows in the Premises no less than once per week if on the Pier level of the Building and no less than once per month if on the upper level of the Building.

**6.9 Verification of Lease Compliance.** Upon three (3) days notice from Lessor, Lessee shall produce and deliver to Lessor all verifiable evidence in Lessee's possession or accessible by Lessee, of Lessee's compliance with any of Lessee's obligations under this Lease (e.g., service and maintenance contracts).

**7. MAINTENANCE; REPAIRS; ALTERATIONS; TENANT IMPROVEMENTS.**

**7.1 Lessor's Obligations.** Subject to the provisions of Sections 4.2 (CAM Expenses), 6 (Permitted Use), 7.2 (Lessee's Obligations), 7.3 (Alterations and Additions), and 9 (Damage or Destruction), and also subject to Lessor's reimbursement as a part of CAM Expenses, Lessor shall be responsible for repairs to the exterior walls, foundation, and roof of the Premises. However, Lessor shall in no event be obligated to paint, repair, maintain, or replace (a) the interior surfaces and decorative treatments of any exterior walls, (b) any windows, doors, surfaces, storefronts, plate glass, or any utility lines (wherever located) constituting a part of or exclusively serving the Premises, (c) Lessee's rooftop equipment, and (d) any other item which is the responsibility of Lessee under Section 7.2 below. Lessor shall have no obligation to commence repairs under this Section 7.1 until thirty (30) days after receipt of written notice from Lessee of the need for such repairs. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises, the Building, or the Project in good order, condition, or repair. Lessor shall not, under any circumstances, regardless of negligence, fault, or cause, be liable to Lessee and Lessee agrees to hold Lessor completely free and harmless from all claims, damages or losses of any kind or nature, by reason of Lessor's failure to make any repairs required of Lessor under this Section 7.1 or to furnish any Common Area services, including, without limitation, any Losses and Liabilities (aa) related to Lessee's Tenant Improvements, products, inventory, furniture, fixtures, equipment or personal property; (bb) respecting any injury to any person; and (cc) respecting any interruption of business operations, including, without limitation, any loss of profits or additional operating expenses such as increased expenses and/or additional employee related costs incurred by Lessee. Lessor's sole obligation under this Section 7.1 shall be to make any repairs expressly required of Lessor. Lessor's obligations under this Section 7.1

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shall not include any damage caused by any negligent or intentional act or omission of Lessee, or any assignee, subtenant, licensee, or concessionaire of Lessee or any Lessee's Representative, or any of their respective employees, contractors, agents, suppliers, shippers, customers, or invitees, in which event Lessee shall be solely responsible to repair the damage at Lessee's sole expense,

## 7.2 Lessee's Obligations.

(a) **Repair and Maintenance of the Premises.** At all times during the Term of this Lease, Lessee, at Lessee's sole expense, shall keep in good and first class order, condition and repair the Premises and every part thereof, including any Outdoor Areas (and for purposes of the obligations imposed on Lessee under this Section 7, the term Premises shall also include any other parts of the Project which Lessee has used or to which Lessee has exclusive rights to use), whether or not the damaged areas or items are within the Premises or the means of repairing the same are reasonably or readily visible or accessible to Lessee, including, without limiting the generality of the foregoing, all: (i) plumbing (water, sewage, and gas), heating, ventilating and air conditioning lines and systems, (ii) electrical and lighting facilities (including among other things, all lines, panels, meters, and parts), (iii) furniture, fixtures, and equipment within or servicing the Premises or belonging to Lessee, (iv) interior walls and interior surfaces of (and decorative features installed by Lessee on either side of) any exterior walls, (v) ceilings, windows, doors, storefronts, plate glass, eaves, soffits, patios, walkways, landscaping, and fences within or part of, or exclusively serving, the Premises, and (vi) Lessee's interior and exterior signage, branding elements, and decor. Outdoor Areas, if any, shall be kept by Lessee in a clean and first-class condition and, among other things, Lessee shall have the floor surface of the Outdoor Areas steam cleaned (if concrete, tile, paver, or other similar hardscape finish) not less than twice each month. Lessee shall procure and maintain, at Lessee's expense, a monthly heating, ventilating and air conditioning system preventive maintenance contract for any mechanical equipment and systems serving the Premises, and Lessee shall furnish Lessor a copy of such service contract within five (5) days of execution. Lessor reserves the right to procure, repair, and replace the ventilating and air conditioning system, including the preventative maintenance contract, and if Lessor so elects, Lessee shall reimburse Lessor upon demand for the entire cost thereof. Except in case of an emergency, prior to Lessee's making any repair costing in excess of One Thousand Dollars (\$1,000.00), Lessee shall give Lessor written notice of the nature of such work and when it will be performed, and Lessor shall have the right to approve or disapprove of the plans for such repair.

(b) **Trash; Storage.** Lessee shall store all trash, garbage, grease disposal containers, maintenance equipment, supplies, and other personal property within the Premises or in such other areas as Lessor may designate from time to time, and Lessee shall keep the Premises, Outdoor Areas and the Project, including, but not limited to Common Areas, free and clear of Lessee's rubbish, debris, equipment, supplies, property, and litter at all times. Lessee shall provide proper containers for trash and garbage, which containers shall be located so as not to be visible to members of the public and Lessee shall arrange for regular removal thereof at Lessee's expense and shall not permit the same to create or otherwise permit to be created, any odors or health or fire hazards.

(c) **Pest Control.** If Lessee maintains, stores, or serves, any perishable food or beverages at the Premises for any purpose, Lessee shall hire the services of a licensed pest control operator (approved by Lessor), for service on a regular basis and in no event less than twice each month, and shall use its best and most diligent efforts to maintain the Premises completely free and clear of any pests and rodents. In the event there are any visible signs or reports of the presence of insects or rodents, then additional pest control treatment may be required by Lessor, in its sole discretion, to eliminate them and/or prevent them from spreading or relocating.

## 7.3 Alterations and Additions; Tenant Improvements; Liens.

(a) **Lessor Approval.** Lessee shall not, without Lessor's prior written approval, apply for a building permit, make or install any alterations, improvements, additions or Utility Installations (as defined below in Section 7.4), or paint or affix any exterior signage or décor (individually and collectively, "**Alterations**") in, at, or upon the Premises, the Common Areas, or any other part of the Project. Any request to Lessor for approval of

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proposed Lessee signage shall be made in accordance with the requirements set forth in Section 31 of this Lease. Lessor shall not be required to review Lessee's request to make any Alterations or to grant its consent to such request during any period of time in which Lessee is in Default of any of the terms of this Lease. In connection with a request by Lessee for approval to make Alterations, Lessor, at Lessee's expense, may confer with consultants and may also submit to such consultants for review any of the plans, specifications, and renderings submitted to Lessor by Lessee, and Lessee agrees to pay Lessor, as additional Rent, the cost of such consultation and review within five (5) days after receipt of invoices from Lessor. If Lessor shall give its consent to Lessee's proposed Alterations, such consent shall be deemed conditioned upon Lessee (i) obtaining and fully complying with all Restrictions, including, but not limited to, obtaining all required permits and inspections, and (ii) performing the Alterations in a prompt, expeditious, first class manner without unreasonably interfering with other occupants, visitors, and invitees to the Pier. If Lessee fails to submit plans and specifications as required herein prior to initiating any Alterations, initiates any Alterations without the prior approval of Lessor, or if the performance of any Alterations is not in accordance with the plans and specifications as approved by Lessor or any applicable Restrictions, then, in addition to Lessor's other remedies, Lessor may require immediate removal of any or all such Alterations and restoration of the Premises to their prior condition.

**(b) Architectural Master Plan.** Lessee understands and agrees that there exists an overall architectural design and master plan created and maintained by Lessor for the Project and by the City of Redondo Beach for the Pier. At all times Lessee shall endeavor to preserve the continuity and consistency of, and coordinate its designs with, the overall architectural design and master plan of the Project and the Pier. Any Alterations to the Premises that Lessee presents to Lessor for approval, shall include proposed detailed plans and elevations, material specifications, and color renderings.

**(c) Liens; Encumbrances.** Lessee shall keep the Premises, the Building, the Project, Lessee's leasehold interest, and all other furniture, fixtures, equipment, and improvements now or hereafter located on the Premises, free and clear of all encumbrances, attachments, liens (and claims of liens) for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. Lessee shall (i) promptly pay and discharge, or cause the Premises and the Project to be released from, any such lien or claim of lien, or, (ii) if Lessee decides to contest a lien, then furnish Lessor (in form satisfactory to Lessor, in its sole and absolute discretion) such bond as may be required by law to free the Premises and the Project from the effect of such lien and to protect and secure Lessor against any claims for Lessor to pay such lien(s). Should Lessee fail to pay and discharge, or cause the Premises or the Project to be released from any such lien or claim of lien, or to provide a bond or other assurance as permitted hereunder, no later than the earliest to occur of (i) twenty (20) days after Lessee's first becoming aware of such lien or claim of lien, (ii) twenty (20) days after service on Lessee by Lessor of a request to do so, or (iii) immediately upon the lien claimant commencing foreclosure of its lien, Lessor may pay, adjust, compromise, and discharge any such lien or claim of lien on such terms and in such manner and amount as Lessor may deem appropriate, in Lessor's sole and absolute discretion, and Lessee shall, on demand, reimburse Lessor for the full amount so paid by Lessor, including any attorneys' fees and costs and other costs incurred by Lessor, together with interest thereon at the interest rate established pursuant to Section 19 of this Lease from the date incurred by Lessor until the date reimbursed by Lessee.

**(d) Additional Requirements.** Lessee's rights to perform any Alterations, repairs, replacements or maintenance at, in, or to the Premises, including Lessee's Tenant Improvements, shall be subject to the following additional requirements: (i) such Alterations, repairs, replacements or maintenance may only be performed (a) by licensed and bonded contractors, (b) after all insurance certificates required hereunder have been provided to Lessor, (c) under the supervision of a competent architect and a licensed structural engineer (if any structural work is to be performed), and (d) in a first class, good, and workmanlike manner and only with materials of the highest quality that are designated by the manufacturer(s) as well suited for marine environments, (ii) Lessee shall give Lessor at least ten (10) days written notice prior to the commencement of any work, specifying the start date, so Lessor can record and post a Notice of Non-Responsibility, (iii) all equipment and material shall be located, and the construction conducted, at all times, in a manner which does not impair the access to the premises of any other tenant in the Project, (iv) Lessee shall use best efforts and best practices to avoid the dispersion of construction dust, noise, and fumes into the Common Areas and the premises of other tenants of

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the Project and shall cause the work areas to be cleaned on a daily basis; (v) if required by Lessor or the City, Lessee shall, at its sole cost and expense, erect a temporary security fence surrounding the construction areas; (vi) Lessee shall be responsible for any damage to the Premises, the Building, the Project or other property of Lessor or third parties caused by Lessee's construction work; (vii) Lessor shall have the right to record and post on the Premises Notices of Non-Responsibility, and (viii) within five (5) days after substantial completion of the work, Lessee shall file or record in the office of the Los Angeles County Recorder, post upon the Premises (as required or permitted by law), and provide a copy to Lessor, of a Notice of Completion. In the event Lessee has not properly recorded and delivered to Lessor a copy of the recorded Notice of Completion within five (5) days after substantial completion of the work, Lessor may (but shall not be obligated to) record said Notice of Completion on Lessee's behalf and Lessee hereby appoints Lessor as Lessee's agent with full authority to prepare and record any such Notice of Completion; provided, however, that in no event shall Lessor assume any liability whatsoever under Lessee's contract(s) for the work or otherwise. At Lessor's request, Lessee shall post a payment bond and/or a performance bond, or other form of cash or security, acceptable to Lessor, in its sole discretion, in the amount of one hundred twenty-five percent (125%) of the cost of any work, assuring Lessor of lien free completion in accordance with approved plans and specifications and the requirements under this Lease.

**(e) Initial Tenant Improvements.** Subject to all consents, approvals, and other requirements set forth in this Section 7, as a material inducement to Lessor to enter into this Lease with Lessee, Lessee agrees that it will, at its own expense immediately after the Tender of Possession, commence construction of all Tenant Improvements set forth in Exhibit 3 hereto.

**(f) As-Built Plans.** Within thirty (30) days of the completion of any Alterations, and for the initial Tenant Improvements prior to Lessee's opening for business at the Premises, Lessee, at Lessee's sole expense, shall provide Lessor with as-built plans and specifications for all Alterations made to the Premises.

**7.4 Utility Installations.** Lessor reserves the right to make or install or grant permission to third parties (including, but not limited to, other occupants of the Project) to make or install new or additional, or to repair, modify, and replace Utility Installations throughout the Project, the Common Areas, and/or the Premises. In connection therewith, Lessee shall provide Lessor or any other Lessor designated party full access to all areas within the Premises (including, without limitation, surfaces of and spaces inside walls, behind furniture, fixtures, or equipment, and on or above any ceiling (suspended or not) or floor of the Premises). Such Utility Installations shall not materially interfere with Lessee's use of the Premises and any damage caused to the Premises shall be repaired by Lessor or its designated third parties. As used in this Section 7.4 and elsewhere in this Lease, the term "**Utility Installation**" shall mean and include, without limitation, any power panels, electrical distribution systems, lighting fixtures, heating, ventilation, and air conditioning systems, plumbing, roof penetrations, air lines, meters, and electrical, digital, cable, satellite, telephone, communication, security, and fire protection and detection systems, conduit, wiring and components.

## 8. INSURANCE; INDEMNITY.

**8.1 Liability Insurance — Lessee.** At all times from and after the Effective Date (and in any event prior to taking possession of the Premises) and throughout the Term, Lessee shall maintain, at Lessee's sole cost, an occurrence based policy of comprehensive commercial general liability insurance with broad form coverage endorsement (including a broad form property damage endorsement) insuring against claims and liability for, among other things: (a) personal injury, (b) loss of life, and (c) damage to property, arising from the use, occupancy or condition of the Premises (including any Outdoor Areas, other areas of the Project, and any abutting public rights-of-way) and any acts or omission of Lessee and Lessee's Representatives, visitors, and invitees, which insurance shall provide combined single limit protection of at least the amount set forth in Section 1.16 of the Basic Lease Provisions, per occurrence, for bodily injury or death to one or more persons and/or damage to property. If the operation of Lessee's business includes the sale of alcoholic beverages, the policy of commercial general liability insurance required pursuant to this Section 8.1 shall include coverage for employer's liability, host liquor liability, legal liquor liability and so called "Dram Shop" liability coverage with a combined single limit of not less than the limits per occurrence stated in Section 1.16 of the Basic Lease Provisions. Lessee shall also carry

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Employer's Liability Insurance with minimum limits of One Million Dollars (\$1,000,000). Lessee's commercial general liability insurance shall include the following endorsements: (a) deleting any employee exclusion on personal injury coverage, (b) including coverage for injuries to or caused by employees, (c) providing for blanket contractual liability coverage (including the indemnity obligations of Lessee under this Lease, including specifically, but without limitation, the indemnity obligations under Section 8.7 of this Lease), broad form property damage coverage, products completed operations, and owner's protective and personal injury coverage, and (d) providing for coverage of including owned, non-owned, and hired automobile(s), with liability limits of not less than Two Million Dollars (\$2,000,000) combined single limit for each accident for bodily injury and property damage combined. On the fifth (5th) anniversary of the Effective Date and every five (5) years thereafter, the above prescribed minimum coverages shall be increased, upon the request of Lessor, to levels reasonably satisfactory to Lessor.

**8.2 Liability Insurance— Lessor.** Lessor shall obtain and keep in force during the Term a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks as Lessor, Lessor's lenders, and the City of Redondo Beach reasonably deem advisable from time to time, in their sole discretion, insuring Lessor, but not Lessee, against liability arising out of the ownership use, occupancy or maintenance of the Project in an amount not less than \$3,000,000.00 per occurrence.

**8.3 Property Insurance— Lessee.**

**(a) Builder's Risk; Worker's Compensation Insurance.** Before commencement of any of Lessee's Tenant Improvements or Alterations costing more than Fifty Thousand Dollars (\$50,000.00), Lessee shall procure or cause to be procured, and shall maintain in force until completion and acceptance of Lessee's Tenant Improvements or Alterations, (i) "all physical loss" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a company reasonably acceptable to Lessor, and (ii) worker's compensation insurance as required by all applicable Restrictions covering all persons employed in connection with such work on the Premises with respect to whom death or bodily injury claims could be asserted against Lessee, Lessor, or the Premises, including employer's liability insurance with a limit of not less than Two Million Dollars (\$2,000,000) per occurrence, and any insurance required by any employee benefits acts or other statutes applicable where the work is to be performed. The builder's risk insurance shall in no event be less than one hundred percent (100%) of the full replacement cost of Lessee's Tenant Improvements or Alterations, as applicable, and shall cover improvements in place and all material and equipment at the job site furnished under contract, and shall protect Lessor as well as Lessee, Lessee's contractors and subcontractors for, from and against any and all Losses and Liabilities for any property damage and for death of or injury to any person by reason of the construction of Lessee's Tenant Improvements or Alterations, as applicable. In addition, upon substantial completion of Lessee's Tenant Improvements and throughout the Term, Lessee shall procure and maintain worker's compensation insurance as required by applicable Restrictions covering all persons employed in connection with Lessee's business operations in the Premises.

**(b) All Risk Insurance.** Lessee shall obtain and keep in full force during the entire Term, at Lessee's sole expense, for the benefit of Lessee and Lessor, with coverage at not less than the full replacement cost thereof, a policy of all risk insurance insuring (i) all of Lessee's Tenant Improvements, Alterations, Utility Installations, and betterments to the Premises (including, without limitation, any Outdoor Areas), (ii) all of Lessee's signage, furniture, fixtures, equipment, merchandise, and other tangible personal property located in or at the Premises (including, without limitation, any Outdoor Areas), and (iii) loss of income and extra expense coverage in amounts as will reimburse Lessee for direct and indirect loss of earnings attributable to all customary perils and loss of access to the Premises as a result of such perils. Such insurance shall provide protection against any peril included within the generally accepted classification of "all risk", including without limitation, coverage against direct physical loss from fire, theft, burglary, structural collapse, flooding, sprinkler damage, vandalism, malicious mischief, earthquake sprinkler leakage, and plate glass breakage. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease is terminated pursuant to the provisions of Section 9 hereof, in which case all proceeds shall be the property of, and payable directly to, Lessor except for those proceeds paid exclusively as compensation for Lessee's removable furniture, trade fixtures, and equipment.

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**8.4 Property Insurance— Lessor.** Lessor shall obtain and keep in force, during the Term, a policy or policies of insurance covering loss or damage to the Project improvements, but not Lessee's personal property, furniture, fixtures, equipment, or Alterations and Tenant Improvements, in an amount no less than ninety percent (90%) of the full replacement cost thereof, providing protection against all perils generally included within the classification of "all risk" and such other perils as Lessor deems advisable or may be required by a lender of Lessor's or the City of Redondo Beach. In addition, Lessor may obtain and keep in force, during the Term, a policy of rental value insurance covering a period of up to two years, with loss payable to Lessor or Lessor's designee. Lessee will not be named in any such policies carried by Lessor and shall have no right to any proceeds therefrom. The policies required by Section 8.2 and this Section 8.4 shall contain such deductibles as Lessor shall determine in its sole discretion. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies carried by Lessor. Lessee shall pay the entirety of any increase in the property insurance premium for the Project over what it was immediately prior to the commencement of the Term if the increase is specified by Lessor's insurance carrier as being caused by the nature of Lessee's occupancy or any act or omission of Lessee.

**8.5 Insurance Policies.**

**(a) Policies; Certificates.** On or prior to the Effective Date, and as a condition to Lessor's Tender of Possession, Lessee shall deliver to Lessor complete copies of all policies of insurance (including all endorsements) required of Lessee under this Lease, along with certificates of insurance and all endorsements evidencing said insurance coverages. Lessee shall thereafter deliver to Lessor certificates of insurance and endorsements evidencing the insurance coverages required by this Section 8 upon renewal of any insurance policy and copies of the entire policy or policies, at Lessor's request. Lessee may provide any insurance required under this Lease by blanket insurance covering the Premises and any other location or locations, provided that the specific policy of blanket insurance proposed by Lessee provides the coverages required by this Lease, taking into account the other properties, persons and risks covered by such blanket policy. Lessee's policies of builder's risk and all risk insurance shall name Lessor the loss payee, and Lessee's policy of general liability insurance shall name Lessor, Lessor's lenders, the City of Redondo Beach, and any other persons designated by Lessor, as additional insureds. All of Lessee's policies shall have deductibility limits acceptable to Lessor, in its reasonable discretion. Lessor makes no representation or warranty to Lessee that the amount of insurance to be carried by Lessee under the terms of this Lease is adequate to fully protect Lessee's interests. If Lessee believes that the amount of any such insurance is insufficient, Lessee shall obtain, at its sole cost and expense, such additional insurance as Lessee may deem desirable or prudent. Lessee acknowledges that, in addition to the foregoing and not in substitution thereof, Lessee is required to maintain such insurance and name such additional insureds as may be required under the Restrictions (including, but not limited to, the Ground Lease) if and to the extent different than the insurance requirements otherwise provided in this Section 8.

