

**CONSENT TO SUBLEASE
136 N. INTERNATIONAL BOARDWALK TO
MYRTLE AVENUE HOSPITALITY INC.**

THIS CONSENT TO SUBLEASE (this "Consent") is made by the CITY OF REDONDO BEACH, a chartered municipal corporation ("Lessor"), A BASQ KITCHEN, LLC ("Lessee"), and MYRTLE AVENUE HOSPITALITY INC. ("Sublessee").

WHEREAS, Lessor and Lessee have heretofore entered into a Lease Agreement (the "Lease") dated as of May 5, 2015, for the premises located at 136 N. International Boardwalk, Redondo Beach CA (the "Premises").

WHEREAS, under the Lease, Lessor reserves the right to approve and consent to any sublease, assignment or amendment by Lessee or its successors;

WHEREAS, Lessee has requested Lessor's consent to sublease the Premises consisting of 1,000 square feet (the "Sublease Premises") to Sublessee under a proposed Lease dated May 5, 2020 (the "Sublease");

WHEREAS, Lessee has provided Lessor documentation of Sublessee's experience, business background and financial capacity evidencing sublessee's financial capacity to perform its obligations under the Sublease;

WHEREAS, Lessee has requested Lessor's consent to the Sublease;

WHEREAS, Lessee retains all obligations set forth in the Lease, including any obligations associated with those portions of the Premises subject to the Sublease.

NOW, THEREFORE, pursuant to the Lease, Lessor hereby issues its approval and consent to the Sublease, which is given subject to the following conditions and covenants of the parties to the Sublease:

1. Lessor consents to the Sublease. This consent is granted only on the terms and conditions stated in this Consent. The Sublease is subject and subordinate to the Lease. If there is a conflict between the Sublease regarding Sublessee's obligations to Lessor, the terms, conditions, and obligations of the Lease and this Consent shall control. Lessee and Sublessee acknowledge that Lessor is not a party to the Sublease and is not bound by any of the terms, covenants, or conditions of the sublease.

2. This Consent does not:

(a) Release Lessee from any liability, whether past, present or future, under the Lease;

(b) Alter the primary liability of Lessee to pay all rent and perform all of Lessee's obligations under the Lease (including the payment of all bills rendered by Lessor for charges incurred by Sublessee for services and materials supplied to the Sublease Premises);

(c) Be construed as a waiver of Lessor's right to consent to any proposed transfer, assignment, or sublease after the date hereof by Lessee under the Lease or Sublessee under the Sublease, or as a consent to any portion of the Sublease Premises being used or occupied by any other party;

(d) Grant any rights to Sublessee greater than those rights granted to Lessee under the Lease;

(e) Be deemed consent to any other sublease, assignment, or transfer of any kind;

(f) Be construed as consent by Lessor to a term of the Sublease beyond the stated term under the Sublease, and not to any holdover tenancy, whether by operation of law or otherwise, and in no event beyond the term of the Lease;

(g) Require Lessor to recognize Sublessee in the event of a default in the Lease by Lessee;

(h) Enlarge or in any manner increase Lessor's obligations or duties under the Lease;

(i) Create obligations or costs to Lessor under the terms of the Sublease, except as may be set forth in the Lease or under applicable law, such as Lessor's performance of standard lease administrative functions, regulatory and permitting functions under the Lease;

(j) Require Lessor to proceed in any action under the Lease or this Consent against either Lessee or Sublessee without first exhausting Lessor's remedy against the other; or

(k) Modify, waive, amend, or otherwise affect any provision of the Lease, including without limitation, any guaranty of the Lease.

Upon termination of the Lease, Lessor may consent to subsequent subleases of the Sublease or any amendments or modifications to the Sublease without notifying Lessee or anyone else liable under the Lease, including any guarantor of the Lease, and without obtaining their consent. No such action by Lessor will relieve those persons from any liability to Lessor or otherwise with regard to the Sublease Premises.

3. Lessee and Sublessee acknowledge that the Lease continues in full force and effect, and that there are no prior amendments thereto as of the date of this Consent, except as in writing(s) signed by both the Lessor and the Lessee. This Consent shall not release Lessee of its obligations or alter the primary liability of Lessee to pay the rent and to perform and comply with all of the obligations of Lessee to be performed under the Lease.

4. Lessee and Sublessee agree and acknowledge as follows:

(a) Lessee assigns and transfers to Lessor Lessee's interest in the Sublease and all rentals and income arising from the Sublease, subject to the terms of this Section 4. Lessor, by consenting to the Sublease, agrees that, until Lessee defaults in performing the obligations under the Lease, Lessee may receive, collect, and enjoy the rents accruing under the Sublease.

(b) If Lessee defaults in the performance of its obligations to Lessor under the Lease (whether or not Lessor terminates the Lease), Lessor may, at its option by notice to Lessee, do either of the following: (i) terminate the Sublease; or (ii) elect to receive and collect, directly from Sublessee, all rent and any other sums owing and to be owed under the Sublease, as further set forth below.

(c) Lessor will not, as a result of the Sublease, or as a result of the collection of rents or any other sums from Sublessee under this section, be liable to Sublessee for any failure of Lessee to perform any obligation of Lessee under the Sublease.