**(b) Policy Form; Content; Insurer.** All insurance required to be carried by Lessee under this Lease shall be carried only with insurance companies licensed to do business in California with a current Best's Financial Rating of A+/XII or better (or in the event such rating is no longer available, then any comparable rating in a similar guide reasonably selected by Lessor) or otherwise acceptable to Lessor. All such policies required by the provisions of this Lease to be carried by Lessee shall be nonassessable and shall contain language to the effect that (i) any loss shall be payable to the other insureds notwithstanding any act or negligence of Lessor or Lessee that might otherwise result in a reduction or forfeiture of the insurance, (ii) the policies are primary and noncontributing with any insurance that may be carried by Lessor, (iii) the policies cannot be canceled or materially changed except after thirty (30) days' notice by the insurer to Lessor and the other loss payees and additional insureds on such policies, (iv) the policies shall contain a waiver of subrogation, and (v) Lessor shall not be liable for any premiums or assessments. In addition, all insurance required of Lessee hereunder, shall contain loss payable clauses satisfactory to Lessor.

**(c) Lessor Insurance.** Any insurance Lessor carries under this Lease, may be carried as a primary policy, a blanket policy, an umbrella policy, or in combination or conjunction with any other insurance policy carried by Lessor on this or any other property.

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**8.6 Waiver of Subrogation.** Lessor and Lessee each hereby waive any and all rights of recovery against the other and against their respective Representatives, on account of loss or damage occasioned to such waiving Party or its property or the property of others under its control, to the extent that such loss or damage is insured against under any property insurance policy which Lessee and Lessor may have in force at the time of such loss or damage. Lessee and Lessor shall, at the time of procuring the policies of insurance required under this Lease, give notice to the insurance carrier or carriers that the foregoing waiver of right of recovery is contained in this Lease, and each Party shall cause each insurance policy obtained by it to provide that the insurance company waives any right of recovery, by way of subrogation, against the other Party in connection with any damage covered by any policy of insurance.

**8.7 Indemnification.** Lessee shall, and hereby agrees, to indemnify, defend and hold harmless Lessor, the City of Redondo Beach, Lessor's lenders, and all of their respective Representatives (using attorneys satisfactory to each respectively) from and against any and all Losses and Liabilities resulting from the use, occupancy or enjoyment of the Premises and the Common Areas after the Effective Date. The above indemnification includes, without limitation, any Losses and Liabilities arising by reason of (i) the death or injury of any person, or damage to or destruction of any property, (ii) the occupancy of the Premises and/or conduct (including all acts and omissions) by Lessee, any Lessee Party, and their respective Representatives, (iii) any work performed in, at, or around the Premises, (iv) the failure by Lessee or any Lessee Party to perform or comply with any provision of this Lease or to comply with any Restriction, and (vi) the violation of any representation or warranty of Lessee set forth herein or of any Guarantor under any Guaranty. The obligations of Lessee under this Section 8.7 shall survive the expiration or earlier termination of this Lease. **"Losses and Liabilities"** as used herein means all liabilities, claims, losses, causes of action, charges, penalties, damages, costs, and expenses (including costs of investigation and attorneys' fees and costs), of every character, nature, and kind, whether to property or person, whether by direct or derivative action, and whether known or unknown, suspected or unsuspected, latent or patent. As used in this Lease, **"Lessee's Party"** means each of Lessee's agents, contractors, employees and invitees, any assignee of Lessee, any subtenant, licensee or concessionaire of Lessee or any such assignee, and each of their respective agents, contractors, employees and invitees.

**8.8 Exemption of Lessor from Liability.** Neither Lessor nor any of its Representatives shall be liable to Lessee, any subtenant, licensee, concessionaire, or any of their respective Representatives, invitees, licensees, or customers for any loss, damage or injury to the person, business (or any loss of income or profit therefrom), goods, wares, merchandise or other property, including, but not limited to, any such items belonging to Lessee, its employees, contractors, invitees, customers, and/or or any other person in or about the Premises, including, but not limited to any such loss, damage or injury caused by or resulting from: (i) fire, earthquake, flood, explosions, falling plaster, steam, electricity, gas, water, rain or snow which may leak or flow into, or otherwise damage, any part of the Premises; (ii) the breakage, leakage, obstruction or other defects or failures of pipes, sprinklers, wires, appliances, plumbing, air conditioning systems, lighting fixtures, or from the roof, Pier, or subsurface, and/or any damage caused by moisture or from any other cause whatsoever; (iii) conditions arising in or about the Premises or upon other portions of the Project, or from other sources or places; (iv) any repair, replacement, or restoration of the Premises or any part thereof or any improvement thereto which may be injured by use or by the elements (including but not limited to storms, wave damage or flooding), or the performance of any work by Lessor in or around the Premises, or on account of Lessor bringing or storing materials, supplies, and/or equipment into or through the Premises; or (v) any act or omission of any other occupant of the Project, of occupants of adjacent property, the public, or caused by operations in construction of any private, public or quasi-public work. Neither Lessor nor its Representatives shall be liable for such damage or injury even though the cause of or means of repairing same are not accessible to Lessee. Neither Lessor nor its Representatives shall be liable for any damages arising from any (a) failure by Lessor to enforce the provisions of any other lease in the Project, (b) loss or damage to any property of Lessee or others resulting directly or indirectly from any criminal act, including theft or otherwise, (c) failure by Lessor to obtain insurance required hereunder or such failure by any other occupant of the Project under their respective lease(s), (d) obstruction of Lessee's view, air, or light for any reason including by reason of any structure erected in the vicinity of the Premises, whether by Lessor or a third party, or (e) by the presence or absence of any other merchants or the conduct or lack of conduct of any other businesses, in the Project or on the Pier.

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**8.9 Risk Management.** Lessee agrees that it will not, at any time during the Term, do or permit anything to be done in, on or about the Premises, which will in any way tend to increase the insurance rates on the Premises, the Building, or the Project. Further, Lessee agrees to promptly and completely comply with any request made by Lessor or any of Lessor's insurance companies, for the management of insurable risks by Lessee on or about the Premises.

**8.10 No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease. The Parties acknowledge and agree that the required coverages specified herein are a minimum only, and each Party shall make its own determination if and by how much to augment these coverages for their own protection.

## 9. DAMAGE OR DESTRUCTION.

### 9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, which requires Lessor's Casualty Repairs that Lessor reasonably estimates (i) can be completed within 12 months or less from the date of the damage or destruction, and (ii) the cost of which will not exceed a sum equal to 70% of the total Replacement Cost of the improvements on the Premises (other than Lessee's Alterations, Utility Installations, and trade fixtures) prior to the damage or destruction. Lessor shall notify Lessee in writing within 60 days from the date of the damage or destruction as to whether or not the damage is Premises Partial Damage or Premises Total Destruction.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, which requires Lessor's Casualty Repairs that Lessor reasonably estimates (i) cannot be completed within 12 months or less from the date of the damage or destruction, and/or (ii) the cost of which will exceed a sum equal to 70% of the total Replacement Cost to the improvements on the Premises (other than Lessee's Alterations, Utility Installations, and trade fixtures) prior to the damage or destruction.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, which requires Lessor's Casualty Repairs and was caused by an event required to be covered by the insurance described in Section 8 of this Lease, irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the total cost to repair or rebuild all improvements owned by Lessor, at the time of the casualty, to their condition existing immediately prior to the casualty, including, but not limited to, demolition, debris removal, and reconstruction (including any upgrading required by applicable Governmental Requirements), without deduction for depreciation.

(e) **"Mitigating Events"** shall mean the occurrence of one or more of the following events: (i) the insurance proceeds which are made available to Lessor are insufficient to cover the cost of Lessor's Casualty Repairs, including, without limitation, by reason of the ground lessor under the Ground Lease or any of Lessor's lender(s) not agreeing to release their interest(s) in the insurance proceeds for the purposes of allowing Lessor to use the proceeds to perform Lessor's Casualty Repairs, and/or (ii) Lessor is prohibited by applicable Governmental Requirements from performing Lessor's Casualty Repairs (i.e., repairing and restoring to their condition existing immediately prior to such damage or destruction).

(f) **"Lessee's Casualty Repairs"** shall mean Lessee's work to repair and restore all of Lessee's Alterations, Utility Installations, and trade fixtures, to their condition existing immediately prior to such damage or destruction.


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(g) **“Lessor’s Casualty Repairs”** shall mean Lessor’s work to repair and restore the portions of the Premises which are not required to be repaired and restored as a part of Lessee’s Casualty Repairs, to their condition existing immediately prior to such damage or destruction.

**9.2 Premises Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall utilize the insurance proceeds made available to Lessor to perform Lessor’s Casualty Repairs as soon as reasonably practicable, and this Lease shall continue in full force and effect; provided however, should Lessor reasonably conclude that any Mitigating Events have occurred, then Lessor shall have no obligation to fund the shortage in insurance proceeds made available to Lessor and/or to undertake Lessor’s Casualty Repairs, and Lessor may elect (at Lessor’s sole discretion), to send Lessee written notice (**“Funding Request”**) of such shortage and request that Lessee fund the shortage. If Lessor elects to send a Funding Request to Lessee, and then receives (i) written confirmation from Lessee within 10 days of delivery of the Funding Request that Lessee will provide the requested funds, and (ii) Lessor in fact receives the requested funds from Lessee within 30 days of delivery of the Funding Request, then Lessor shall proceed to make Lessor’s Casualty Repairs as soon as reasonably practicable and this Lease shall remain in full force and effect. If Lessor does not receive Lessee’s written confirmation and/or the funds within the above time periods, then Lessor shall elect by written notice to Lessee, within 60 days after delivery of the Funding Request, to either (i) make such Lessor’s Casualty Repairs as are commercially reasonable, with the insurance proceeds available to Lessor, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease effective 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to make any of Lessor’s Casualty Repairs.

**9.3 Premises Partial Damage - Uninsured Loss.** If a Premises Partial Damage occurs that is not an Insured Loss, then Lessor shall elect by written notice to Lessee within 60 days of the occurrence of the Premises Partial Damage, to either: (i) proceed to make Lessor’s Casualty Repairs as soon as reasonably practicable (subject to any reimbursements required from Lessee under the Lease) and this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving 30 days written notice to Lessee, which notice shall include the amount of the funds Lessor estimates will be required to pay for Lessor’s Casualty Repairs (**“Required Funds”**). In the event Lessor elects to terminate this Lease, Lessee shall have the right, within 10 days after Lessor’s delivery of its termination notice, to respond with written notice to Lessor of Lessee’s agreement to provide the Required Funds, without reimbursement from Lessor. In such event, Lessee shall deliver the Required Funds to Lessor within 30 days of Lessor’s delivery of its termination notice, this Lease shall continue in full force and effect, and Lessor shall proceed to make Lessor’s Casualty Repairs as soon as reasonably possible after Lessor has received the Required Funds. If Lessee does not timely comply with the above requirements for notice and funding, then this Lease shall terminate as of the date specified in Lessor’s termination notice. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to make any of Lessor’s Casualty Repairs.

**9.4 Premises Total Destruction.** Notwithstanding any other provision of this Lease, either Lessor or Lessee shall have the right to terminate this Lease by giving the other Party written notice not more than 30 days after Lessor notifies Lessee that Lessor has reasonably determined that the damage is Premises Total Destruction.

**9.5 Damage Near End of Term.** Without limiting Lessor’s other termination rights set forth in this Section 9, if at any time during the last 12 months of this Lease there is damage for which the cost to repair exceeds one month’s Base Rent, whether or not an Insured Loss, Lessor may, within 30 days after the date of occurrence of such damage, deliver written notice to Lessee terminating this Lease effective 30 days following the date of delivery of such termination notice, which notice shall include the amount of the funds Lessor reasonably estimates are needed to pay for that portion of the repairs that are within Lessor’s Casualty Repairs and which will not be covered by any applicable insurance (**“Needed Funds”**). Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease, then Lessee may cancel any such notice delivered by Lessor to terminate this Lease by, (a) exercising such option by delivery of written notice to Lessor within the earlier of (i) 20 days after Lessor’s delivery of its termination notice, or (ii) the last date Lessee is otherwise permitted to exercise such option pursuant to this Lease, and (b) providing Lessor with the Needed

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Funds within 30 days after Lessor's delivery of its termination notice. If Lessee timely delivers notice to Lessor exercising such option and timely provides Lessor with the Needed Funds, then Lessor shall make Lessor's Casualty Repairs as soon as reasonably practicable and this Lease shall continue in full force and effect. If Lessee fails to timely deliver notice to Lessor exercising such option and/or fails to timely provide the Needed Funds to Lessor, then this Lease shall terminate on the date specified in Lessor's termination notice.

**9.6 Lessee's Casualty Repairs.** At such time as Lessor notifies Lessee that Lessor's Casualty Repairs are completed to the extent necessary for Lessee to commence Lessee's Casualty Repairs, Lessee shall promptly commence Lessee's Casualty Repairs (which in any event shall be commenced within ninety (90) days after substantial completion of Lessor's Casualty Repairs) and diligently pursue them to completion. Unless prohibited by a Restriction (and then, only to the extent so prohibited), Lessee's Casualty Repairs, when completed, shall be at least equal in value and quality to the condition they were in immediately before the event giving rise to Lessee's Casualty Repairs. All of Lessee's Casualty Repairs shall comply with all requirements imposed with respect to construction activities by Lessee set forth in this Lease. Lessee shall continue the operation of Lessee's business activities at and from the Premises during any period of repair, whether such repair is performed by Lessor or Lessee, to the extent reasonably practicable from the standpoint of prudent business management.

**9.7 Abatement of Rent.** In the event of a casualty as described in this Section 9, the Minimum Monthly Rent and Lessee's Share of CAM Expenses payable hereunder shall be thereafter abated proportionately with the degree to which Lessee's use of the Premises is impaired from the time of the casualty causing the damage or destruction until Lessor's Casualty Repairs are substantially completed; provided, however, the amount of such abatement pursuant to this Section 9.7 shall in no event exceed the amount of rental loss insurance proceeds actually received by Lessor with respect to the Minimum Monthly Rent and Lessee's Share of CAM Expenses that would otherwise have been due from Lessee for such period. Except as expressly provided in this Section 9.7, Lessee shall not be entitled to any compensation from Lessor for loss of use of the whole or any part of the Premises, the Building or the Project as a result of any casualty or any related repair work.

**9.8 Lessee's Responsibility.** If a Premises Partial Damage or a Premises Total Destruction occurs and is attributable in whole or in part to the negligence or willful misconduct of Lessee or any of Lessee's Representatives, then, subject to any applicable waiver of subrogation provided in Section 8.6 of this Lease, Lessor shall have the right to recover damages from Lessee in connection therewith including, without limitation, the cost of any required repairs not covered or required to be covered by Lessor's insurance.


**9.9 Waiver.** Lessee hereby waives any statutory and common law rights of termination which may arise by reason of any partial or total damage or destruction of the Premises, the Building, or the Project.

**9.10 Termination.** Upon any termination of this Lease under any of the provisions of this Section 9, Lessor and Lessee each shall be released without further obligations to the other as of the later to occur of the date of such termination or the surrender of possession of the Premises to Lessor in the condition required by this Lease, except for items which have previously accrued and remain unpaid and except for any obligations of Lessee which otherwise survive the termination of this Lease. Notwithstanding anything which may be or appear to be to the contrary in this Lease, any and all property damage insurance proceeds (exclusive of any proceeds applicable to Lessee's personal property that would be retained by Lessee at the end of the Term) paid as a result of the damage or destruction giving rise to the termination shall be Lessor's property and shall distributed to and retained by Lessor.

**10. REAL PROPERTY TAXES.**

**10.1 Payment of Taxes.** Lessor shall pay the Real Property Taxes, as defined in Section 10.2, applicable to the Project subject to reimbursement by Lessee of Lessee's Share of Real Property Taxes in accordance with the provisions of Section 4.2.

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**10.2 Definition of Real Property Tax.** As used herein, the term "**Real Property Taxes**" shall include any form of real estate or real property taxes, assessment, excises, and/or levies, including any business, use, rental, or other business or other license fee, commercial rental tax, utility tax, improvement bond or bonds, sewer rents and tap-in or hook-up fees, water meter and water charges, excises, levies, license and permit fees, penalties, surcharges, charges for public utilities and all other charges of whatsoever kind and nature and whether any of the foregoing be general or special, ordinary or extraordinary, foreseen or unforeseen, imposed or required by any Federal, state, county, city or other governmental or quasi-governmental authority having jurisdiction over the Project, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof. The term Real Property Taxes shall also include any tax, fee, levy, assessment or charge (i) on Lessor's right to rental or other income from the Project or as against Lessor's business of leasing the Premises, (ii) in lieu, partially or totally, of any taxes or assessments assessed upon real property, in the area which includes the Project, prior to the Effective Date, (iii) which is imposed or increased as a result of a transfer, either partial or total, of Lessor's interest in the Project or which is added to a tax or charge hereinbefore included within the definition of Real Property Taxes by reason of such transfer, and/or (iv) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof. Real Property Taxes shall also include all taxes and assessments (including without limitation all of the foregoing enumerated elements of Real Property Taxes) which are imposed upon Lessor pursuant to the Ground Lease including, without limitation, possessory interest taxes. Real Property Taxes shall not include any net income taxes, gift taxes, inheritance taxes and estate taxes of Lessor.

### **10.3 Personal Property Taxes.**

**(a) Lessee's Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon trade fixtures, furnishings, equipment, and all other personal property of Lessee contained in the Premises or in any other way related to the Premises or this Lease.

**(b) Separate Billings.** Lessee shall cause all taxes, assessments, and levies upon Lessee's personal property to be assessed and billed separately from Lessor's taxes and cause such tax bill to be sent directly to Lessee, however, if any of Lessee's said personal property shall be assessed with Lessor's real or personal property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

**10.4 Contests.** Lessor reserves the right to contest Real Property Taxes, and/or the valuation of the Project or the portion thereof which the Premises are a part and Lessee shall pay Lessee's Share of any costs and fees (including, without limitation, legal and consulting costs and fees) incurred as a result of Lessor's protest of Real Property Taxes and/or valuation of the Project or such portion thereof.

## **11. UTILITIES.**

**11.1 Services Exclusive to Lessee.** Lessee shall pay directly to the utility provider, prior to delinquency, all charges for water, gas, power, telephone, data, trash disposal, fire sprinkler and smoke detector monitoring systems, and all other services and utilities used, rendered or supplied to and metered exclusively to the Premises, together with any surcharges and taxes thereon. If any such utilities are jointly metered to the Premises and service also provided to another Project tenant or Common Area, then Lessee shall pay Lessor, in addition to Lessee's Share of CAM Expenses, either: (a) the cost of the utility service provided to the Premises as measured by a submeter, or if no submeter, then (b) a reasonable estimate of the cost of the utility service provided to the Premises, as determined by Lessor in its sole and absolute discretion, and Lessor's sole determination thereof shall be conclusive.

**11.2 Excess Usage by Lessee.** Lessee shall not, without Lessor's prior written consent, make any connection to utilities except by or through the Premises' separately metered connections to such utilities. Lessee shall not install or use machinery or equipment in or about the Premises that requires utility capacity in excess of that provided to the Premises, or suffer or permit any act that would interfere with utilities or services provided to

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the Project. Lessee shall indemnify and hold Lessor harmless from all Losses and Liabilities in connection with a breach by Lessee of its obligations under this Section 11.2. Lessor may, in its sole discretion, at Lessee's sole expense, install supplemental equipment and/or separate metering or submetering applicable to Lessee's excess usage or loading and, if the cost to install same is incurred by Lessor, said entire cost shall be reimbursed by Lessee to Lessor within five (5) days after demand by Lessor.

**11.3 Interruptions.** Lessor shall not be liable in damages or otherwise, and Lessee shall not be entitled to terminate this Lease or to abate any Rent payments Lessee is required to make under this Lease, for any failure, interruption, stoppage, inadequacy, or discontinuance, for any reason whatsoever, of any utility service being furnished to the Premises or the Project.

**11.4 Installations.** Lessee undertakes and agrees that all connections from the Premises to meters or submeters, and all service lines for public utility installations and all distribution of such utility lines within the Premises shall be made and maintained at Lessee's sole cost and expense (including, without limitation, all connection fees charged by the utility or any other governmental agency in connection therewith), installation of same shall be subject to the prior written approval of Lessor, as set forth in this Lease. All such installations shall be run under the Pier, or in other locations specifically approved in writing by Lessor, and all wires, poles, pipes, conduits, or other facilities or materials shall be placed, laid on, or constructed in concealed locations whenever run on or above the surface of the Pier, whether through Common Areas, Utility Installations, or any areas inside the Premises. Lessor reserves the right to designate the method, routing, and the place for the introduction of said service lines into the interior of the Premises.

**12. TRANSFERS.**

**12.1 Lessor's Consent Required.** Lessee acknowledges that Lessor's agreement to lease the Premises to Lessee, at the Rent and upon the terms stated herein, is in material reliance upon Lessor's evaluation of Lessee's background, experience, ability, financial creditworthiness, and intended operations, as well as the nature of the Permitted Use of the Premises set forth herein. Lessee shall not do any act or sign any document attempting or purporting to make any sale, assignment, transfer, mortgage, encumbrance, subletting, grant, license, concession, conveyance, franchise, gift, divestiture, or any other transfer of all or any part of Lessee's rights, title, or interest in this Lease or in the Premises, (individually and collectively, a "**Transfer**") to any person or entity ("**Transferee**"), without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessee agrees that it shall be reasonable for Lessor to withhold or deny Lessor's consent to any proposed Transfer, if in Lessor's sole judgment: (a) the proposed Transfer will violate or be likely to lead to a violation of any of the terms and conditions of this Lease, (b) the proposed business operation of the Transferee will not be generally consistent with Lessor's goals for the Project, and/or will directly compete with or otherwise tend to diminish the gross sales of any other tenants in the Project, (c) the moral stability, character, reputation or financial history or condition of the proposed Transferee are not satisfactory to Lessor, (d) the proposed Transferee does not have, as of the date of the proposed Transfer, at a minimum, annual after tax cash flow, net worth and liquid assets, calculated in accordance with generally accepted accounting principles ("**GAAP**") and certified to be correct by said proposed Transferee, in amounts deemed by Lessor to be adequate and in any event, equal to or greater than (i) necessary to perform all of Lessee's obligations under the Lease (including, but not limited to, payment of all Rent and adequately staffing and continuously operating its business at the Premises), and (ii) those of Lessee as of the Effective Date or the date of the proposed Transfer, whichever is greater, (e) the proposed Transfer will likely result in a decrease in gross sales at the Premises, (f) the proposed Transferee does not have sufficient prior experience in owning and operating a business of the type proposed to be conducted in the Premises, (g) the proposed Transferee does not, as of the date of the proposed Transfer, own and operate at least two (2) other stores or restaurants, with the same Permitted Use as permitted under Section 1.6 hereof, (h) the proposed Transferee has failed to earn a profit during any of the last two (2) full fiscal years prior to, or the current fiscal year to date of, the proposed Transfer, (i) any of Lessor's lenders or the City of Redondo Beach has not, or is unlikely to, consent to such Transfer, or (j) from the time Lessee first requests Lessor's consent until the completion of the proposed Transfer, Lessee has been in Default under the Lease. If Lessee or any Guarantor is a corporation, limited liability company, unincorporated association or partnership (each a "**Lessee Entity**"), the

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following events shall each be deemed a Transfer hereunder: (aa) any single Transfer or cumulative Transfers of stock or ownership interest(s) in such Lessee Entity, during the Term, which would result in the majority owners (with an interest greater than 50%) prior to the Transfer(s) having less than a majority fifty-one percent (51%) ownership interest after the Transfer(s) (provided the foregoing shall not be applicable to a corporation which has its stock publicly traded on a national stock exchange), or (bb) any Transfer of the management or control of Lessee. If Lessee is an individual, in the event of Lessee's incapacity or death, Lessor shall have the option to terminate this Lease upon sixty (60) days' prior written notice to Lessee or to Lessee's legal representative (as the case may require), in which event neither Party shall have any further obligation or liability hereunder (except for items which have previously accrued and remain unpaid and except for any liability of Lessee (or Lessee's estate) which would normally survive the termination of the Lease), and Lessee shall have no further rights whatsoever with respect to the Premises. Notwithstanding the foregoing, in no event shall Lessee be permitted to mortgage, hypothecate, pledge, or otherwise encumber, for security purposes or otherwise, Lessee's leasehold interest created by this Lease.

**12.2 Attempted Consummation of Transfer Without Consent.** In the event of any attempted or purported Transfer without Lessor's prior written consent, or otherwise in violation of any Restrictions or the Lease, Lessor may, in addition to its other remedies, in its sole discretion, elect to deem such attempted or purported Transfer to be void and of no force or effect without the necessity of bringing an action to terminate this Lease to prevent such attempted or purported Transfer, or bring an action for the removal of such purported Transferee from the Premises and, in the event of such election by Lessor, such attempted or purported Transfer shall not confer any benefit or estate to the purported Transferee. Lessor's consent must be express and in writing and shall never under any circumstances be implied as to any Transfer, including based upon Lessor's acceptance of Rent, cooperation, conversation, or meeting with or from any third party. Lessor's written consent to any proposed Transfer shall be effective for no more than sixty (60) days and, if such Transfer is not consummated within said 60 day period or there is any change in the information provided to Lessor respecting such Transfer or Transferee, such Transfer may not be consummated without again obtaining Lessor's approval in writing as set forth herein.



**12.3 Consideration for Transfer.** For the purposes of this Section 12, the term "**Rents**" shall mean all Rent and Consideration payable, paid, given or to be given, directly or indirectly, for the use or occupancy and/or rights to the use or occupancy of the Premises or any portion thereof. The term "**Consideration**" as used in this Lease shall mean and include all money, services, real or personal property, notes, securities, negotiable instruments, or any other thing of value such as payment of costs, cancellation of indebtedness, discounts, or rebates, for any purpose, including key money. If Lessor consents to a proposed Transfer, then if the total of all Rents and Consideration paid or payable to Lessee under the terms of said Transfer is greater than the total Rent to be paid by Lessee to Lessor under this Lease, then Lessee shall pay to Lessor, as additional Rent under this Lease, fifty percent (50%) of such excess Rents within five (5) days after receipt thereof by Lessee. In the event of a Transfer of only a portion of the Premises, in calculating whether the Rents exceeds the Rent payable under this Lease, the Rent payable under this Lease shall be prorated on a square footage basis to reflect the Rent applicable to the portion of the Premises subject to the Transfer.

**12.4 Additional Terms and Conditions Applicable to Transfers.** The following terms and conditions shall apply to any proposed or purported Transfer of all or any part of the Premises, and shall be deemed included in all Transfer Documents under this Lease, whether or not expressly incorporated therein.

**(a) No Waiver.** Lessor may accept Rent from any person or entity other than Lessee, and such acceptance shall not be deemed an approval or disapproval of any proposed or purported Transfer. Neither a delay in the approval or disapproval of any Transfer, nor the acceptance of Rent, shall constitute a modification, waiver, or estoppel of any of Lessor's rights hereunder, including, but not limited to, Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this Section 12.

**(b) Subsequent Consents.** The consent by Lessor to any Transfer shall not constitute consent to any subsequent or successive Transfer by Lessee or any Transferee hereunder. However, Lessor may consent to subsequent Transfers of the Lease or the Premises, or any interest therein, or any amendments

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or modifications thereto, without notifying or obtaining the consent of Lessee or anyone else liable under the Lease or any prior Transfer Documents, and such action shall not relieve such persons or entities from liability under this Lease or said prior Transfer Documents.

**(c) Continuing Obligations.** Regardless of Lessor's consent, no Transfer shall release Lessee of Lessee's obligations hereunder, or any Guarantor of Guarantor's obligations under the Guaranty, or alter the primary liability of Lessee to pay Rent and to perform all other obligations to be performed by Lessee under this Lease. In the event of any Default under this Lease, Lessor may proceed directly against Lessee, any Guarantor, any Transferee, or any other person or entity responsible for the performance of this Lease, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or against any security held by Lessor or Lessee.

**(d) Continuing Default.** Lessor's written consent to any Transfer by Lessee shall not constitute an acknowledgement that no Default by Lessee then exists under this Lease, nor shall such consent be deemed a waiver of any Default, except as may be otherwise expressly stated in writing by Lessor at the time.

**(e) Misrepresentations.** The discovery that any financial statement or other information, document or material relied upon by Lessor in giving its consent to a Transfer was materially false, or in any respect intentionally or knowingly falsified, shall at Lessor's sole election, render Lessor's consent to the Transfer null and void.

**(f) Assignment of Rents.** Lessee hereby assigns and transfers to Lessor, all of Lessee's interest in all Rents payable by any Transferee, (regardless of whether Lessor's consent to the Transfer was requested or obtained), and Lessee hereby appoints Lessor as Lessee's agent and attorney-in-fact to collect all Rents, at Lessor's option, without any liability to Lessee or any Transferee, and at Lessee's expense, directly from the payor(s) and apply same toward Lessee's obligations under the Lease; provided, however, that until a Default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the Rents accruing under any Transfer to which Lessor has consented in writing. Lessor shall not be liable to Lessee or any Transferee for any failure of Lessee to perform any of Lessee's obligations to such Transferee under any Transfer Documents. Lessee hereby irrevocably authorizes and directs any and all Transferees, upon receipt of a written notice from Lessor stating that a Default exists in the performance of Lessee's obligations under this Lease, to pay directly to Lessor all Rents due under the Transfer Documents. Lessee agrees that Transferees shall have the right to rely upon any such statement and request from Lessor, and thereafter shall pay all Rents to Lessor without any obligation to inquire as to the nature and validity of such Default, and without any right of offset or deduction against any Rents due, notwithstanding any notice or claim from Lessee to the contrary. Lessee shall have no right or claim against any Transferee or Lessor for any such Rents paid by a Transferee directly to Lessor.



**(g) Default by Sublessor.** In the event of a sublease by Lessee and the subsequent termination of this Lease due to a Default by Lessee, Lessor, at its option and without any obligation to do so, may require said sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of Lessee under the terms of the approved sublease from the time of the exercise of said attornment option by Lessor; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior or subsequent defaults of Lessee under this Lease or such approved sublease.

**(h) Joint Consents.** Each and every consent required of Lessee under any Transfer Document shall also require the prior written consent of Lessor.

**12.5 Transfer Documents.** All requests by Lessee for Lessor's consent to a Transfer shall be in writing and accompanied by all of the following documents (individually and collectively, the "**Transfer Documents**"):

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1-15-12 Standard Lease Form  
100"l" and 100"J" - South Bay Live, LLC - 5-19-25 Effective Date

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(a) **Financial Statements.** For the proposed Transferee and all Guarantors: (i) Lessor's signed credit application; and for the past two (2) complete fiscal years, and for the most recent month and year to date of the current fiscal year: (ii) balance sheets and income statements prepared by a certified public accountant in accordance with GAAP, and (iii) complete copies of signed and filed Federal Income Tax returns;

(b) **Use and Projections.** A statement of the specific uses and itemized projections of revenues and expenses of all business activities to be conducted at or for from the Premises by the proposed Transferee;

(c) **Preliminary Plans.** Preliminary plans prepared by a licensed architect and licensed engineers for all Alterations to the Premises, if any, that are contemplated to be made by the proposed Transferee;

(d) **Affirmations of Liability.** Affirmations by each proposed Transferee and Guarantor of their assumption of and liability for the obligations of Lessee under the Lease, in form(s) satisfactory to Lessor;

(e) **Resume(s).** A detailed resume from each proposed Transferee, including but not limited to their background and experience in the business they propose to operate in or from the Premises and a detailed statement as to how its business operations, menus (if applicable), merchandise, and pricing will differ from that of the proposed Transferee's other locations and from that of Lessee;

(f) **Transfer Documents.** Must be in writing and comply with the requirements of this Section 12. The Transfer Documents shall include, among other things, an unconditional promise by all proposed Transferees and their guarantors, to abide by all terms and conditions of this Lease, and an agreement that such Transfer shall be of no force or effect until approved first in writing by Lessor and then by the City of Redondo Beach; and

(g) **Additional Information.** Such additional financial and other background information as Lessor may request.

**12.6 Transfer Fee.** Lessee shall deliver to Lessor, concurrently with the delivery of the Transfer Documents, payment in the amount of Three Thousand Five Hundred Dollars (\$3,500.00) ("**Transfer Fee**"), which the Parties agree is a reasonable fee for Lessor's costs (including attorneys and accountants) to be incurred in reviewing the Transfer Documents and evaluating the proposed Transfer. The Transfer Fee shall be non-refundable. The Transfer Fee shall be increased annually by 3%, starting from the Effective Date.

**12.7 Lessor's Rights.** Once Lessor has received the Transfer Fee and all Transfer Documents, in form satisfactory to Lessor, Lessor shall undertake to review Lessee's request for Lessor's consent to the proposed Transfer. In determining whether to give its consent to such a Transfer, Lessor shall have the right to consider all commercially reasonable factors. Lessor shall not be required to review or respond to any request for Lessor's consent to a proposed Transfer, during any time Lessee is in Default under this Lease. Lessor shall use commercially reasonable efforts to respond to a request for consent to a Transfer within thirty (30) days after Lessor's receipt of all required Transfer Documents and the Transfer Fee, and Lessor may by written notice to Lessee, elect to:

(a) **Consent** to the Transfer upon the terms proposed by Lessee, subject to such other terms and conditions as Lessor may require; or

(b) **Deny** Lessor's consent for the proposed Transfer; or

(c) **Become the Transferee** and step into the shoes of the proposed Transferee upon the same terms as those offered to the proposed Transferee; or

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(d) **Recapture** all or the portion of the Premises with respect to which Lessee has requested Lessor's consent to Transfer, plus any additional portion of the Premises Lessor designates, in Lessor's sole discretion. In the event Lessor elects to recapture less than the entire Premises, the portion of the Premises so recaptured shall be removed from the Lease, with a reduction of Minimum Monthly Rent and Lessee's Share in proportion to the reduction in the size of the Premises. In the event Lessor elects to recapture the entire Premises, this Lease shall terminate on the date Lessor designates for the recapture. If the Lease is so terminated in its entirety, neither Party shall thereafter have any further liability or obligation to the other hereunder (except for items which have previously accrued and remain unpaid and except for any liability of Lessee which would otherwise survive a termination of the Lease), and Lessee thereafter shall have no further rights whatsoever with respect to the Premises.

**12.8 No Merger.** There shall be no merger of the leasehold estate created by this Lease with Lessor's interest in the Lease or the Premises unless all persons and entities having an interest in this Lease or in the leasehold estate created by this Lease shall join in a written instrument effecting such merger.

**12.9 Transfer by Lessor.** Lessor may make a Transfer ("**Lessor Transfer**"), at any time, the Project, the Premises, this Lease, all or a portion of its interest in any of the foregoing, and/or all or a portion of the payments that are payable to it by Lessee pursuant to this Lease or any Transfer Documents. Upon consummation of any such Lessor Transfer, Lessor shall have no further liability of any type to Lessee or any Transferee. Nothing in this Lease shall be construed to release Lessor or any successor of Lessor from any of their respective liabilities or obligations which matured prior to the effective date of a Lessor Transfer. If Lessor holds any Security Deposit or prepaid Rent from Lessee, Lessor may transfer such Security Deposit and/or prepaid Rent to Lessor's transferee, in which event Lessor shall be discharged from any further liability for such Security Deposit and/or prepaid Rent.

### 13. DEFAULT; REMEDIES.

**13.1 Default by Lessee.** The occurrence of any one or more of the following events, or Lessee's breach of any covenant, representation, or warranty under this Lease, shall constitute a "**Default**" of this Lease by Lessee and, if not cured by the applicable cure period (if any) set forth herein, then such Default shall constitute an "**Uncured Default**" (if no cure period is expressly specified in this Lease for a particular breach, then upon its occurrence such breach shall constitute an "**Uncured Default**");

(a) **Abandonment.** Lessee shall be deemed to have vacated and abandoned the Premises, If among other things, Lessee has failed to occupy and actively use the entirety of the Premises for the Permitted Use for a continuous period of ten (10) days or more, whether or not any or all Rent is paid;

(b) **Material Defaults.** the breach by Lessee of any of the covenants, conditions or provisions of Sections 6 (Permitted Use), 7.3 (Alterations and Additions; Tenant Improvements; Liens), 12 (Transfers), 16 (Estoppel; Financial Statements), or 17 (Subordination; Attornment) of this Lease, without the necessity of any notice by Lessor to Lessee;

(c) **Failure to Pay.** the failure by Lessee to make any payment, as and when due, of Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses, or any other Rent payable by Lessee to Lessor (or to the City of Redondo Beach, as required). Nothing in this Lease shall be construed to mean that Lessee shall have a grace period or a cure period for the payment of any Rent, which shall be due no later than the date it is stated to be due in this Lease, regardless of if and when any interest or any Late Charges shall be payable under this Lease;

(d) **Breach of Covenants.** the breach, or failure by Lessee or Guarantor to observe or perform any of the covenants, conditions or provisions of this Lease or of the Guaranty (if one has been provided), respectively, to be observed or performed by Lessee or Guarantor, other than those covenants, conditions or provisions expressly referenced in this Section 13.1, where such failure shall continue for a period of thirty (30)

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days after written notice thereof from Lessor; provided, however, that if the nature of said Default occurring under this Section (d) is such that it cannot reasonably be cured within said 30-day period, Lessee shall have such additional time as is reasonably necessary to cure such Default (but in no event more than sixty (60) days after delivery by Lessor of the notice of Default) provided Lessee commences such cure, in good faith, within five (5) days of receipt of said notice of Default from Lessor and thereafter diligently and continuously prosecutes such cure to completion;

**(e) Insolvency.** (i) the making by Lessee of any general arrangement or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee, receiver, or other court appointed person or entity to take possession of any of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of any of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days;

**(f) Misrepresentations.** the inaccuracy of any representation or warranty set forth herein or in the Guaranty, including, without limitation, the delivery to Lessor by Lessee, Guarantor or any Transferee, of any financial statement or other information given which is materially false;

**(g) Liquidation Sale.** the conducting of a going out of business sale, bankruptcy sale or any similar liquidation sale in the Premises in violation of the provisions of this Lease where such sale continues for twenty-four (24) hours after notice of such violation to Lessee, or the failure of Lessee to cease the use of the Premises for, or operation in or from any portion of the Premises of, any prohibited or exclusive use in violation of Section 6.4(g) hereof where such failure continues for more than forty-eight (48) hours after notice of such violation to Lessee (however, if Lessee has previously been notified of the same violation, then no cure period shall be applicable). Lessee expressly acknowledges that Lessor shall have the right to injunctive relief, in addition to all other rights and remedies under this Lease, at law, or in equity;

**(h) Intentionally Omitted.**

**(i) Hazardous Materials.** the failure by Lessee to cease a violation of Hazardous Materials Laws caused by Lessee or any Transferee, or any of their respective Representatives, and/or to commence Remedial Work and thereafter diligently pursue same to completion, and either such failure is not cured within five (5) days after delivery of notice by Lessor; or

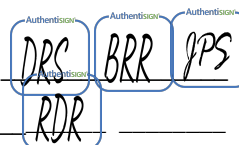
**(j) Insurance.** the failure by Lessee to obtain or maintain any insurance coverage which Lessee is required to obtain and maintain pursuant to Section 8 of this Lease, and such failure is not cured within five (5) days after delivery of notice by Lessor.

**13.2 Lessor's Remedies.** In the event of any Uncured Default by Lessee, Lessor shall be entitled to exercise all remedies available at law or in equity, including, without limitation, the remedy available pursuant to California Civil Code Section 1951.2, as same may be amended, supplemented, or replaced from time to time. In connection with the remedy available under California Civil Code Section 1951.2, (i) Lessor shall be entitled to recover, in addition to other amounts permitted pursuant thereto, the worth at the time of award of the amount by which the unpaid Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses, and all other Rent due under this Lease for the balance of the Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided, and (ii) the "**worth at the time of award**" of the amounts referred to in paragraphs (1) and (2) of California Civil Code Section 1951.2 is computed by allowing interest at the interest rate established pursuant to Section 19 of this Lease. As used in California Civil Code Section 1951.2, "unpaid rent" shall include Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses, and all other Rent due under this Lease (which Percentage Rent, Lessee's Share of CAM Expenses, and other Rent shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding twelve

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(12) month period, except that if it becomes necessary to compute such amounts before such a 12-month period has occurred, then such amounts shall be computed on the basis of the average monthly amounts accruing during such shorter period). Lessor also has the remedy described in California Civil Code Section 1951.4, as same may be amended, supplemented, or replaced, from time to time, providing that Lessor may continue this Lease in effect after Lessee's breach of this Lease and abandonment of the Premises and recover Rent as it becomes due, if Lessee has the right to sublet the Premises or assign this Lease, subject only to reasonable limitations. The Parties acknowledge that in the event Lessor attempts to lease the Premises to any third party without terminating this Lease, in an effort to mitigate damages and otherwise in accordance with California Civil Code Section 1951.4, that such attempted reletting shall not be considered as a termination of Lessee's right to possession of the Premises.

**13.3 Lessor's Right to Cure Lessee's Uncured Defaults.** After expiration of the applicable time period for curing a particular Default, Lessor may, at Lessor's sole election (without any obligation to do so), make any payment required of Lessee under this Lease or perform or comply with any covenant or condition which is an obligation of Lessee under this Lease, and the amount so paid, plus the cost of any such performance or compliance, plus a fifteen percent (15%) administrative fee, plus interest on the foregoing (at the interest rate set forth in Section 19) from the date of payment, performance, and/or compliance until the date of repayment in full by Lessee, shall be due and payable by Lessee to Lessor as Rent hereunder within five (5) days after Lessee's receipt of Lessor's bill therefor. No such act shall constitute a waiver of any Default or of any remedy for Default or render Lessor liable for any loss or damage resulting from any such act.

**13.4 Default by Lessor.** Lessor shall not be in default of this Lease unless Lessor fails to perform any obligation expressly required of Lessor hereunder within thirty (30) days after receipt of written notice by Lessee to Lessor, specifying the obligation which Lessor has failed to perform; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter is reasonably prosecuting the same to completion. Lessor's lenders shall the right, but not the obligation, to cure any such default within sixty (60) days after Lessor's cure period set forth in this Section 13.4 has expired, and any such cure shall be considered a cure by Lessor. Lessee shall have no right to terminate this Lease, except as may be expressly provided elsewhere in this Lease. Notwithstanding anything which may be or appear to be to the contrary in this Lease, it is expressly understood and agreed that (i) Lessor's liability under this Lease resulting from any default by Lessor or other claim arising under this Lease shall be limited to actual damages and not special, consequential or punitive damages, and (ii) any money judgment against Lessor resulting from any default or other claim arising under this Lease shall be satisfied only out of the net rents, issues, profits and other income after deduction for all operating expenses and debt service (collectively "**Income**") actually received from the operation of the Project after the date of entry of the judgment, and no other real or personal property of Lessor or any of its Representatives, wherever situated, shall be subject to levy on any judgment obtained against Lessor, and if such Income is insufficient for the payment of such judgment, Lessee shall not institute any further action, suit, claim or demand, in law or in equity, against Lessor for or on the account of such deficiency. Lessee hereby waives, to the furthest extent permitted by law, any right to satisfy a money judgment against Lessor except from the Income received by Lessor from the operation of the Project. Lessee hereby waives the protections of California Civil Code Sections 1932 and 1933, or any other, subsequent, or successor statutes containing like protections.

**13.5 Remedies Cumulative; No Waiver.** Except as otherwise limited by this Lease, (a) each right and remedy of Lessor and Lessee provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or available at law or in equity, (b) the exercise by Lessor or Lessee of any one or more of the rights or remedies provided for in this Lease or available at law or in equity shall not preclude the simultaneous or later exercise by Lessor or Lessee of any or all other rights or remedies provided for in this Lease or available at law or in equity, And (c) Lessor's failure to enforce any provision of this Lease with respect to a Default hereunder shall not constitute a waiver of Lessor's right to enforce such provision or any other provision with respect to said Default or any future Default. The acceptance of Rent by Lessor shall not be deemed a waiver of Lessor's right to enforce any term or provision hereof. The waiver of any term or condition of this Lease shall not be deemed to be a waiver of any other term or condition hereof or of any subsequent failure of

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any term or condition hereof. No failure by Lessor to require or exact full and complete performance of and compliance with any of the covenants, conditions, or agreements of this Lease shall not be construed as in any manner changing the terms hereof or to preclude Lessor from enforcing the full provisions hereof.

**14. CONDEMNATION.**





**14.1 Total Taking; Substantial Taking.** In the event of a Taking of the title to all of the Premises and the improvements thereon ("**Total Taking**"), except for a Taking for temporary use, Lessee's interest in the Premises shall terminate on the Taking Date and the Rent required to be paid by Lessee shall be apportioned and paid to the Taking Date and any unearned Rent or other unearned charges paid in advance by Lessee shall be returned to Lessee. In the event of a Taking, except for a Taking for temporary use, which Lessee considers to be a Substantial Taking (as defined hereinbelow), Lessee shall deliver notice to Lessor within sixty (60) days after Lessee receives a notice of intended Taking from the applicable authority, notifying Lessor of the Substantial Taking. If Lessor does not dispute Lessee's contention that there has been a Substantial Taking within thirty (30) days of Lessor's receipt of Lessee's notice, or if it is determined, by court order, that there has been a Substantial Taking, then the Taking shall be considered a Substantial Taking and Lessee shall be entitled to terminate this Lease effective as of the Taking Date. As used herein, a "**Taking**" means the taking or damaging of real property or any portion thereof as the result of the exercise of the power of eminent domain, or for any public or quasi-public use under any statute and includes a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. As used herein, a "**Substantial Taking**" means the Taking of so much of the Premises that the conduct of Lessee's business in the Premises would be rendered economically impracticable. For purposes hereof, the conduct of Lessee's business shall be deemed "economically impracticable" if the portion of the Premises not so taken cannot be so repaired or reconstructed so as to constitute a complete rentable space capable of producing a proportionately fair and reasonable net annual income, after the payment of all Rent and other expenses thereof and after performance of all covenants, agreements, terms, and provisions herein and by law provided to be performed and paid by Lessee. As used herein, "**Taking Date**" means the date on which the condemning authority takes actual physical possession of the Premises or any portion thereof, as the case may be.

**14.2 Project Taking.** In the event of a the Taking of all or so much of the Project as to make the continued operation of the Project economically infeasible as determined in Lessor's sole discretion, Lessor may deliver notice to Lessee terminating this Lease effective as of the Taking Date.

**14.3 Apportionment and Distribution of Award for Total Taking and Substantial Taking.** In the event of a Total Taking or Substantial Taking, Lessor shall be entitled to the entire Award (as defined hereinbelow) in connection therewith, whether such damages shall be awarded as compensation for diminution in value of the leasehold or for the fee of the Premises, and Lessor shall be entitled to negotiate and enter into a sale to the condemning authority as to any estate or claim of Lessee; but the Minimum Monthly Rent for the last month of Lessee's occupancy shall be prorated and Lessor shall refund to Lessee any Minimum Monthly Rent paid in advance. Lessee shall, however, have the right to bring a separate claim for compensation or damages for the unamortized cost as of the date of the Taking, depreciated on a straight-line basis over the Initial Term, of its fixtures and Removable Personal Property (as defined in Section 18.2); provided, however, that no such claim shall diminish Lessor's award or the award of Lessor's lenders. As used herein, "**Award**" means the compensation paid for the Taking, whether by judgment, agreement or otherwise.

**14.4 Partial Taking; Abatement and Restoration.** If there is a Taking of the Premises, except for a Total Taking or a Substantial Taking, this Lease shall remain in full force and effect on the portion of the Premises not Taken and all of the award or awards resulting from said condemnation shall be held by Lessor and applied and paid over to the cost of demolition, repair and restoration of those portions of the Premises which would constitute Lessor's Restoration Work in the event of a casualty. Any balance remaining after payment of such costs of demolition, repair and restoration as aforementioned shall be retained by Lessor and the Minimum Monthly Rent shall be reduced from the date of such Partial Taking in the same proportion as the Floor Area of

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the Premises after the Taking bears to the Floor Area of the Premises immediately prior to such Taking. Within a reasonable time period after a Taking which does not result in a termination of this Lease, at Lessee's expense and in the manner specified in the provisions of this Lease relating to Alterations, Lessee shall reconstruct, repair, alter, or modify the improvements on the Premises which originally constituted Lessee's Tenant Improvements, in accordance with Section 7.3, so as to make them an operable whole to the extent allowed by applicable Restrictions. **"Partial Taking"** means any Taking of title that is not either a Total or a Substantial Taking.

**14.5 Taking for Temporary Use.** If there is a Taking for temporary use of the whole or any part of the Premises by any lawful power or authority, by the exercise of the right of condemnation or eminent domain, or by agreement between Lessee and those authorized to exercise such right, Lessee shall give prompt notice thereof to Lessor, and the Term shall not be reduced or affected in any way. Lessee shall continue to pay in full the Rent required to be paid hereunder, without reduction or abatement, and Lessee shall be entitled to receive for itself any award or payment made for such use.

**14.6 Waiver.** Lessee hereby waives any statutory and common law rights of termination which may arise by reason of any Taking.

**15. BROKER COMMISSIONS.** Lessee and Lessor each represent and warrant to the other that neither has had any dealings with any person, firm, broker, or finder, other than those whose names are set forth in Section 1.18 of the Basic Lease Provisions, in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction. Lessee and Lessor each agree to indemnify, defend, and hold the other harmless from and against any Losses and Liabilities that may arise from a breach of this warranty.

**16. ESTOPPEL; FINANCIAL STATEMENTS.**



**16.1 Estoppel Certificates.** Lessee shall, at any time within five (5) business days following receipt of notice from Lessor, execute, acknowledge and deliver to Lessor or any other person designated by Lessor, an estoppel statement in writing in the form reasonably requested by Lessor (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature and providing all documentation of such modification, and certifying that this Lease, as so modified, is in full force and effect) and the date to which any Rent has been paid in advance, and (ii) acknowledging that there are not, to Lessee's knowledge, any Uncured Defaults of this Lease on the part of Lessee and there are no uncured defaults on the part of Lessor, or specifying all such Lessor defaults if any are claimed. Any such statement may be conclusively relied upon by Lessor, any prospective purchaser or encumbrancer of the Project, and/or other person to whom Lessor delivers a copy of such statement.

**16.2 Failure to Deliver.** The failure to deliver such statement within such required time shall be a material Default of this Lease by Lessee without any further notice to Lessee, and it shall cause a conclusive presumption that (i) this Lease is in full force and effect without modification except as may be represented by Lessor, (ii) there are no uncured defaults in Lessor's performance, and (iii) not more than one month's Minimum Monthly Rent has been paid in advance.

**16.3 Financing Documentation.** If Lessor desires to finance, refinance, or sell the Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor an estoppel statement in the form required by said lender or purchaser and such financial statements of Lessee and Guarantor as may be reasonably required by such lender or purchaser. Such statements shall include, at a minimum, the past three (3) years' financial statements and operating history at the Premises of Lessee.

**16.4 Financial Statements.** Lessee shall, at Lessor's request prior to Lease execution and thereafter from, time to time, upon ten (10) days prior notice, furnish Lessor with complete financial statements (profit and loss statement, balance sheet, and any other financial information Lessor may reasonably request) reflecting the then current financial condition of Lessee (including such statements from each individual and entity constituting

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Lessee), any Guarantor (including such statements from each individual and entity constituting Guarantor), and the operation of the business at the Premises, and written evidence of the identity of ownership interests in Lessee.

**17. SUBORDINATION; ATTORNMENT.**

**17.1 Subject to Ground Lease.** This Lease is subject and subordinate to the Ground Lease, any lien, encumbrance, mortgage, deed of trust, or other hypothecation or security interest now secured by Lessor's interest in the Project and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. At Lessor's option, this Lease shall be subordinate to any other ground lease, lien, encumbrance, mortgage, deed of trust, or other hypothecation or security interest hereafter placed upon Lessor's interest in the Project and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. If Ground Lessor, any mortgagee, beneficiary under a deed of trust or other security interest, trustee or other ground lessor shall elect to have this Lease be prior to the Ground Lease, the lien of its mortgage, deed of trust or other security interest, or other ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to the Ground Lease, such mortgage, deed of trust, other security interest or ground lease.



**17.2 Attornment.** Lessee hereby attorns and agrees to attorn to any individual or entity, including without limitation any ground lessor or lender, purchasing or otherwise acquiring Lessor's interest in the Premises or the Project or any portion thereof at any sale or other proceeding or pursuant to the exercise of any rights, powers or remedies under any ground lease, mortgage, deed of trust or other security interest as if such individual or entity had been named as Lessor herein, provided such individual or entity shall recognize Lessee as Lessee hereunder; provided, however, such individual or entity may, at its sole option, elect to accept or reject such attornment. Lessee shall execute any further documents requested by Lessor evidencing such attornment, and/or, at Lessor's option, effecting or evidencing subordination of this Lease pursuant to Section 17.1 or evidencing that this Lease is and remains prior to any ground lease and/or the lien of any mortgage, deed of trust and/or other security interest. Lessee's failure to execute any such document within ten (10) days after written demand shall constitute a material Uncured Default by Lessee hereunder without further notice to Lessee. Lessee does hereby make, constitute and irrevocably authorize and appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead to execute all documents necessary or appropriate to evidence or effectuate, as applicable, the attornments and/or subordinations required of Lessee by this Section 17. Lessor agrees not to exercise any of the powers of set forth in the preceding sentence so long as Lessee has complied with the requirements of this Section 17.

**18. EXPIRATION; TERMINATION.**

**18.1 Ownership and Removal of Improvements and Personal Property.** The improvements in the Premises existing as of the Effective Date and any other improvements to the Premises made or paid for (directly or indirectly, through a tenant improvement allowance, Rent abatement, or otherwise) by Lessor shall, during and after expiration of the Term or sooner termination of this Lease, be owned by Lessor. The improvements constituting Lessee's Tenant Improvements and any Alterations to the Premises made by Lessee as permitted by this Lease, including any and all fixtures (including trade fixtures) attached to or integrated with improvements to the Premises, shall be owned by Lessee until the expiration of the Term or sooner termination of this Lease. Subject to Lessor's right to require removal of same as provided in this Lease, upon the expiration of the Term or sooner termination of this Lease, all improvements and fixtures described herein shall be considered part of the real property of the Premises and shall remain on the Premises and shall, if not already the property of Lessor as heretofore provided, become the property of Lessor free and clear of any and all rights to possession and claims to or against them by Lessee or any third party, and Lessee shall defend and indemnify Lessor and its Representatives against any and all Losses and Liabilities arising from such claims.

**18.2 Duty to Surrender.** At the expiration or earlier termination of this Lease, Lessee shall surrender to Lessor possession of the Premises free and clear of all liens and encumbrances other than those, if any, created by Lessor or those which encumbered the Premises prior to the Effective Date. Lessee shall leave the Premises,

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and any other property surrendered, in good condition and repair, broom clean, taking into consideration reasonable wear and tear. All removable personal property ("**Removable Personal Property**") of Lessee (which shall include trade fixtures which are not integrated with improvements to the Premises, but shall not include improvements to the Premises made by Lessee or fixtures (including trade fixtures) which are integrated with improvements to the Premises) shall remain the property of Lessee and Lessee shall remove, at the expiration of the Term or sooner termination of this Lease, any and all of Lessee's Removable Personal Property which Lessee may have stored or installed in the Premises. Lessor may require Lessee to remove, within the last thirty (30) days of the Term or upon its sooner termination, at Lessee's sole cost and expense, any or all improvements and fixtures made to or affixed to the Premises by or at the direction of Lessee, including any Tenant Improvements and/or Alterations. Lessee shall, at Lessee's sole cost and expense, immediately repair any damage occasioned to the Premises, the Building and/or the Project by reason of the removal of any Removable Personal Property, improvements and fixtures, and shall restore the Premises to the condition it was in as of the Tender of Possession. Without limiting the foregoing, Lessee shall leave all elements of the Premises including, without limitation, systems which Lessee is required by this Lease to maintain, in good operating condition, including, but not limited to, air lines, power panels, electrical distribution systems, lighting fixtures, heating and air conditioning systems, walls, windows, wall coverings, ceilings, sewer lines and plumbing. At the expiration or earlier termination of this Lease, Lessee's surrender to Lessor of possession of the Premises shall also be free and clear of any occupants or parties claiming a right to occupancy or possession of the Premises, except for those Lessor expressly states in writing may remain.



**18.3 Failure to Surrender.** Should Lessee fail to timely surrender the Premises in the condition required by Section 18.2 in any respect, and/or hold over after the expiration of the Term or the termination of this Lease without the express prior written consent of Lessor, then (i) such tenancy shall be at the sufferance of Lessor, and not a renewal hereof or an extension for any further term, (ii) Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses, and all other Rent hereunder shall be payable at two (2) times the amount in effect immediately prior to expiration of the Term or earlier termination of this Lease, at the times specified in this Lease, (iii) such tenancy at sufferance shall be subject to every other term, covenant and agreement contained in this Lease, as it may have been amended from time to time, and (iv) Lessee shall indemnify, defend and hold Lessor and its Representatives harmless from all Losses and Liabilities resulting from the delay or failure to surrender the Premises and/or remove such property, including, without limitation, the costs of removal of said improvements and Removable Personal Property remaining in the Premises, and claims made by any succeeding occupant founded on or resulting from such delay or failure by Lessee.

**18.4 Additional Documents.** If requested to do so, Lessee shall, upon the expiration or earlier termination of this Lease, execute, acknowledge, and deliver to Lessor such instruments of further assurance as in the opinion of Lessor are necessary or desirable to confirm or perfect Lessor's right, title, and interest in and to the Premises, and any other property surrendered to Lessor pursuant to this Lease, free and clear of any claim by Lessee. Lessee's obligations under this Section 18, including the indemnities set forth in this Section 18, shall survive the expiration of the Term or earlier termination of this Lease.

**19. INTEREST ON PAST-DUE OBLIGATIONS.** Any amount due Lessor which is not paid when due shall bear interest at the greater of the following interest rates: (i) ten percent (10%) per annum; or (ii) a per annum rate of interest equal to five percent (5%) above the rate of interest announced from time to time by the Bank of America, Downtown Los Angeles, Main Branch, as the prime or reference rate (or, in the event said bank ceases to announce a prime or reference rate or is acquired or ceases operations and there is no successor bank, another established and financially secure commercial bank, having a headquarters in California, selected by Lessor); however, in no event shall the interest rate chargeable hereunder exceed the maximum rate allowable by law, and in the event it does, then the interest rate shall be reduced, automatically, to such maximum lawful rate. Payment of such interest shall not excuse or cure, or be the sole remedy for, any Default by Lessee under this Lease.

**20. TIME OF ESSENCE.** Time is of the essence with respect to every obligation to be performed under this Lease.

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**21. ENTIRE AGREEMENT.** There are no oral agreements between Lessor and Lessee affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, letters of intent, agreements and understandings, written or oral, if any, between Lessor and Lessee or displayed by Lessor to Lessee with respect to the Premises and the Project, and none of them shall be used to interpret or construe this Lease. This Lease is and shall be considered to be the only agreement between Lessor and Lessee, and their respective Representatives, with respect to the subject matter herein.

**22. AMENDMENTS IN WRITING.** This Lease cannot be orally amended or modified. Any modification or amendment hereof must be in writing and signed by the Party to be charged.

**23. NOTICES.** Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, certified mail, or a reputable overnight delivery service such as Federal Express or United Parcel Service. If notice is personally delivered upon a Party, or upon an employee or agent of the Party, then the notice shall be conclusively deemed effective upon delivery. If served by certified mail, service shall be conclusively deemed made on the second (2nd) business day after deposit thereof in the United States mail, postage prepaid, return receipt requested, addressed to the Party to whom such notice is to be given. If served by a reputable courier service, service shall be conclusively deemed made one (1) business day after deposit thereof with such reputable courier service, shipping fee provided for, addressed to the Party to whom such notice is to be given. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to any additional party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee. Any notice to Lessor or Lessee shall be delivered to its address specified in Section 1.20 of the Basic Lease Provisions. Either Party may, by notice to the other Party as set forth in this Section 23, specify a different address for notice purposes.

**24. CONSENTS.** All consents and approvals under this Lease shall be in writing and shall not be deemed effective unless in writing. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee, including a repetition of the same act.

**25. NO DEEMED APPROVALS.** Except as expressly provided in this Lease, under no circumstance shall any consent and/or approval of Lessor or Lessee required under this Lease, including, without limitation, any consents rendered in connection with any proposed Transfers by Lessee, be deemed to have been rendered absent the written consent or approval of such Party. Except as expressly provided in this Lease, in no event shall the failure to approve or disapprove any submission within the time provided by this Lease result in a deemed approval of such submission, although, in that event and except as otherwise provided herein, the Party who has made such submission shall be entitled to exercise all other rights and remedies provided by this Lease in order to compel the other Party's timely approval or disapproval of any such submission.

**26. RECORDING.** This Lease shall not be recorded, and no memorandum, short form or other evidence of this Lease shall be recorded without the prior express consent of Lessor. If such consent is granted by Lessor, or if such recording is at the request of Lessor, the Parties shall execute only those documents approved in form and substance by Lessor in its sole discretion for recording purposes and the Party requesting such recording shall pay all recording costs and taxes related thereto.

**27. APPLICABLE LAW; SEVERABILITY.** The interpretation and enforcement of this Lease shall be governed by the laws of the State of California. Any litigation concerning this Lease, between the Parties hereto, shall be initiated in the County of Los Angeles. Should any part, term, portion or provision of this Lease, or the application thereof to any person, entity or circumstances be held to be illegal or in conflict with any Restrictions, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms, portions or provisions, or the application thereof to other persons, entities or circumstances, shall be deemed severable and the same shall remain enforceable and valid to the fullest extent permitted by law. If a court of competent jurisdiction should determine that any particular words, phrases, or provisions hereof are unenforceable or invalid,

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then those words, phrases, or provisions shall be severed, and the remainder of the Lease shall remain in full force and effect.


**28. SUCCESSORS.** All of the rights and obligations of the Parties under this Lease shall bind and inure to the benefit of their respective heirs, successors and assigns; provided, however, that nothing in this Section 28 shall be construed to modify, limit, or waive any of the provisions and requirements on Transfer set forth in Section 12 hereof.

**29. ATTORNEY FEES; PROFESSIONAL FEES; ADDITIONAL INDEMNITY PROVISIONS.** In the event that either Party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Lease the prevailing Party in such action or proceeding shall be entitled to have its actual attorneys' fees and costs (incurred in good faith) paid by the losing Party. The attorneys' fees and costs so recovered shall include fees for prosecuting or defending any appeal, and all costs incurred in any post judgment proceedings to collect or enforce the judgment. Without limiting the provisions of this Section 29, if either Party seeks relief under any chapter of the bankruptcy code, as the same may exist from time to time, the non-debtor Party shall be entitled to recover from the debtor Party its attorneys' fees and costs incurred in connection with such bankruptcy proceedings. Lessor shall be entitled to attorney's fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default. Lessor and Lessee agree that one thousand five hundred dollars (\$1,500.00) is a reasonable sum per occurrence, and Lessor may include this charge of \$1,500.00 as Rent due in each such notice of Default given under California law as an amount that must also be paid to cure said Default.

**30. LESSOR'S ACCESS.** Lessor and its Representatives shall have the right to enter the Premises at all reasonable times (except that in the case of an emergency, as determined by Lessor in its reasonable discretion, such access may be had at any time without notice) for the purposes of inspecting the same, exercising its rights under this Lease, performing any services required of Lessor, and showing the same to current or prospective partners, employees, Affiliates, purchasers, lenders, and/or lessees. In addition, Lessee shall, during regular business hours, permit any other tenant of the Project and its employees and contractors' access to the roof of the Building through the Premises to facilitate the installation, maintenance, repair, replacement and/or removal of any equipment located thereon which serves the premises of such tenant. Lessor may at any time place on or about the Premises or the Building, "For Sale", "For Lease" and/or other signs, except that Lessor may only place on or about the Premises "For Lease" signs during the last six (6) months of the Term or earlier termination of this Lease. Nothing contained in this Section 30 shall imply any duty on the part of Lessor to do any work which under any provision of this Lease Lessee may be required to do, nor shall it constitute a waiver of any Default by Lessee in failing to do the same. No exercise by Lessor or any of its Representatives (or any other tenant of the Project) of any rights contained in this Section 30 shall entitle Lessee to any damages for any injury or inconvenience occasioned thereby or to any abatement of Rent. Lessor's lenders and City of Redondo Beach shall be permitted to enter the Premises and make such independent inspections as are permitted by this Lease and/or applicable Restrictions as they deem necessary or appropriate for the protection of their interests. Lessee shall provide to Lessor copies of all keys to the interior and exterior of the Premises and Lessor shall have the right to retain and use such keys to unlock all doors in or upon the Premises other than to files, vaults and safes, and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction.

**31. SIGNAGE; DISPLAYS.** Subject to compliance with any sign criteria ("**Sign Criteria**") adopted by Lessor for the Project, and all applicable Restrictions, Lessee shall, at its sole expense and prior to opening for business in the Premises, install signage on the exterior of the Building depicting its Trade Name in conformance with plans and specifications ("**Sign Plans**") submitted to, and approved in writing by, Lessor prior to fabrication or installation of the signage (*See Addendum Section 58*). The Sign Plans shall include, among other things, the exact location, dimensions, type, colors, materials, required building penetrations, methods of attachment to the building, and color renderings for all of Lessee's proposed signage. In the event the Sign Criteria require that any particular design, including, but not limited to, a blade sign, be installed at or upon the Premises, then Lessee shall, at its

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sole expense and prior to opening for business in the Premises, install such prescribed signage on the Building in conformance with approved Sign Plans. Lessee shall not affix or maintain upon the interior or exterior surfaces of any glass panes and supports of the exterior windows of the Premises, doors, and the exterior walls of the Premises, or within any portion of the Premises which is visible from outside the Premises, any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such like item or items except as shall have received the express prior approval of Lessor as to size, type, color, location, copy, nature and display qualities. Further, Lessee shall not affix any sign to the roof of the Building. Lessee shall not distribute or cause or allow to be distributed, in or around the Project, any handbills, merchandise, food, tickets, menus, advertisements, promotions, or other materials. In addition, no third-party advertising, or electronic, digital, audio, or visual medium shall be utilized by Lessee which can be seen, heard or experienced outside the Premises. Lessee shall not display, paint, or place, or cause or allow to be displayed, painted, or placed, any handbills, bumper stickers or other advertising materials on any vehicle parked in the parking area of the Project.

**32. GUARANTOR(S).** As a condition precedent to Lessor's obligations hereunder, Lessor shall have received, concurrent with the execution hereof, the Guaranty of Lease ("**Guaranty**"), executed by and enforceable against each Guarantor, in the form of the applicable Exhibit referenced in Section 1.3 of the Basic Lease Provisions. In the event that Lessor does not receive the fully executed Guaranty concurrently with the execution of this Lease, then Lessor may, by delivering notice to Lessee, at any time thereafter, elect to terminate this Lease, whereupon (a) this Lease shall terminate upon delivery of such notice and neither Party shall thereafter have any further liability or obligation to the other hereunder (except for items which have previously accrued and remain unpaid and except for any liability of Lessee which survives such termination), and (b) Lessee shall have no further rights whatsoever with respect to the Premises.

**33. QUIET POSSESSION.** Lessor covenants that, subject to the limitations expressly set forth herein, Lessee, upon Lessee's timely payment of all Rent and performance of Lessee's covenants and obligations under this Lease, may quietly have, hold, and enjoy the Premises during the Term, pursuant and subject to the terms of this Lease, including, but not limited to, Lessor's right to enter upon the Premises as provided herein without hindrance or interruption by Lessor or anyone claiming by or through Lessor.

**34. PROJECT PLANNING.** Unless the Permitted Use includes a sit-down restaurant with tableside waiter or waitress service, then in the event that Lessor requires the Premises for use in conjunction with another suite or for other reasons connected with its Project planning program, upon giving Lessee sixty (60) days prior written notice, Lessor shall have the right to relocate Lessee to other space elsewhere in the Project, at Lessor's sole cost and expense, including all of Lessee's reasonable moving expenses. Upon such relocation, all terms and conditions of this Lease shall remain in full force and effect, save and excepting that (a) a revised Exhibit 1 shall become part of the terms and conditions of this Lease and shall reflect the location of the new space, (b) Section 1.4 of this Lease shall be amended to include and state all correct data with respect to the new space, and (c) the Minimum Monthly Rent and Lessee's Share of CAM Expenses shall be increased or reduced as the case may be, by the increase or decrease, if any, in the rentable square footage of the new space as compared to that of the original Premises. Exercise by Lessor of said right to relocate Lessee shall not entitle Lessee to damages for any injury, inconvenience or lost earnings occasioned thereby, nor shall Lessee by reason thereof be entitled to any abatement of Rent.

Lessee shall not install or permit to be installed on or around the Premises, any coin or token operated vending machines or similar devices for the sale or leasing of any goods, wares, merchandise, food, beverage, cigarettes, and/or services including without limitation, pay phones, pay lockers, pay toilets, scales, food or product vending machines, and amusement devices, without Lessor's prior written consent which may be withheld in its sole discretion.

**35. SECURITY.** Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of Lessee, the Premises, or the Project. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties.

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**36. PROJECT NAMING AND BRANDING.** Lessor shall have the right, in its sole discretion, to change the name, address, or title of the Project or Building in which the Premises are located, from time to time, upon not less than sixty (60) days prior written notice to Lessee, and to place or remove such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or anywhere in the Project. Lessee shall not, without Lessor's prior written consent (which Lessor may grant or withhold in its sole discretion) (i) use a representation (photographic or otherwise) of the Building or the Project or the name "The Redondo Landing" or any other name reserved or selected by Lessor, other than in connection with Lessee advertising pursuant and subject to Section 6.6. Lessee shall in no event acquire any property rights to the name "The Redondo Landing" or any other name reserved or selected by Lessor for any purpose, as a result of any use thereof by Lessee.

**37. AUTHORITY TO SIGN LEASE.** In the event Lessee shall be a corporation, partnership or limited liability company, Lessee and the persons executing this Lease on behalf of Lessee hereby covenant and warrant that (i) Lessee is a duly organized, validly existing and qualified (including, without limitation, qualified to do business in California) corporation (or partnership or limited liability company), (ii) Lessee has all requisite power and authority to enter into and perform its obligations under this Lease, and (iii) the individual(s) executing this Lease on behalf of Lessee are authorized to do so.

**38. INTERPRETATION.** Any conflict between the printed provisions of this Lease and handwritten or machine inserted interlineated provisions, if any, shall be controlled first by the handwritten, next by the machine inserted, and finally by the printed provisions. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. Whenever the word "day" or "days" is used herein, such shall refer to a calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular "Section" of this Lease, it shall mean and include all subsections and subparts thereof, and the reference to a particular Section is for the convenience of the reader only and not intended to be exclusive of other references that may also be relevant. The word "include" or "including" shall describe examples of the antecedent clause, and shall not be construed to limit the scope of such clause.

**39. VALID UPON EXECUTION.** Preparation and submission of this Lease by Lessor or Lessor's employees, representatives, or agents to Lessee shall not be deemed an offer or a promise to Lessee to enter into this Lease or any lease. This Lease shall become binding upon Lessor and Lessee only when fully executed and delivered, by both Lessor and Lessee.

**40. LENDER MODIFICATION.** Lessee agrees to make such reasonable modifications to this Lease as may be required by any of Lessor's lenders in connection with the obtaining of financing or refinancing of the Project.

**41. MULTIPLE PARTIES.** If Lessee is comprised of more than one person and/or entity, the obligations of each such person and entity shall be joint and several to all of the other Lessee parties.

**42. RELATIONSHIP OF PARTIES.** The relationship of the Parties hereto is that of landlord and tenant, and it is expressly understood and agreed that neither Lessee or Lessor are, nor shall they be deemed in any way or for any purpose, to be a partner, joint venture, shareholder, co-owner, or affiliate of the other in the conduct of Lessor's or Lessee's business or otherwise, by reason of this Lease.

**43. JOINTLY NEGOTIATED.** This Agreement was negotiated jointly by the Parties after each Party had ample opportunity to consult with its respective attorney and other consultants and advisors. Neither Party shall be entitled to nor receive any preferential construction or interpretation hereof by reason of the preparation or drafting of all or any part hereof by the other Party.

**44. CONFLICTING TIMETABLES.** Wherever in this Lease, it can be reasonably interpreted that more than one (1) timetable or deadline is provided for the performance of any obligation by Lessee, the shorter of the timetables or deadlines shall apply.

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**45. ABANDONMENT.** If Lessee shall abandon the Premises, or be dispossessed by process of law or otherwise, any personal property belonging to Lessee left on the Premises or anywhere in the Project shall, at the sole option of Lessor and to the fullest extent permitted by applicable law, be deemed to have been abandoned and shall become the personal property of Lessor, without the requirement of any notice being given to Lessee or the public. Lessee hereby waives any rights to notice or the recovery of such personal property under any applicable laws and statutes.

**46. HAZARDOUS MATERIALS.**

**46.1 Hazardous Materials and Laws.** "Hazardous Materials Laws" means any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions (including "common-law") relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, or soil and ground water conditions. "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is a flammable, explosive, asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, gasoline, petroleum product, polychlorinated biphenyls or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in, or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; and/or (iv) gives rise to any liability, responsibility, or duty on the part of Lessee or Lessor with respect to any third party under any Hazardous Materials Law.

**46.2 Use.** Lessee shall not allow any Hazardous Material to be used, generated, released, stored, or disposed of in, on, under or about, or transported from, the Premises or the Project, unless: (i) such use is specifically disclosed to and approved by Lessor (which approval may be granted or withheld in Lessor's sole discretion) prior to such use; and (ii) such use is conducted in compliance with the provisions of this Section 46. Lessor may approve such use subject to conditions to protect the Project, the Premises and Lessor's interests. Lessor may, without limitation, withhold approval if Lessor determines that such proposed use involves a risk of a release or discharge of Hazardous Materials or a violation of any Hazardous Materials Laws or that Lessee has not provided adequate assurances of its ability to remedy such a violation and fulfill its obligations under this Section 46. Notwithstanding the foregoing, this provision shall not be construed or understood to prohibit Lessee from allowing Hazardous Materials to be brought upon the Premises so long as they are Hazardous Materials which are customary and common to the normal course of business in the construction or operation of a first-class business operation, and so long as such Hazardous Materials are used, stored and disposed of in strict accordance with all applicable Hazardous Materials Laws. Upon the expiration of the Term or sooner termination of this Lease, Lessee shall remove any equipment, improvements or storage facilities utilized by Lessee or any Transferee, or their respective agents, contractors, employees, concessionaires, licensees, or invitees in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of Hazardous Materials.

**46.3 Compliance with Laws.** Lessee and all Transferees and each of their respective agents, contractors, employees, assignees, licensees, concessionaires, and invitees shall strictly comply with, and shall maintain the Premises in compliance with, all Hazardous Materials Laws. Lessee shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for operations on the Premises under any Hazardous Materials Laws and shall comply with all terms and conditions thereof. At Lessor's request, Lessee shall deliver copies of, or allow Lessor to inspect, all such permits, licenses, and approvals. Lessee shall not perform any monitoring, investigation, clean-up, removal or other remedial work including, without limitation, the preparation and implementation of any closure, remedial action or other required plans in connection therewith (collectively, "Remedial Work") in response to the presence of any Hazardous Materials in or about the Premises or the Project, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises or the Project, without first notifying Lessor of Lessee's intention to do so and affording Lessor ample opportunity to appear or otherwise appropriately assert and protect Lessor's interest with respect thereto. Lessor shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work,

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Lessor's Initials: 



in order to protect Lessor's interests. Upon Lessor's approval of the work to be performed and provided that Lessor does not elect to perform said work as provided hereinbelow, Lessee shall perform any Remedial Work required as a result of any release or discharge by Lessee or any Transferee of Lessee or their respective agents, contractors, employees, licensees, concessionaires, or invitees of Hazardous Materials affecting the Premises or the Project or any violation of Hazardous Materials Laws by Lessee or any Transferee of Lessee or their respective agents, contractors, employees, licensees, concessionaires, or invitees. Lessor shall have the right, but not the obligation, to remedy any violation by Lessee of the provisions of this Section 46 or to perform any Remedial Work which is necessary or appropriate as a result of any governmental order, investigation or proceeding and Lessee shall pay, upon demand, all costs (including attorneys' fees and costs and other costs) incurred by Lessor in remedying such violations or performing all Remedial Work, together with interest thereon at the interest rate set forth in Section 19 hereof from the date of payment by Lessor.

**46.4 Notice; Reporting.** Lessee shall notify Lessor within two (2) days after any of the following: (i) a release or discharge of any Hazardous Material, whether or not the release or discharge is in quantities that would otherwise be reportable to a public agency; (ii) Lessee's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws; (iii) Lessee's receipt of any warning, notice of inspection, inquiry, notice of violation or alleged violation, or Lessee's receipt of notice or knowledge of any proceeding, investigation or enforcement or regulatory action, pursuant to any Hazardous Materials Laws; (iv) Lessee's receipt of notice or knowledge of any report made to any environmental agency arising out of or in connection with any Hazardous Materials in or about the Premises or the Project or removed therefrom, including any complaints, notices, inquiries, warnings or asserted violations in connection therewith; or (v) Lessee's receipt of notice or knowledge of any claims made or threatened by any third party against Lessor, Lessee, the Project or the Premises relating to any loss or injury resulting from Hazardous Materials. Lessee shall deliver to Lessor copies of all test results, reports and business or management plans required to be filed with any governmental agency pursuant to any Hazardous Materials Laws. In connection with any Hazardous Materials involving the Premises or the Project with respect to which Lessee is responsible hereunder, Lessee shall make all reports and filings required by any Hazardous Materials Laws and provide Lessor with the same for Lessor's review and approval prior to filing.

**47. OFAC AND ANTI-MONEY LAUNDERING COMPLIANCE CERTIFICATIONS.** Lessee hereby represents, certifies and warrants to Lessor as follows: (i) Lessee is not named and is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by an Executive Order, including without limitation Executive Order 13224, or the United State Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enacted, enforced or administered by the Office of Foreign Assets Control ("OFAC"); (ii) Lessee is not engaged in this transaction, directly or indirectly, for or on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation; and (iii) none of the proceeds used to pay rent have been or will be derived from a "specified unlawful activity" as defined in, and Lessee is not otherwise in violation of, the Money Laundering Control Act of 1986, as amended, or any other applicable laws regarding money laundering activities. Furthermore, Lessee agrees to immediately notify Lessor if Lessee was, is, or in the future becomes, a "senior foreign political figure," and immediate family member or close associate of a senior foreign political figure," within the meaning of Section 312 of the USA PATRIOT Act of 2001. Notwithstanding anything in this Lease to the contrary, Lessee understands that this Lease is a continuing transaction and that the foregoing representations, certifications and warranties are ongoing and shall be and remain true and in force on the date hereof and throughout the term of the Lease and that any breach thereof shall be a Default under the Lease (not subject to any notice or cure rights) giving rise to Lessor's remedies, including, but not limited to, eviction, and Lessee hereby agrees to defend, indemnify and hold harmless Lessor from and against any and all Losses and Liabilities arising from or related to any breach of the foregoing representations, certifications and warranties.

**48. SURVIVAL OF OBLIGATIONS.** The provisions of this Lease respecting the obligation of Lessee to pay any sum owing or to perform any act after the expiration of the Term or earlier termination of this Lease shall survive the expiration or earlier termination of this Lease.

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Lessor's Initials: 

**49. HEADINGS.** The headings used in this Lease are inserted for reference purposes only and do not affect the interpretation of the terms and conditions hereof.

**50. COUNTERCLAIM.** In the event that Lessor commences any summary proceedings or action for non-payment of Rent, Lessee shall not interpose any counterclaim of any nature or description in any such proceeding or action.

**51. NO RIGHTS OF THIRD PARTIES.** None of the promises or undertakings made herein are for the benefit of any party which is not a Party to this Lease, except that (i) Lessor's lenders (current or future) shall be entitled to the benefit of the lender protection rights included herein expressly for its benefit, and (ii) with respect to the estoppel certificate provisions set forth in Section 16 above, the third parties described therein shall be entitled to rely upon the provisions expressly provided for their benefit in Section 16.

**52. FORCE MAJEURE.** The time within which the Parties shall be required to perform any act under the Lease, other than the payment of Rent or performance of other financial obligations of Lessee under the Lease, shall be extended by a period of time equal to the number of days during which performance of such act is actually delayed due to acts of God, supernatural causes, strikes, lockouts, fire, earthquake, flood, explosion, war, invasion, terrorism, insurrection, riot, mob violence, acts of the public enemy, epidemics, pandemics, quarantine or shelter in place restrictions, freight embargoes, unusually severe weather, the act or failure to act (where required under the Lease) by the other Party, regulations or controls not contemplated by the Lease or otherwise reasonably foreseeable, court order, remediation of Hazardous Materials located in or upon the Premises, or other like events which are completely and strictly beyond a Party's control (which shall in no event include the financial condition of Lessee or its business operations at the Premises, or economic conditions in general). The additional grace period or extension of time provided above shall be equal to the period of actual delay caused by the above-described event(s), which period shall commence to run from the time the underlying cause actually resulted in an actual delay to the affected Party and shall terminate upon termination of the underlying cause of the actual delay. A Party wishing to invoke this Section 52 shall notify the other Party to the Lease, in writing, of that intention as soon as reasonably possible after the commencement of the actual delay and shall, at that time, specify the reasons for the delay, the specific provision of the Lease which will be delayed as a result, and the period of such extension if known, or if not known, a reasonable estimate thereof.

**53. CITY APPROVAL.** As a condition precedent to Lessor's obligations hereunder, Lessor must receive written approval ("**City Approval**") of this Lease from the City of Redondo Beach. In the event City Approval is not received on or before the later to occur of (i) one hundred twenty (120) days after the Effective Date, and (ii) any other timetable stated in this Lease for any contingency to obtain City Approval, (the "**City Approval Deadline**"), then Lessor may, by delivering written notice to Lessee, at any time thereafter, elect to terminate this Lease, whereupon (i) this Lease shall terminate upon delivery of such notice by Lessor, and neither Party shall thereafter have any further liability or obligation to the other hereunder (except for obligations which have previously accrued and remain unpaid, any obligations which survive the termination of the Lease), and (iii) Lessee shall have no further rights whatsoever with respect to the Premises, including but not limited to any rights of entry or occupancy. In connection with the foregoing, Lessee shall execute and deliver to Lessor, concurrently with the execution and delivery of this Lease, the "City of Redondo Beach Addendum to Sublease" ("**City Addendum**") in the form attached hereto as the Exhibit number listed for it in Section 1.24 of the Basic Lease Provisions. The terms and provisions of the City Addendum are, by this reference, hereby fully incorporated into and made a part of this Lease and any failure by Lessee to comply with the City Addendum shall constitute a Default under this Lease.

**54. GROUND LEASE.** Although this document is titled a "Lease" and the Parties hereto are identified as "Lessor" and "Lessee", this Lease is technically a sublease between Lessor (as a sublessor), and Lessee (as a sublessee), and is subject to all of the terms and conditions of that certain ground lease (as amended, and as amended as of the Effective Date and as it may be further amended and restated from time to time, the "**Ground Lease**"), dated July 1, 2008, by and between the City, as "**Ground Lessor**" and Lessor, as "**Ground Lessee**". The Ground Lease, which by this reference is fully incorporated herein, demises to Ground Lessee the real

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Lessor's Initials: 

property upon which the Premises, the Building, and the Project are located and requires that this Lease be and remain subordinate to the Ground Lease. Accordingly, the occupancy and use of the Premises are subject to the terms and conditions of the Ground Lease, and Lessee shall not do or fail to do anything which would constitute a violation of the terms and conditions of the Ground Lease. A copy of the Ground Lease is available for review at the office of the property manager for the Project. If the Ground Lease is terminated, this Lease shall terminate simultaneously (unless Ground Lessor and Lessee reach an agreement to extend this Lease) and Lessor and Lessee shall thereafter be released from all obligations under this Lease except Lessee shall remain liable for all Rent (as defined in Section 4.5) owing hereunder until the date of such termination and thereafter shall remain liable for those obligations which survive the termination of this Lease. If at any time during the Term or any extension or renewal thereof, Lessee's tenancy is or becomes inconsistent with the terms and conditions of Lessor's Ground Lease, Lessor shall have the right to terminate this Lease upon sixty (60) days written notice to Lessee. In the event of an early termination or modification of this Lease as stated herein, Lessee agrees to hold Lessor harmless and Lessor shall have no liability whatsoever for any Lessee Losses and Liabilities occasioned thereby, and Lessor's and Lessee's sole rights and remedies, each against the other (if any), shall be as stated in Section 14 hereof, the same as if a Condemnation had occurred.

Lessee, for the benefit of Lessor and the City of Redondo Beach hereby warrants, represents, and agrees that: (i) the Ground Lease has been made available to Lessee for its review, and Lessee's use and occupancy of the Premises shall not result in any violation of any of the terms and conditions of the Ground Lease, (ii) Lessee shall not discriminate against any person or class of persons by reason of gender, race, color, creed, ancestry, national origin, age, sexual preference, physical handicap or medical condition, and shall make its goods and services available to all persons on a nondiscriminatory basis, (iii) neither the execution of the Lease nor Lessee's operations under the Lease shall result in the violation of any statutes, ordinances, rules, codes, requirements, regulations, and the like, of any governmental authority, whether federal, state, or local, or court, including, but not limited to, the City of Redondo Beach and the County of Los Angeles, (iv) unless caused by the negligence or willful misconduct of the City of Redondo Beach, its officers, agents, employees, or contractors, Lessee hereby waives all claims against the City of Redondo Beach for damages to goods, wares, merchandise, personal property, installations, or other improvements in, upon, or about the Premises, and (v) Lessee will indemnify, defend and hold the City of Redondo Beach harmless against and from any and all third-party claims arising from Lessee's use or occupancy of the Premises or otherwise arising from the acts or omissions of Lessee and Lessee's Representatives. The provisions of this Section 54 shall survive the expiration or sooner termination of this Lease. Should Lessor increase or reduce the size of the Project by amendment of the Ground Lease and, in such event, Lessee's Share of CAM Expenses shall be recalculated. Lessee agrees, at the request of Lessor or the City of Redondo Beach, to submit and/or execute such further documents as shall be required to (i) obtain the City's approval of this Lease, and/or (ii) affirm that this Lease is subject and subordinate to the Ground Lease.



**55. ADDENDUM AND EXHIBITS.** The Addendum and all Exhibits to the Lease that have been referred to in this Lease are attached hereto and incorporated herein by reference. Any capitalized terms used in the Addendum and any of the Exhibits shall have the same meaning as the same capitalized terms have in the Lease, unless otherwise defined in the Addendum or Exhibits.

**56. COUNTERPARTS.** This Lease may be executed in any number of counterparts and transmitted electronically, and each such counterpart shall be deemed an original for all purposes, but all of which shall constitute one and the same instrument.





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

**[SIGNATURES ON NEXT PAGE]**

**Redondo Landing - On The Pier**


Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_



<p><b>"LESSOR"</b> <b>RDR PROPERTIES, LLC</b></p> <p>By  <u>Robert D. Resnick</u> 06/30/25 Robert D. Resnick, President</p>	<p><b>"LESSEE"</b> <b>SOUTH BAY LIVE, LLC</b></p> <p>By  <u>Daryl Robert Swensson</u> 06/26/25 Daryl Robert Swensson, Manager &amp; Officer</p> <p>By  <u>Brenton Randall Reger</u> 06/26/25 Brenton Randall Reger, Manager &amp; Officer</p> <p>By  <u>Joseph Patrick Smith</u> 06/26/25 Joseph Patrick Smith, Manager &amp; Officer</p>
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**Redondo Landing - On The Pier**

1-15-12 Standard Lease Form  
100"l" and 100"J" – South Bay Live, LLC - 5-19-25 Effective Date

Lessee's Initials:  DRS  BRR  JPS

Lessor's Initials:  RDR \_\_\_\_\_

# Redondo Landing - On The Pier

## ADDENDUM TO STANDARD LEASE (NNN)

### 100"I" and 100"J" FISHERMAN'S WHARF

#### South Bay Live, LLC

THIS ADDENDUM is dated for reference purposes only as of December 1, 2022 ("**Effective Date**"), and made with reference to that certain Lease ("**Lease**") with the same Effective Date, by and between RDR Properties, LLC, a California limited liability company ("**Lessor**") and **SOUTH BAY LIVE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY** ("**Lessee**") for the lease of 100"I" and 100"J" Fisherman's Wharf Redondo Beach California (the "**Premises**"). Notwithstanding anything in the Lease to the contrary, the provisions set forth in this Addendum are deemed to be part of the Lease, as of the date first set forth above. In the event of any conflict between the Lease and this Addendum, the terms and conditions of this Addendum shall control. All capitalized terms used in this Addendum, unless otherwise specifically defined in this Addendum, shall have the same meanings defined for such terms in the Lease.

**57. Rent Abatement.** As an inducement or consideration for Lessee's entering into this Lease, Minimum Monthly Rent and Lessee's Share of CAM Expenses payable under the Lease shall be abated for the first eight (8) months following the Commencement Date, and shall be conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of the Lease. Upon a Default of this Lease by Lessee, the abatement of Rent provided in this Section 57 shall automatically, and without notice to Lessee, be deemed deleted from this Lease and (a) there shall be no further abatement, and (b) any abatement of Rent already provided by Lessor shall be immediately due and payable by Lessee to Lessor.

**58. Signage.** Lessee (i) shall install permanent signage on the exterior of the Premises, and (ii) have the right to display a grand opening promotional banner in location(s) approved in advance, in writing, by Lessor, subject to (i) Lessee's submittal of plans to and receipt of all prior written approval(s) from Lessor as required under the Lease, and (ii) Lessee's compliance with all Governmental Requirements including, but not limited to, obtaining the City's and any other required regulatory agency's prior written permits and approvals.

**59. Furniture, Fixtures, and Equipment.** All existing furniture, fixtures, and equipment in the Premises as of the Effective Date ("**FF&E**") is and shall remain the sole property of Lessor. Without payment of any key money to Lessor, Lessee shall be permitted to use any FF&E in place at the Premises at the time of Tender of Possession. Lessor makes absolutely no warranties or representations of any kind as to the condition, functionality, fitness for any purpose, or useful life of any of the FF&E, and it will be Lessee's sole responsibility, at Lessee's sole cost, to maintain, repair, or at Lessee's option replace any or all of the FF&E during the Term such that the Premises are returned to Lessor with all FF&E present, in place, and in substantially the same condition as they were in on the Effective Date, ordinary wear and tear excepted.

**60. Entertainment; Dancing Licenses; Lines.** Lessee shall apply to the City of Redondo Beach for an entertainment permit to have live entertainment and dancing at the Premises. Lessee agrees not to conduct, make application to conduct, or modify any existing permit to conduct any business activities (including live music and dancing) requiring an entertainment and/or dancing permit from the City without first obtaining Lessor's prior written consent and next the prior written consent of the City. Lessee shall submit a written plan to Lessor, for Lessor's written approval, for lining up patrons waiting to enter the Premises, in an orderly fashion, and shall only allow such lines to be formed in the areas approved by Lessor in writing. Lessee agrees to have live music no less than four (4) times per week.

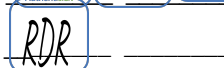
**61. Lessor's Work.** Prior to the Tender of Possession to Lessee, Lessor shall, at Lessor's expense: (i) have a one-time servicing performed of the existing HVAC System, so that it is delivered operational, and (ii) inspect

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Lessee's Initials:



Lessor's Initials:



and if necessary perform a one time servicing of the existing main electrical panel in the Premises so that it is delivered in operational condition. Lessee's acceptance of the Tender of Possession shall constitute Lessee's complete and irrevocable agreement that Lessee has carefully inspected the entire Premises and that Lessor has fully performed all work required of Lessor under this Lease to Lessee's complete satisfaction. Neither Lessor nor any Affiliates or Representatives of Lessor has made and will make any representations or warranties, of any type or nature, as to the condition, fitness for any particular purpose, or useful life of the Premises or any part of the Premises, and by accepting the Tender of Possession Lessee agrees that Lessee has completely and irrevocably accepted them in their then as-is and where-is condition, and that Lessee shall be responsible, at Lessee's sole cost, for all maintenance, repairs, and replacements of same pursuant to the terms of Section 7.2 of this Lease.

**62. Status of Lessor.** Lessee acknowledges and agrees that (i) Lessee is aware that Lessor is a licensed Attorney and Lessor is not acting and shall not act at any time in the future in this capacity with reference to this transaction or any other transaction with Lessee, (ii) Lessee has not received or relied upon (and will not at any time in the future receive or rely upon) any legal, financial or brokerage services or advice from Lessor or any of Lessor's agents, employees, or representatives, for any purpose, and (iii) Lessee has had the full opportunity to have this Lease and Lessee's own independent business and financial plans reviewed by the attorneys, accountants, contractors, consultants, and/or other advisors and representatives of Lessee's choice and has not relied on any advice, plans or forecasts prepared by or received from Lessor.

**63. City Addendum to Sublease.** Lessee agrees to execute the City Addendum to Sublease ("**City Addendum**") attached to this Lease as Exhibit 7, which City Addendum is fully incorporated into and made a part of the Lease. Lessee agrees to execute a modified version of the City Addendum, at the request of the City, so long as such modifications requested by the City do not materially modify Lessee's rights or obligations under the Lease.

**64. Contingencies.** In the event of the failure of either of the contingencies stated in the following Subsections A and B (each a "**Contingency**" and collectively the "**Contingencies**") to be satisfied on or before the dates (each a "**Contingency Deadline**") stated next to each of the below Contingencies, then either Lessor or Lessee may terminate this Lease, upon five (5) days written notice to the other, delivered at any time after the applicable Contingency Deadline has passed; In the event this Lease is terminated by either Party due to the failure to satisfy either of the Contingencies, then Lessee and Lessor shall have no further obligations to each other under the Lease, except for any obligations (i) which accrued prior to such early termination, and (ii) that would otherwise survive the natural expiration of the Lease. In such event, Lessee shall have no further rights with respect to this Lease or the Premises. The Contingencies are:

**A. City Approval of Lease.** Approval of this Lease by the City of Redondo Beach within one hundred twenty (120) days of the Effective Date.

**B. ABC Approval.** California Department of Alcoholic Beverage Control ("**ABC**") approval of Lessee's purchase and use of a type 48 liquor license at the Premises within one hundred eighty (180) days of City approval of this Lease as set forth in the preceding Subsection A; provided, however, that in no event shall Lessee have the right to terminate this Lease due to Lessee's failure to obtain ABC Approval pursuant to this Section 64.C unless Lessee has exercised diligent, continuous, and best efforts to obtain ABC Approval, including, but not limited to (i) entering into an escrow to purchase an ABC License within fifteen (15) days of the execution of the fulfillment of the contingencies set forth in Subsection A, and (ii) applying to the ABC for approval of Lessee's application within five (5) days of Lessee's opening of an escrow to purchase an ABC License.

**65. Minimum Monthly Rent During Option Period.** At the commencement of the Option Period (the "**FMR Adjustment Date**"), Minimum Monthly Rent shall be adjusted to the then fair market rent ("**FMR**") (See *Section 19 of the Basic Lease Provisions*), as follows:

**A. Determination of FMR.** Lessor shall determine, in Lessor's sole discretion, the FMR per square foot for the Premises as of the FMR Adjustment Date. Lessor's determination of FMR per square foot shall be based on three (3) comparable and fully built out and ready to operate rental spaces ("**the FMR Comps**") in coastal business districts in or similar to the City of Redondo Beach harbor area, either then being advertised for lease to the public, or having been incorporated into a recently executed new lease or a lease renewal, without

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Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_

regard to or deduction for any rent concessions, tenant improvements, relocation costs, and/or brokerage commissions offered or paid by the landlord(s) or granted to the tenant(s) in any of the FMR Comps.

**B. Minimum Monthly Rent Adjustment.** The Minimum Monthly Rent payable by Lessee under the Lease as of the FMR Adjustment Date shall be the greater of (i) FMR for the Premises as determined in the preceding Section 65.A, or (ii) the Minimum Monthly Rent payable by Lessee under the Lease immediately prior to the FMR Adjustment Date increased by five percent (5%).

**C. Notification to Lessee of Minimum Monthly Rent.** Lessor shall endeavor to notify Lessee ("**Lessor's FMR Notice**"), no less than ninety (90) days prior to the FMR Adjustment Date, of the Minimum Monthly Rent payable by Lessee as of the FMR Adjustment Date. However, if for any reason Lessee receives Lessor's FMR Notice after the FMR Adjustment Date, then such adjustment to FMR shall be retroactive to the FMR Adjustment Date and the balance (if any) of Minimum Monthly Rent owed to Lessor for the period between the FMR Adjustment Date and the date Lessee receives Lessor's FMR Notice shall be payable by Lessee within five (5) business days of Lessee's receipt of Lessor's FMR Notice.

**D. Monthly Base Rent Adjustments During Option Period.** On each annual anniversary of the commencement date of the Option Period, the Minimum Monthly Rent payable under the Lease shall be increased by five percent (5%) per annum.

## 66. Exclusive Right To Expand into Unit 100"J".

**A. Lessee Right to Expand the Premises.** For a period of nine (9) months following the Lease Commencement Date ("**Lessee's Expansion Period**"), Lessee shall have the exclusive right to expand the definition of Premises under the Lease ("**Lessee's Exclusive Expansion Right**") to include the adjacent basement rental space known as Unit "J" which is approximately 6,000 square feet, with the main entrance being the east-facing wooden doors on the Pier level (See Exhibit A to the Lease). Lessor agrees to not enter into a lease with anyone but Lessee for Unit "J" during Lessee's Expansion Period, and Lessee may exercise Lessee's Exclusive Expansion Right by giving Lessee's unconditional and irrevocable written notice ("**Lessee's Expansion Notice**") to Lessor on or before the first day of the Eighth (8<sup>th</sup>) full calendar month following the Lease Commencement Date ("**Lessee's Expansion Notice Deadline**"). In the event that Lessor has not received Lessee's Expansion Notice before Lessee's Expansion Notice Deadline, then Lessee's Exclusive Expansion Right shall automatically expire, without the need for any notice to Lessee, and Lessor shall be free to enter into a lease agreement for Unit "J" with anyone of Lessor's choosing without any liability to Lessee.

**B. Tender of Possession of Unit "J".** In the event that Lessee effectively exercises Lessee's Exclusive Expansion Right, then, subject to the terms and conditions of Section 3.2 of the Lease, Lessor shall make its Tender of Possession of Unit "J" to Lessee for Lessee's use and occupancy in compliance with the terms of this Lease within ten (10) business days after Lessor's receipt of Lessee's Expansion Notice.

**C. Rent and Security Deposit Increases.** In the event that Lessee effectively exercises Lessee's Exclusive Expansion Right, then, effective on the date Lessor makes a Tender of Possession of Unit "J" to Lessee, the Rent and Security Deposit due under the Lease shall be increased as follows:

(i) **Minimum Monthly Rent.** Minimum Monthly Rent shall be increased by one hundred fifty percent (150%) of the amount that would otherwise be due for Unit "I" (Unit "J" being 150% of the size of Unit "I") if Lessee had not effectively exercised Lessee's Exclusive Expansion Right. (*see Section 1.10*)

(ii) **Lessee's Share of CAM Expenses.** Lessee's Share of CAM Expenses shall be increased to thirty-one and 206/1000 percent (31.206%). (*see Section 1.15*)

(iii) **Security Deposit.** Lessee shall increase its Security Deposit held by Lessor, prior to Lessor's delivery of possession of Unit "J" to Lessee and then from time to time as required under the

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Lessor's Initials:  \_\_\_\_\_

Lease, by one hundred fifty percent (150%) of the amount that would otherwise be due for Unit "I" (Unit "J" being 150% of the size of Unit "I").

**67. Lessee's Improvements.** Lessee shall install, at Lessee's sole cost, all tenant improvements, and furniture, fixtures and equipment, which shall conform to plans and specifications submitted by Lessee to Lessor for Lessor's prior written approval pursuant to the terms of the Lease, including but not limited to Exhibit 3 to the Lease. Lessee shall have the right to display grand opening promotional banners on the outside of the Premises, as approved in advance by Lessor in writing, for up to 4 months, and subject to Lessee's compliance with all City regulations.

**68. Digital Window Monitor.** Lessee shall have the right to install one (1) small digital monitor inside one of the windows in the glass enclosed stairwell entry to Unit 100"I" which is visible to the public from outside the glass enclosed stairwell area, subject to (a) Lessor's prior written approval of the size, location, appearance, method of attachment, and content of the proposed digital monitor system, (b) the content does not include any third party related advertising, promotions, or other content, and (c) such installation complies with and does not violate any Governmental Requirements.

**69. Failure to Pay.** Section 13.1(c) is amended to read as follows:


**(c) "Failure to Pay.** the failure by Lessee to cause Lessor to receive any payment within five (5) days of the date it was due, with or without notice (which shall not be required) from Lessor, of Minimum Monthly Rent, Percentage Rent, Lessee's Share of CAM Expenses, or any other Rent payable by Lessee to Lessor (or to the City of Redondo Beach, as required under the Lease or by any Governmental Requirement), regardless of if and when any interest or any Late Charges are charged to or payable by Lessee under the Lease;"

**70. Removable Personal Property.** Removable Personal Property (as defined in Section 18.2 of the Lease) shall include any sound systems, LED Lighting fixtures, and digital walls installed by Lessee, unless otherwise agreed upon by Lessee and Lessor.

**71. Duty to Surrender; Restoration of Premises.** The entire sentence which begins on line 10 of Section 18.2 of the Lease is amended to read as follows: "Lessor may require Lessee to remove, within the last thirty (30) days of the Term or upon its sooner termination, at Lessee's sole cost and expense, any or all of Lessee's (a) fixtures affixed to the Premises by or at the direction of Lessee, (b) Tenant Improvements and/or Alterations made to or affixed to the Premises by or at the direction of Lessee without obtaining (i) the prior written approval of Lessor, and/or (ii) any building permits that were required in accordance with Governmental Restrictions, and (c) Tenant Improvements and/or Alterations made to or affixed to the Premises by or at the direction of Lessee with the prior written approval of Lessor and which Lessor designated at the time of such approval shall be removed at the expiration or earlier termination of the Lease."

**72. Shared Basement HVAC System.** Unit "I" and Unit "J" both share and utilize the same heating, ventilation and air conditioning equipment and system (the "**Basement HVAC System**"). In the event that (a) Lessee does not effectively exercise Lessee's Exclusive Expansion Right to expand into Unit "J" as set forth above in Paragraph 66 of this Addendum, and (b) Lessor enters into one or more written leases with parties other than Lessee or an Affiliate of Lessee for the use and occupancy of 100"J" (the "**Other 100J Occupants**"), then effective upon the commencement date of each such lease with Other 100"J" Occupants, and for the period of time that each of such other leases remains in effect (i.e., has not expired or been terminated), then: (i) the Basement HVAC System shall be shared and utilized by both Lessee and the Other 100J Occupants, (ii) Lessee shall remain solely responsible for performing and paying for the preventive maintenance, repair, and replacement of the HVAC System and all of its components (the "**HVAC Costs**"), (iii) Lessor shall reimburse Lessee for sixty percent (60%) of the HVAC Costs, within thirty (30) days of Lessor's receipt of Lessee's written request for such reimbursement which request shall also include copies of all bills from and checks written to third party vendors, and (iv) Lessor shall reimburse Lessee for sixty percent (60%) of the costs of utility service ("**HVAC Utility Costs**") billed to Unit "I" and Lessee shall reimburse Lessor for forty percent (40%) of the costs of HVAC Utility Costs billed

**Redondo Landing - On The Pier**

Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_



to Unit "J", for the operation of the Basement HVAC System condenser units, as such HVAC Utility Costs may be estimated by Lessor from time to time in Lessor's sole and absolute discretion.

**73. Confidentiality.** Lessee agrees to maintain the contents of the Lease and all Exhibits and addenda thereto, in strict confidentiality and not to disclose any of its terms and conditions to any third party directly or indirectly associated with the Redondo Landing, RDR Properties, LLC, or Robert D. Resnick, including but not limited to other past, present, and future tenants or prospective tenants of Lessor, except for privileged communications between Lessee and its Attorney, tax preparer, the City of Redondo Beach, and otherwise by court order.

**74. No Other Changes to the Lease.** Except as expressly provided in this Addendum, all terms and conditions of the Lease shall remain in full force and effect.


**"LESSOR"**

**"LESSEE"**


**RDR PROPERTIES, LLC**

**SOUTH BAY LIVE, LLC**





 Robert D. Resnick 06/30/25  
By: Robert D. Resnick, President

 Daryl Robert Swensson 06/26/25  
By: Daryl Robert Swensson, Manager & Officer

 Brenton Randall Reger 06/26/25  
By: Brenton Randall Reger, Manager & Officer

 Joseph Patrick Smith 06/26/25  
By: Joseph Patrick Smith, Manager & Officer

**Redondo Landing - On The Pier**

Lessee's Initials:  DRS  BRR  IPS  
Lessor's Initials:  RDR \_\_\_\_\_

**EXHIBIT 1**

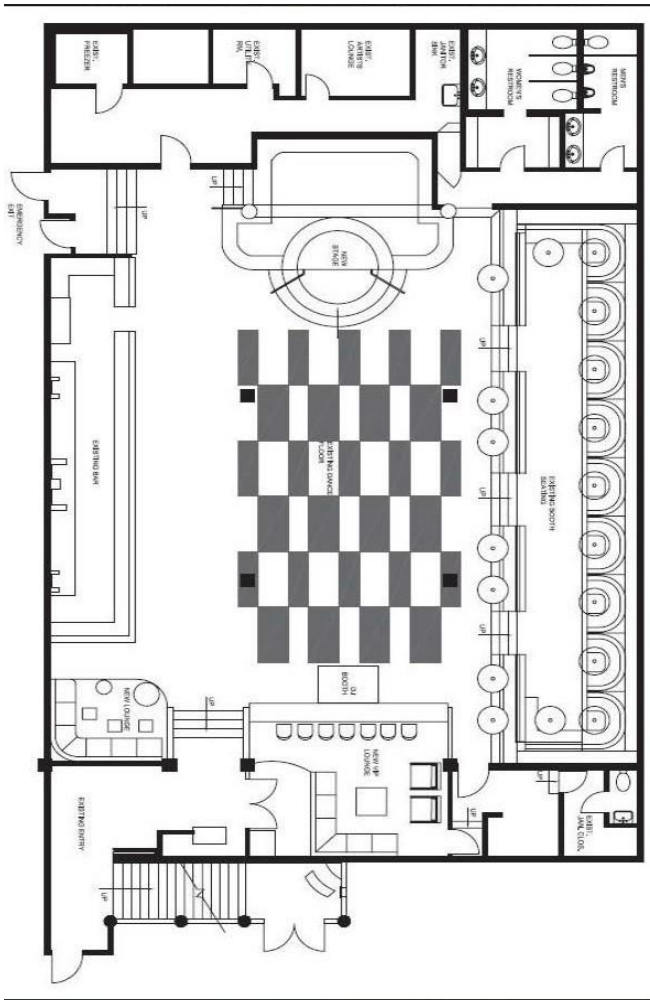
**MAP OF THE PREMISES**

Dated: MAY 19, 2025

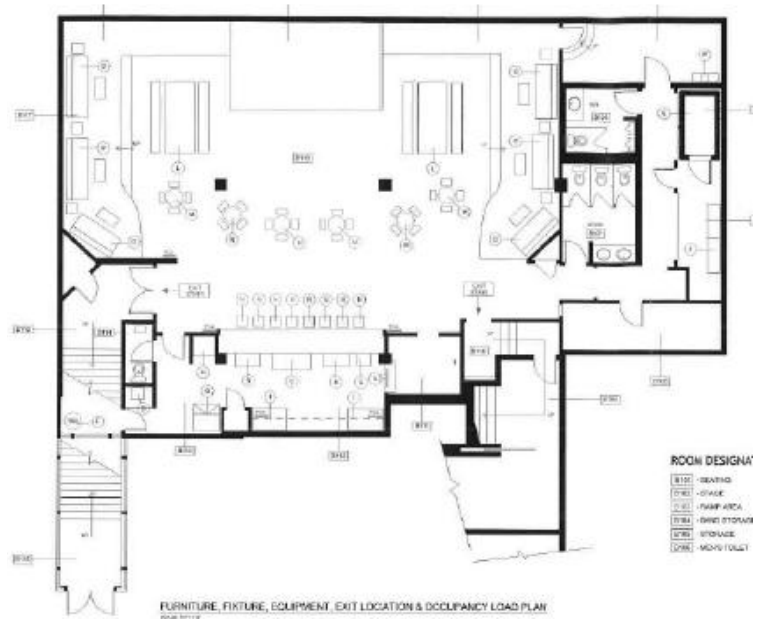
BY AND BETWEEN

RDR Properties, LLC as "Lessor" and SOUTH BAY LIVE, LLC as "Lessee"

**UNIT 100"J"**



**UNIT 100"1"**



**Redondo Landing - On The Pier**

1-15-12 Standard Lease Form  
100"1" and 100"J" – South Bay Live, LLC - 5-19-25 Effective Date

Lessee's Initials:

Authentisign DRS BRR JPS

Lessor's Initials:

Authentisign RDR

**EXHIBIT 2**

**RULES AND REGULATIONS FOR**

**THE REDONDO LANDING – ON THE PIER**

Dated: **MAY 19, 2025**

**BY AND BETWEEN**  
**RDR Properties, LLC as “Lessor” and SOUTH BAY LIVE, LLC as “Lessee”**

1. No sidewalks, patios, stairs, parking areas, walkways, or other outdoor areas or common areas shall be used (i) to display, sell, solicit orders for sale, distribute, store, or place any merchandise, equipment, machinery, supplies, fixtures, furniture device, or other property of Lessee or Lessee’s agents, employees, or delivery personnel, (ii) to exhibit or distribute any sign, placard, banner, flier, notice, advertisement, promotion, circular, booklet, handbill, leaflet, placard, or other material, (iii) to solicit membership in any organization, group, or association, or contributions for any purpose, or (iv) to parade, patrol, picket, demonstrate, or engage in conduct that might interfere with the use of the common areas or be detrimental to any of the business establishments in the Project.

2. Lessor reserves the right to refuse access to the Project to any persons whom Lessor in good faith judges to be a threat to the safety, reputation, property, or business operations of the Project or any of its occupants. In the case of invasion, mob, riot, public excitement, an act of terrorism or other like circumstances, Lessor reserves the right to prevent access to the Premises during the continuance thereof by such action as Lessor may deem appropriate, including closing and locking doors, without any liability or abatement in Rent.

3. No person may go upon the roof of the Project, except to service rooftop mechanical equipment, or in the case of emergency and imminent threat of injury to a person or property.

4. The common area elevator shall be used only for public and handicapped access and deliveries to the upper level tenants. Lessee and it’s employees shall not use the elevator for everyday use unless required for a disabled person’s access to the upper level of the Project. When used to carry deliveries, the interior walls of the cab shall be covered with protective material at all times.

5. Plumbing fixtures shall not be used for any purpose other than for which they were constructed, including but not limited to being used for depositing sanitary napkins, towels, rags, liquids, chemicals, solid waste, and rubbish.

6. Walls, floors and ceilings shall not be defaced in any way, and no one shall be permitted to mark, drive, nail, screw, drill into, paint, or in any way mar any Project surface, except that pictures, certificates, licenses and similar items normally used in Lessee’s business may be carefully attached to the walls to cause as little damage as possible. Upon removal of such items by Lessee, any damage to the walls or other surfaces, except minor nail holes, shall be repaired by Lessee.

7. All trash, refuse, and waste materials shall be disposed into containers approved by Lessor and the City of Redondo Beach, no less than once every 24 hours. Boxes shall be broken down before being placed in containers.

8. The Premises shall not be used for lodging, and unless the Permitted Use of the Premises is for restaurant purposes, no cooking, shall be permitted in or about the Premises; however, the preparation of coffee, tea, hot chocolate and similar items by Lessee for its employees and business visitors shall be permitted. Lessee

***Redondo Landing – On The Pier***

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1-15-12 Standard Lease Form  
100”I” and 100”J” – South Bay Live, LLC - 5-19-25 Effective Date

Lessee’s Initials: 

Lessor’s Initials:  \_\_\_\_\_

shall not use or keep in or about the Premises any kerosene, gasoline or inflammable or combustible fluid or material.

**9.** Electric wiring of every kind and telephone outlets shall be installed in conduits concealed behind finish surfaces (such as drywall) and in compliance with applicable building codes.

**10.** The weight, size and position of all safes and other unusually heavy objects used or placed in the Premises shall be approved by a structural engineer. Articles of unusual size or weight and articles which exceed the design floor weight of the Premises are not permitted on the Premises.

**11.** No person shall be permitted to bring or keep within the Premises any animal, bicycle, cart, or other vehicle.

**12.** No tenant may install any antenna, loudspeaker or other device on the roof, exterior walls, Common Areas, or interior of the Project or the Premises; provided, however, that the foregoing shall not prohibit a tenant from installing a sound system within the interior of the Premises for the playing of music at sound levels which are not audible from the exterior of the Premises or within neighboring premises. In no event shall Lessee install sound equipment in the Outdoor Areas except with Lessor's prior written consent which may, in Lessor's sole discretion, be granted, withheld or withdrawn (if previously given). Lessee will not be permitted to sell lottery tickets from the Premises.

**13.** All keys shall be obtained from Lessor, and all keys shall be returned to Lessor upon termination of the Lease. If Lessee changes or adds any locks on doors, Lessee shall notify Lessor and provide copies of the new keys.

**14.** No motorized carts or hand trucks shall be used within the boundaries of the Project, or used by Lessee or any of Lessee's employees, contractors, vendors, suppliers, or invitees in any Common Area. All such carts and hand trucks shall be equipped with rubber tires and side guards.

**15.** Lessee assumes all risks from theft and vandalism and agrees to keep its Premises locked, secured, and protected as may be required to protect its Premises and its property.

**16.** Users of any parking areas shall obey all posted signs and park only in areas designated for vehicle parking.

**17.** Lessor and the City of Redondo Beach will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using any parking areas.



**18.** The maintenance, washing, waxing, or cleaning of vehicles in any parking area is prohibited.

**19.** Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with all applicable parking rules, regulations, laws and agreements.

**20.** Nothing shall be thrown or be allowed to drop out of any window, down any stairway, or down any elevator shaft, and no device or object shall be placed, erected, or maintained in any window sills, or on top of any banister, handrail, or stair structure other than window blinds, drapes, or other partitions.

**21.** No device or substance which shall emit any discernable obnoxious odors, or any smoke, gas, or vapor shall be allowed to escape from Lessee's premises.

**Redondo Landing - On The Pier**

Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_

**22.** Lessee shall give written notice to Lessor within twenty-four (24) hours of any claim of liability, including for property damage or bodily injury to any person, made or threatened against Lessee with reference to the Premises, the Building, the Project, or Lessee's business operations.

**23.** Lessor reserves the right, from time to time, to rescind any one of these Rules and Regulations, as Lessor determines may be necessary or appropriate for the operation, maintenance, safety, care, appearance, and cleanliness of the Project, and for the preservation of order therein. Lessee hereby waives any claims against Lessor for Lessor's failure to enforce these Rules and Regulations against, or for waiving any one or more of these Rules and Regulations for the benefit of, another tenant in the Project.

**24.** These Rules and Regulations are not to be construed in any way to modify, alter, or amend, in whole or in part the Lease. If there are any conflicting provisions between these Rules and Regulations (as amended from time to time) and any provision in Lessee's Lease, the Lease shall control.

**25.** Lessee shall use its best efforts to complete, or cause to be completed, all deliveries, loading, unloading and services to the Premises prior to 10:00 a.m. each day. Lessee shall not allow any delivery truck or other vehicle servicing the Premises to drive or park on the Pier or in any Common Area.

***Redondo Landing - On The Pier***

Lessee's Initials:   

Lessor's Initials:  \_\_\_\_\_



## EXHIBIT 3

### TENANT IMPROVEMENTS

Dated: MAY 19, 2025

BY AND BETWEEN

RDR Properties, LLC as "Lessor" and SOUTH BAY LIVE, LLC as "Lessee"

Lessee agrees to construct and complete all improvements in the Premises necessary for the initial startup and continuing operation of Lessee's business, including, but not limited to, those itemized at the end of this Exhibit 3. All such work, whenever performed ("**Tenant Improvements**") shall be completed at Lessee's sole cost and expense and in accordance with all the provisions of this Exhibit 3 and of the Lease.

**1. Preliminary Plans.** Within twenty (20) days of Lessor's Tender of Possession and at any other time Lessee desires to make Alterations or Tenant Improvements to the Premises, Lessee shall submit to Lessor (and at Lessor's option to Lessor's architect) two (2) sets of printed and one (1) digital disk containing pdf's of Lessee's preliminary plans, renderings, and specifications ("**Preliminary Plans**") for all interior and exterior Tenant Improvements in or to the Premises. The Preliminary Plans shall be prepared by a licensed architect approved by Lessor, shall comply with all applicable Restrictions and sound first class construction practices, and shall include all design details drawn to scale, including, but not limited to, elevations, floor plans, and sections, and color and material samples, including floor covering samples and paint colors, which Lessee intends to use in or about the Premises and all finish materials to be used on the exterior of the Premises. All materials submitted shall be tagged or otherwise identified, signed, and dated by Lessee. All such materials will be retained by Lessor. The Preliminary Plans shall also include plans, color renderings, and specifications for Lessee's exterior building signage. Lessor shall have ten (10) days after receipt of a complete set of Preliminary Plans within which to approve to disapprove the same. Any disapproval or approval with conditions by Lessor shall be accompanied by the reasons therefor. Lessee shall have an additional ten (10) days to make any revisions necessary to obtain Lessor's approval and shall submit revised Preliminary Plans to Lessor for approval in the same manner set forth above.

**2. Construction Drawings.** As soon as practicable after Lessor's approval of the Preliminary Plans, and in any event within thirty (30) days of Lessor's approval of Lessee's Preliminary Plans, Lessee shall cause to be prepared and submitted to Lessor for approval two (2) sets of printed and one (1) digital disk containing pdf's of Lessee's working drawings and specifications (the "**Construction Drawings**") for the Tenant Improvements prepared in conformity with the approved Preliminary Plans. The Construction Drawings shall be prepared by a licensed architect or engineer for Lessor's written approval, shall comply with applicable Restrictions and sound first class construction practices and techniques, and shall include a complete set of architectural (demo plans, floor plans, elevations, and sections), lighting, plumbing, mechanical, electrical, and structural engineering drawings, for the Tenant Improvements. In no event shall Lessee proceed with Construction Drawings until Lessor has approved in all respects Lessee's Preliminary Plans. Lessor shall have fifteen (15) days after receipt of a complete set of Construction Drawings within which to approve or disapprove the same. Any disapproval or conditional approval will be accompanied by the reasons therefor. Lessee shall promptly make any revisions necessary to obtain Lessor's approval and shall submit revised Construction Drawings to Lessor for Lessor's written approval prior to submission for a building permit.

**3. Lessee's Architect.** Upon Lessor's prior written consent, Lessee may use Lessor's architect for the preparation of Lessee's Preliminary Plans, Construction Drawings and/or any amendments thereto, but under separate contract with Lessee, at Lessee's sole cost and expense, and without any claims or liability against Lessor.

**Redondo Landing - On The Pier**

Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_

**4. Lessor's Approvals.** Lessor's approval of Preliminary Plans and Construction Drawings for the Tenant Improvements shall not be unreasonably delayed or withheld, provided that they comply with applicable Restrictions and sound construction practices and provide for improvements of first-class quality, suitable to a marine environment. All amendments to any Preliminary Plans or Construction Drawings shall be submitted to Lessor and also shall be subject to Lessor's written approval in accordance with the procedures set forth above for original Preliminary Plans and Construction Drawings, except that Lessor shall approve or disapprove any such amended Preliminary Plans or Construction Drawings within ten (10) days of receipt thereof. Lessee shall pay to Lessor, simultaneously with the execution of this Lease, a non-refundable Architectural Review fee, in the amount set forth in Section 1.17 of the Basic Lease Provisions, for Lessor's review of Lessee's Plans.

**5. Building Permit.** After approval by Lessor of the Construction Drawings for the Tenant Improvements, Lessee shall submit the Construction Drawings to the appropriate governmental authorities for entitlements, plan checking and building permits in accordance with all applicable Requirements. All governmental fees and charges with respect to the Tenant Improvements shall be paid by Lessee at its sole cost and expense. Lessee shall reimburse Lessor for all fees levied by any governmental entity, when such fees are related to the Tenant Improvements, and Lessor may elect to terminate this Lease should Lessee fail to reimburse Lessor for any such fees within ten (10) days of such demand. Any changes required in the Construction Drawings necessary to obtain the building permit for the Tenant Improvements shall first be approved in writing by Lessor. After final approval of the Construction Drawings, no further changes thereto may be made without the prior written approval of both Lessor and the agency providing the entitlements and/or building permits, and then only after agreement by Lessee to pay any excess costs resulting from such changes.

**6. Construction.** Promptly upon, and in any event no later than thirty (30) days after, Lessee's obtaining of all necessary government approvals, Lessee shall cause Lessee's Tenant improvements to be commenced and completed by a licensed, experienced, bonded, and insured, general contractor approved by Lessor, with such completion to occur on or before the Tenant Improvements Completion Date set forth in Section 1.22 of the Basic Lease Provisions. Lessee's Tenant Improvements shall be performed in accordance with the approved Construction Drawings, applicable laws, sound first class construction practices, and the following:

(a) Lessee shall not commence construction or installation of Lessee's Tenant Improvements unless and until Lessee shall have received written approval from Lessor of Lessee's general contractor for Lessee's Work.



(b) Prior to the commencement of any construction or installation of Lessee's Tenant Improvements, Lessee shall provide Lessor with a payment bond and/or a performance bond, or other form of cash or security, acceptable to Lessor as described in Section 7.3(d) of the Lease.

(c) Lessee's Tenant Improvements shall be commenced and completed as soon as practicable, and no delay in completion, whether or not beyond Lessee's control, shall extend the Commencement Date, Expiration Date, or any date on which any Rent or other payment is due from Lessee under the Lease.

(d) The provisions of Section 7.3 of the Lease shall be applicable to Lessee's Tenant Improvements, and Lessee shall promptly furnish to Lessor upon completion of Lessee's Tenant Improvements (A) a copy of a Notice of Completion bearing the recording stamp of the Los Angeles County Recorder, and (B) final lien releases or other evidence reasonably satisfactory to Lessor that all of Lessee's Tenant Improvements have been paid in full and that no claim of any mechanic or materialman may become a lien on the Premises or the Project.

**7. Failure of Lessee to Comply.** Any failure of Lessee to comply with any of the provisions contained in this Exhibit 3, within the times for compliance herein set forth shall be deemed a Default under the Lease entitling Lessor to exercise all remedies available to Lessor, including, but not limited to, those provided in Section 13 of the Lease.



**Redondo Landing - On The Pier**


Lessee's Initials:   
Lessor's Initials: 

**8. Itemization of Lessee's Tenant Improvements.** LESSEE SHALL CONSTRUCT, AT LESSEE'S SOLE COST BASED UPON PLANS APPROVED IN ADVANCE IN WRITING BY LESSOR IN COMPLIANCE WITH THIS LEASE, A FIRST-CLASS OPERATING LIVE MUSIC PERFORMANCE NIGHTCLUB AND A SPORTS BAR LOUNGE AT THE PREMISES CONSISTENT WITH THE "PERMITTED Use".

**9. Minimum Cost to Lessee.** Notwithstanding any other provision of this Lease or this Exhibit 3 to the contrary, as a material inducement to Lessor to enter into this Lease with Lessee, Lessee agrees to spend, as a minimum, the amount of money stated in Section 1.23 of the Basic Lease Provisions, on the hard costs of actually constructing Lessee's Tenant Improvements (i.e., excluding architectural, engineering, consultant, and building permit fees.

***Redondo Landing - On The Pier***

Lessee's Initials:   

Lessor's Initials:  \_\_\_\_\_

## EXHIBIT 4

### PROHIBITED USES

Dated: MAY 19, 2025

**BY AND BETWEEN**

**RDR Properties, LLC as "Lessor" and SOUTH BAY LIVE, LLC as "Lessee"**

No portion of the Premises shall be used for or as (i) an industrial use or as an industrial plant; (ii) manufacturing, assembly, distillation, refining, smelting, agriculture or mining operations facility (with the exception of a brew pub if otherwise permitted herein); (iii) a processing or rendering plant; (iv) any law enforcement use; (v) the operation of a massage parlor; (vi) the operation of an adult entertainment facility, or book, video or other store or business selling or renting sexually explicit materials including, without limitation, magazines, books, movies and photographs or rendering of sexually explicit entertainment or services; (vii) a hospital, health care or hospice facility; (viii) a hotel, motor inn, sleeping quarters or dwelling room; (ix) a funeral parlor or similar service establishment; (x) a video, pinball or other game arcade or room; (xi) a flea market, thrift store or liquidation outlet, or a swap show or "outlet store" selling merchandise that is used, damaged or discontinued; (xii) a church or other place of religious worship; (xiii) a storage operation or warehouse (except for storage or warehouse facilities incidental to the Permitted Use; (xiv) a school, classroom (except to the extent incidental to a retail use), or training or educational facility, including, but not limited to, a beauty school, barber college, reading room, place of instruction, or any other operations catering primarily to students or trainees rather than to the purchasers of goods and services sold in the Project; (xv) an auto, truck, mobile home or boat sales, repair facility, or similar enterprise (which sells or repairs new and/or used vehicles as well as trailers therefor); (xvi) a commercial laundry, dry cleaners or laundromat, (xvii) an automobile body and/or fender repair shop or service station, or any facility for the storage or sale of gasoline or diesel fuel in or from tanks; (xviii) a car washing establishment; (xix) any mobile home or trailer court, labor camp, junk yard, stock yard or animal raising facility, or pet shop; (xx) a veterinary hospital; (xxi) a so-called "head shop", or other business devoted to the sale of articles or merchandise normally used or associated with drugs, or illegal or unlawful activities, such as but not limited to the sale of paraphernalia used in connection with marijuana, cocaine or other controlled drugs or substances; (xxii) an off-track betting parlor or other gambling establishment; (xxiii) a beauty shop; (xxiv) a restaurant which provides "drive-through" service; or (xxv) any unlawful purpose. In addition, Lessee shall not use or permit the use or operation on any portion of the Premises for: (i) sound amplification equipment producing sound audible outside of the Premises, or any other use, noise or sound which is unreasonably loud or objectionable due to intermittence, beat, frequency or shrillness or which otherwise interferes with any other tenant's or visitor's reasonable use of the Common Area or its own premises; (ii) without Lessor's prior express consent, any television or other video monitors, flashing or revolving lights, or similar devices on the roof, exterior walls or in the windows of the Premises, or display of any sign (except as approved by Lessor pursuant to Section 31), lights, advertising material, or anything else within the Premises which may be seen, heard, smelled or otherwise experienced outside the Premises; (iii) any business which is noxious or unreasonably offensive because of the emission or creation of excessive quantities of noise, smoke, dust, dirt, fly ash or odors; (iv) unless the Permitted Use includes restaurant use, any cooking activities without Lessor's express prior consent; (v) operation of data transmission equipment or emission of cellular, microwave, radio wave, or other similar electronic, light or noise transmission and/or radiation at levels which could be dangerous to health or which interfere with the proper operation of electronic, telephone, computer or other business equipment of tenants of the Project; (vi) any unusual fire, explosion or other damaging or dangerous hazard, including the storage, display, sale or use of explosives or fireworks; (vii) any drilling for and/or removal of subsurface substances; (viii) any dumping of garbage or refuse or waste (other than in dumpsters or compactors designed for such purpose); (ix) if the Permitted Use permits food preparation, any food use which involves use of a cooking exhaust system unless the exhaust system includes a water-wash watermist system approved and grease intercept system approved by the L.A. County Dept. of Health; (x) any use of the roof of any portion of the Project for any purpose without Lessor's prior express consent; or (xi) an auction or a distress, fire, bankruptcy or going-out-of-business sale by any party or parties.

***Redondo Landing - On The Pier***

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1-15-12 Standard Lease Form  
100"J" and 100"J" - South Bay Live, LLC - 5-19-25 Effective Date

Lessee's Initials:



Lessor's Initials:



**EXHIBIT 5**

**APPROVED MENU AND MERCHANDISE ITEMS**

Dated: MAY 19, 2025

BY AND BETWEEN

RDR Properties, LLC as “Lessor” and SOUTH BAY LIVE, LLC as “Lessee”

Lessee shall be permitted to offer drinks and food of Lessee’s choice, and ancillary merchandise such as clothing and souvenirs that use Lessee’s Trade Name or are musically themed.

***Redondo Landing - On The Pier***

66

1-15-12 Standard Lease Form  
100”I” and 100”J” – South Bay Live, LLC - 5-19-25 Effective Date

Lessee's Initials:   

Lessor's Initials:  \_\_\_\_\_



## EXHIBIT 6

### GUARANTY OF LEASE

Dated: MAY 19, 2025

BY AND BETWEEN

RDR Properties, LLC as "Lessor" and SOUTH BAY LIVE, LLC as "Lessee"

THIS GUARANTY OF LEASE (this "**Guaranty**"), dated as of December 1, 2022 (the "**Guaranty Effective Date**"), is made for valuable consideration by **Daryl Robert Swenson, Joseph Patrick Smith, and Brenton Randall Reger** (individually and collectively, "**Guarantor**"), in favor of RDR PROPERTIES, LLC, a California limited liability company ("**Lessor**"), in connection with that certain Lease ("**Lease**") also dated as of December 1, 2022, pursuant to which Lessor leases to SOUTH BAY LIVE, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ("**Lessee**") the Premises described in the Lease which are located in the City of Redondo Beach, County of Los Angeles, State of California. All capitalized terms used herein shall have the meaning provided in the Lease unless otherwise expressly defined herein. As a material inducement to and in consideration of Lessor entering into the Lease, Lessor having indicated that it would not enter into the Lease without the execution of this Guaranty, Guarantor does hereby agree as follows:

1. Guarantor does hereby irrevocably, absolutely and unconditionally guarantee, as a primary obligor and not as a surety, and promise to Lessor the due, punctual and full performance by Lessee of each and all of the covenants, obligations, liabilities and promises of Lessee to be performed during the Term (as hereinafter defined) and the truth and accuracy of each and all of the representations and warranties of Lessee contained in the Lease, including without limitation, the payment of Minimum Monthly Rent, Lessee's Share of CAM Charges, Percentage Rent and all other Rent due under the Lease, the payment and performance of all indemnity and defense obligations of Lessee under the Lease, and the payment of all damages incurred by Lessor as a result of any Default by Lessee under the Lease. For the purposes of this Guaranty, "**Term**" refers not only to the Term as defined in the Lease, but also to any renewals, extensions, modifications, reinstatements, and holdings over thereof.

2. Guarantor hereby agrees that, without the consent of or notice to Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be amended, compromised, released or otherwise altered by Lessor and Lessee, and Guarantor does guarantee and promise to perform all the obligations of Lessee 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, this Guaranty or any other instrument or agreement may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Lessor or any other person or entity may deal in any manner, at any time, individually, with Lessee, any guarantor, any party to the Lease or any other person or entity; and (e) all or any part of the Premises or of Lessee's rights or liabilities under the Lease may be sublet, assigned or assumed. This is a continuing guaranty, and Guarantor waives the benefit of the provisions of California Civil Code Section 2815.

3. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right to require Lessor to proceed against Lessee or any other person or entity or to pursue any other remedy or to pursue or exhaust any other security before proceeding against Guarantor; (b) the defense of any statute of limitations in any action under or related to this Guaranty or the Lease except to the extent that Lessee is permitted such defense by applicable law; (c) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Lessee or any other person or entity; (d) 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 Lessee, of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Lessee for reimbursement; and (e) the benefits of any statutory provision, procedural rule or case law

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limiting the liability of a surety or guarantor. In addition, Guarantor hereby waives and agrees not to assert or take advantage of the benefits of California Civil Code Sections 2809, 2810, 2815, 2819, 2845, 2849 and 2850.

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 Lessee 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. Without limiting any other waiver contained in this Guaranty, Guarantor further waives promptness and diligence in collection or enforcement of Lessee's obligations under the Lease from Lessee or any other person or entity liable thereon.

5. Guarantor does hereby agree that if claim is ever made upon Lessor for repayment or recovery of any amount or amounts received by Lessor in payment or on account of the amounts hereby guaranteed and Lessor repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction, or (b) any settlement or compromise of any such claim effected by Lessor with any such claimant (including Lessee or any other guarantor), then in such event Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon Guarantor, notwithstanding the expiration or termination of the Lease or other instrument evidencing any of the amounts hereby guaranteed, and Guarantor shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by Lessor.

6. Guarantor agrees that Guarantor shall have no right of subrogation against Lessee or any right of contribution against any other Guarantor or guarantor unless and until all Rent due in connection with the Lease has been paid in full and all other obligations (including, without limitation, all contingent and post-termination obligations) in connection with the Lease have been satisfied. Guarantor further agrees that, to the extent the waiver of Guarantor's rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation Guarantor may have against Lessee shall be junior and subordinate to any rights Lessor may have against Lessee. It is agreed that Lessor's rights under this Paragraph 6 are such that the remedy at law for breach thereof would be inadequate, and that Lessor shall be entitled to specific performance and enforcement thereof, including, without limitation, the imposition of a restraining order or injunction. Nothing in this Paragraph 6 shall diminish or relieve any obligations of Lessee to Lessor under the Lease.

7. The remedies of Lessor hereunder shall be in addition to and not in lieu of all remedies given to Lessor by law.

8. 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 without limitation any purchaser at judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Lessor voluntarily or by operation of law without reducing or modifying the liability of Guarantor hereunder. Guarantor agrees that it shall not make any distributions which may result in its inability to satisfy its obligations under this Guaranty. The term "Lease" whenever used in this Guaranty refers to and means the Lease as amended from time to time. The term "Lessor" whenever used in this Guaranty refers to and means the Lessor under the Lease specifically named and also any assignee of said Lessor, whether by outright assignment or by assignment for security, and also any successor to the interest of Lessor or of any assignee of the Lease or any part of the Lease, whether by assignment or otherwise. The term "Lessee" whenever used in this Guaranty refers to and includes the Lessee under the Lease, any assignee of the interest of Lessee in the Lease, any subtenant of all or any part of the Premises, and all of their respective successors in interest. Without limiting the foregoing, Guarantor shall not dissolve or enter into a merger, consolidation or other reorganization without the surviving entity or distributee of Guarantor's assets expressly assuming all of the obligations under this Guaranty.

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

10. This Guaranty shall constitute the entire agreement between Guarantor and Lessor with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, representations, and discussions, whether verbal or written, pertaining to that subject matter. No provision of this Guaranty or right of Lessor hereunder may be waived or modified nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer, director, trustee, partner or member of Lessor. Guarantor is not relying on any representations, warranties, or inducements by, from, or on behalf of Lessor or any other party that are not expressly stated in this Guaranty.

11. If more than one individual signs this Guaranty or any other Guaranty of the Lease, each such individual shall be deemed a Guarantor and the obligation of each such Guarantor shall be joint and several and the unenforceability of this Guaranty or any other Guaranty of the Lease or Lessor's election not to enforce this Guaranty or any other Guaranty of the Lease against one or more of the individuals comprising Guarantor under this Guaranty or any other Guaranty of the Lease shall not affect the obligations of the remaining individuals comprising Guarantor of this Guaranty or any other Guaranty of the Lease or the enforceability of this Guaranty or any other Guaranty of the Lease against such remaining individuals. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. Guarantor waives any right to require Lessor to proceed against any other Guarantor under this Guaranty or any other Guaranty of the Lease or against any security deposit or any other security given to secure the obligations under the Lease, as amended hereby.

12. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective to the fullest extent permitted by law.

13. 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, or as a bar to the enforcement of such provision or any other provisions hereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise of such right, power or privilege, or the exercise of any other right, power or privilege.

14. If either Lessor or Guarantor participates in any action against the other arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party all of the prevailing party's costs and fees of attorneys and experts actually incurred, including without limitation in respect of: (a) collecting all amounts owing; (b) prosecuting or defending any appeal or supplemental proceedings until the final judgment is satisfied in full; and (c) any post judgment proceedings to collect or enforce the judgment. The rights and obligations reflected in clause (c) of this Paragraph 14 hereof are separate and several from the

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rights and obligations reflected in clauses (a) and (b) of this Paragraph 14, and shall survive the merger of this Guaranty into any judgment on this Guaranty.

15. Without limiting the provisions of Paragraph 14, if any Guarantor seeks relief under any chapter of the bankruptcy code, as the same may exist from time to time, Lessor shall be entitled to recover from the Guarantor all of Lessor's costs and fees of attorneys and experts actually incurred in connection with such bankruptcy proceedings, including without limitation in connection with any motions to assume or reject executory contracts, any motions for adequate protection, any motions to sell property of the estate or to borrow money, any motions for the appointment of an examiner or trustee, any motions to dismiss the bankruptcy case or to convert the case to a case under another chapter of the bankruptcy code, any confirmation of a plan of reorganization, any meeting with the Guarantor and/or any creditor or other interested party, or any other meeting, hearing or proceeding reasonably necessary to protect the interests of Lessor in connection with the bankruptcy case or the enforcement of Lessor's rights outside of the bankruptcy case.


16. The interpretation and enforcement of this Guaranty shall be governed by the laws of the State of California, without regard to its choice of law rules. As a further material part of the consideration and inducement to Lessor to enter into the Lease with Lessee: (a) Guarantor agrees that any suit, action, or proceeding arising directly or indirectly from the Guaranty, the Lease, or the subject matter of either shall be litigated only in courts located within the county and state in which the Premises are located; (b) Guarantor irrevocably consents to the jurisdiction of any local, state, or federal court located within the county and state in which the Premises are located; and (c) without limiting the generality of the foregoing, Guarantor 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 suit, action or proceeding is brought in an inconvenient forum, or that the venue of such action, suit or proceeding is improper.

17. At any time during the Term, upon not less than ten (10) days' prior written notice from Lessor, Guarantor shall provide (i) Lessor with all Guarantor's financial statements upon request by Lessor, including without limitation Guarantor's current and most recent full-year financial statements (audited or compiled by Guarantor's CPA, if available), and/or (iii) Lessor or Lessor's lender(s) with an estoppel certificate confirming that this Guaranty remains in full force and effect as a continuing Guaranty under California law. Such financial statements shall be prepared in accordance with generally accepted accounting principles. Any such estoppel certificate may be conclusively relied upon by Lessor, and any current or future lender of Lessor's or encumbrancer and/or any prospective purchaser of the Premises or the building of which the Premises are a part.

18. If Guarantor executes this Guaranty as a partnership, each individual and entity executing this Guaranty on behalf of the partnership represents and warrants that such individual or entity is a general partner of the partnership, that this Guaranty is binding upon the partnership in accordance with its terms, and that Guarantor's execution and delivery of this Guaranty will not result in any breach of, or constitute any default under, any other agreement or instrument to which Guarantor is a party or by which Guarantor may be bound. If Guarantor executes this Guaranty as a corporation, each of the individuals executing this Guaranty on behalf of the corporation covenants and warrants that the corporation is a duly authorized and existing corporation, that the corporation has and is qualified to transact business in the State of California, that the corporation has full right, authority and power to enter into this Guaranty and to perform its obligations hereunder, that each individual signing this Guaranty on behalf of the corporation is authorized to do so, and that Guarantor's execution and delivery of this Guaranty will not result in any breach of, or constitute any default under, any other agreement or instrument to which Guarantor is a party or by which Guarantor may be bound. Each Guarantor further individually represents and warrants that (i) he is a shareholder or part owner of Lessee and is receiving adequate consideration for entering into this Guaranty, and (ii) the financial statements he delivered to Lessor prior to the execution of the Lease are a true and correct representation of his financial condition as of the Guaranty Effective Date.

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19. In the event Lessee becomes insolvent or is adjudicated a bankrupt, or Lessee files a petition for reorganization, arrangement or other relief under any present or future provisions of the United States Bankruptcy Code or any similar applicable law, or if such a petition is filed by creditors of Lessee, or if Lessee shall seek a judicial readjustment of the rights of its creditors under any present or future federal or state law, or if a receiver of all or any part of Lessee's property or assets is appointed by any state or federal court, no such proceeding or action taken therein shall modify, diminish, or in any way affect the liability of Guarantor under this Guaranty, and the liability of Guarantor with respect to the Lease shall be of the same scope as if Guarantor had itself executed the Lease as the named Lessee therein, and no "rejection" and/or "termination" of the Lease in any such proceedings referred to in this Paragraph 19, or otherwise, shall be effective to release and/or terminate the continuing liability of Guarantor to Lessor under this Guaranty. If, in connection with any of the circumstances referred to in this Paragraph 19, Lessor should request that Guarantor execute a new lease for the balance of the Term (unaffected by any such "rejection" and/or "termination" in any of such proceedings, but in all other respects identical with the Lease), Guarantor shall do so as the named tenant under such new lease (irrespective of the fact that the Lease may have been "rejected" or "terminated" in connection with any of the proceedings referred to in this Paragraph 19). Should Guarantor fail or refuse to execute any such new lease, then, without limiting any of the legal or equitable remedies available to Lessor on account of such failure or refusal, Guarantor acknowledges and agrees that Lessor may seek specific performance of the covenant of Guarantor contained in this Paragraph 19 to execute the new lease.

20. Time is of the essence with respect to each and every provision in this Guaranty.

21. Any notice, request, demand, instruction or other communication to be given to any party under this Guaranty shall be in writing and shall be delivered in the manner provided in the Lease for delivery of notices (and be deemed delivered in accordance with the time periods set forth in the Lease), to either Guarantor at the address set forth beneath such Guarantor's signature on the last page of this Guaranty, and if to Lessor, to the notice address for Lessor set forth in the Lease, as updated by Lessor in writing, from time to time, in accordance with the notice provisions of this Guaranty.



22. Guarantor hereby represents and warrants to Lessor as follows: (i) Guarantor has consulted with and has been represented by its attorney in connection with this Guaranty; (ii) Guarantor fully understands and agrees to each and every provision of this Guaranty; and (iii) Guarantor's execution and delivery of this Guaranty shall not result in any breach of, or constitute any default under, any other agreement or instrument, including without limitation any deed of trust, credit agreement, partnership agreement, operating agreement or other contract or instrument to which Guarantor is a party or by which Guarantor may be bound.

23. Each of the parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the parties and carry out the terms of this Guaranty.

24. This Guaranty may be executed and delivered via facsimile transmission or electronic mail and shall, if so executed and delivered, be deemed an original.

**[SIGNATURES ON NEXT PAGE]**

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Lessee's Initials:   
Lessor's Initials:  \_\_\_\_\_




EXECUTED as of May 19, 2025


**DARYL SWENSSON, "GUARANTOR"**

 *Daryl Robert Swensson* 06/26/25  
\_\_\_\_\_  
Daryl Swensson  
**ADDRESS:**  
724 No. Lucia Avenue  
Redondo Beach CA 90277  
949-939-8045  
Daryl@LiveAndPresent.com

**BRENTON RANDALL REGER, "GUARANTOR"**

 *Brenton Randall Reger* 06/26/25  
\_\_\_\_\_  
Brenton Randall Reger, Guarantor  
**ADDRESS:**  
23314 Anza Ave.  
Torrance CA 90505  
626-862-3256  
Brent@ProjectBarley.com

**JOSEPH PATRICK SMITH, "GUARANTOR"**

 *Joseph Patrick Smith* 06/26/25  
\_\_\_\_\_  
Joseph Patrick Smith, Guarantor  
**ADDRESS:**  
1022 Monterey Blvd. Unit C  
Hermosa Beach CA 90254  
626-862-3256  
JoeP@ProjectBarley.com

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Lessee's Initials:  *DRS*  *BRR*  *JPS*  
Lessor's Initials:  *RDR* \_\_\_\_\_

## EXHIBIT 7

### CITY OF REDONDO BEACH ADDENDUM TO SUBLEASE

This is an Addendum to Sublease between **RDR PROPERTIES, LLC**, a California limited liability company, hereinafter "Landlord", and **SOUTH BAY LIVE, LLC**, a California limited liability company, hereinafter individually and collectively "Tenant", dated as of May 19, 2025, relating to certain premises within the Redondo Beach Harbor Area, hereinafter "the premises". As used herein, "Sublease" refers to that certain Redondo Landing – On The Pier Standard Lease (including Exhibits and Addendum attached thereto ") entered into between Landlord and Tenant of even date herewith. To the extent that any terms and conditions of this Addendum conflict with or are inconsistent with any terms and conditions of the Sublease, the terms and conditions of this Addendum shall control.

1. The following Article is hereby added to the Sublease:

#### MASTER LEASE

Tenant acknowledges that Landlord's interest in the premises is that of a lessee under a lease (the "Master Lease") with the City of Redondo Beach. This Sublease is subject to the consent of the City of Redondo Beach pursuant to the terms of the Master Lease. Tenant hereby expressly assumes and agrees to perform all the covenants, conditions, promises and obligations of Landlord under the Master Lease, including sublease approval by the City of Redondo Beach, insofar as those obligations are applicable to the premises, except that the covenant to pay rent shall be considered performed by Tenant to the extent and in the amount rent is paid to Landlord pursuant to the applicable provisions of the Sublease. Copies of the Master Lease are on file with and can be inspected at the offices of the Harbor Department of the City of Redondo Beach.

The following sublease criteria of the City of Redondo Beach pertain to Tenant under this Sublease:

- (i) Tenant acknowledges that it has had an opportunity to review and has reviewed the terms and provisions of the Master Lease.
- (ii) The Sublease is subordinate and subject to the Master Lease and Tenant shall attorn to City of Redondo Beach in the event City of Redondo succeeds to the interests of Landlord.
- (iii) By consenting to this Sublease, City of Redondo Beach does not release Landlord of any obligations to perform under the Master Lease; City of Redondo Beach has not waived its right to renegotiation of rentals under the Master Lease and Landlord shall be bound by all such rent renegotiation provisions of the Master Lease regardless of whether or not this Sublease contains provisions for renegotiation of rentals to be paid by

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Lessee's Initials: DRS BRR JPS

Lessor's Initials: RDR \_\_\_\_\_

Tenant. If the Sublease contains a provision for renegotiation of rentals, Tenant will become subject to such provisions should they reoccur.

(iv) The Term of this Sublease shall not exceed or extend beyond the term of the Master Lease.

(v) In the event of a conflict or inconsistency between the terms and provisions of the Master Lease and the terms and provisions of the Sublease, the terms and provisions of the Master Lease shall govern and control.

(vi) If the business activities of the Tenant to be conducted on the premises will generate Gross Sales or Gross Income as those terms are defined in the Master Lease, Tenant will conduct its business activities on the premise as a continuous operation during all normal business hours.

(vii) Tenant waives all claims against City of Redondo Beach for damages to goods, wares, merchandise, buildings, installations or other improvements in, upon, or about the premises, and Tenant shall indemnify and save harmless City of Redondo Beach, its elected officials and representatives, officers, agents, attorneys and employees from and against any and all claims, demands, loss or liability of any kind or nature which City of Redondo Beach, its elected officials and representatives, officers, agents, attorneys and employees may sustain or incur or which may be imposed upon them or any of them (a) for injury or death to persons or damage to property as a result of, rising out of, or in any manner connected with this Sublease or with the occupancy of any portion of the premises by Tenant, its officers, agents, employees, contractors, concessionaires, licensees, patrons or visitors, and (b) in connection with any and all liens for labor, services, supplies or materials arising out of the design, construction, repair, alteration or installation of structures, improvements, equipment or facilities within the premises caused by Tenant.

(viii) Any mortgage, pledge, hypothecation, encumbrance, transfer, or further sublease or assignment of Tenant's interest in the premises, or any portion thereof, whether voluntarily or by operation of law, shall be approved in writing by City of Redondo Beach and if not so approved, shall be void and shall, at Landlord's option, terminate this Sublease.

(ix) Tenant will not discriminate against any person or class of persons by reason of sex, race, color, religious creed, ancestry, national origin, age, disability, physical handicap, sexual orientation, medical condition or marital status, and shall make its accommodations and services available to all persons on a non-discriminatory basis.

(x) Tenant will make no alterations, improvements or erect any signs on the premises without the prior approval of City of Redondo Beach and such other governmental agencies if they have jurisdiction over said work.

(xi) Tenant will maintain and make available for inspection by City of Redondo Beach, or City of Redondo Beach's authorized agent, all records of Tenant's business operations conducted on or in connection with the premises.

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(xii) The rights of Tenant under the Sublease to conduct any business activities and operations in the Redondo Beach Harbor Area are nonexclusive only.

(xiii) Tenant will conduct its business operations on the premises in compliance with all ordinances, policies, and procedures therefor approved by City of Redondo Beach, Or its designated or authorized representatives, including the Harbor Director.


**"LESSOR"**

RDR PROPERTIES, LLC

 Robert D. Resnick 06/30/25  
By: Robert D. Resnick, President

**"LESSEE"**

South Bay Live, LLC

 Daryl Robert Swensson 06/26/25  
By: Daryl Robert Swensson, Manager & Officer

 Brenton Randall Reger 06/26/25  
By: Brenton Randall Reger, Manager & Officer

 Joseph Patrick Smith 06/26/25  
By: Joseph Patrick Smith, Manager & Officer

LA:17974030.3

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Lessor's Initials:  RDR \_\_\_\_\_