(d) Lessee irrevocably authorizes and directs Sublessee, on receipt[t of any written notice from Lessor stating that a default exists in the performance of Lessee's obligations under the Lease, (where said default is beyond the expiration of all applicable notice and cure periods set forth in the Lease) to pay to Lessor the rents and any other sums due and to become due under the Sublease. Lessee agrees that Sublessee has the right to rely on any such statement from Lessor, and that Sublessee will pay those rents and other sums to Lessor without any obligation or right to inquire as to whether a default exists and despite any notice or claim from Lessee to the contrary. Lessee will not have any right or claim against Sublessee

for those rents or other sums paid by Sublessee to Lessor. Lessor will credit Lessee with any rent received by Lessor under this assignment, but the acceptance of any payment on account of rent from Sublessee as the result of a default by Lessee will not: (a) be an attornment by Lessor to Sublessee or by Sublessee to Lessor; (b) be a waiver by Lessor of any provision of the Lease; or (c) release Lessee from any liability under the terms, agreements, or conditions of the Lease. No payment of rent by Sublessee directly to Lessor, regardless of the circumstances or reasons for that payment, will be deemed an attornment by Sublessee to Lessor in the absence of a specific written agreement signed by Lessor to that effect.

(e) In the event the Lease is terminated prior to the expiration of the term of the Sublease, Lessor shall have the right, but not the obligation, pursuant to notice to Sublessee, to succeed to Lessee's interest in the Sublease and cause Sublessee's to attorn to Lessor. Lessor will assume the obligations of Lessee under the sublease from the time of the exercise of the option, but Lessor will not be:

- (i) Liable for any rent paid by Sublessee to Lessee, or any security deposit paid by Sublessee to Lessee;
- (ii) Liable for any act or omission of Lessee under the Lease or for any default of Lessee under the sublease which occurred prior to the Lessor's assumption;
- (iii) Subject to any defenses or offsets that Sublessee may have against Lessee which arose prior to Lessor's assumption; or
- (iv) Bound by any changes or modifications made to the sublease without the written consent of Lessor.

5. Sublessee acknowledges that it has had an opportunity to review and has reviewed the terms and provisions of the Lease. The Sublease shall be at all times subject and subordinate to the Lease, as such Lease may be amended, revised or terminated by Lessor and/or Lessee in accordance with its terms. Lessor is not obligated to notify or obtain the consent of Sublessee or any guarantor of the Sublease with respect to any amendment, revision or termination of the Lease. In no event shall the term of the Sublease exceed the term of the Lease, as the Lease may be amended, modified or terminated.

6. Sublessee's use and operation of its business at the Sublease Premises shall not be in violation of any of the terms, covenants, obligations and conditions of the Lease.

This Consent shall not constitute a consent by Lessor to any subsequent subletting or assignment of any of Lessee's rights under the Lease, of any amendments or modifications to the Sublease, or any further subletting or assignment of any of Sublessee's rights under the Sublease. In the event of any default of Lessee under the Lease, Lessor may proceed directly against Lessee or anyone else liable under the Lease without prior notice to Sublessee.

7. This Consent shall not be valid without the signature of Lessee and Sublessee. Lessee and Sublessee each acknowledge and agree that in providing its consent to the Sublease, Lessor is relying on the covenants and representations of Lessee and Sublessee made in this Consent. Lessee and Sublessee each represent and warrant that there are no additional payments of rent or any other monetary consideration of any type which has been paid or is payable by Sublessee to or for the benefit of Lessee in connection with the Sublease, other than as disclosed in the Sublease.

8. Sublessee and Lessee agree to use, operate and maintain the Sublease Premises in compliance with all applicable federal, state, and local laws, as may be amended from time to time. Specifically, Sublessee and Lessee further agree to comply with all provisions of the Redondo Beach Municipal Code, including but not limited to all current and future administrative design guidelines and standards as applicable. This Consent shall not be construed as the City of Redondo Beach's approval of any improvements to the Sublease Premises, which shall require application and approval in accordance with the normal procedures of the City. Lessee and Sublessee acknowledge that all permits shall be obtained prior to the commencement of any work requiring a permit.

9. Sublessee waives all claims against Lessor for damages to goods, wares, merchandise, buildings installations and other improvements in, upon, or about the Sublease Premises unless caused by the gross negligence or willful misconduct of Lessor, its officers, agents or contractors.

10. Lessee hereby ratifies and affirms its indemnification obligations to Lessor under the Lease. Sublessee hereby indemnifies and holds harmless Lessor, 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 Lessor, 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 as a result of, rising out of, or in any manner connected with (a) the Sublease, (b) the occupancy of any portion of the Sublease Premises by Sublessee, its officers, agents, employees, contractors,

concessionaires, licensees, patrons or visitors, (c) Sublessee's negligent acts or omissions or its willful misconduct, or (d) 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 Sublease Premises caused by Sublessee, provided, however, that the foregoing indemnity shall not apply to the extent of the gross negligence or willful misconduct of Lessor, its agents, representatives, or employees.

11. Sublessee shall not discriminate against any person or class of persons by reason of sex, race, color, creed, ancestry, national origin, age, physical handicap, or medical condition, and shall make its accommodations and services available to all persons on a nondiscriminatory basis.

12. Sublessee represents and warrants to Lessor that all information and documentation provided to Lessor with respect to the Sublease, and Sublessee's experience, business background and financial capacity, is true and correct as of the date of this Consent. Lessee represents and warrants to Lessor that all written information and documentation provided to Lessor by Lessee prior to the date of this Consent, with respect to the Sublease, and Sublessee's experience, business background and financial capacity, is true and correct as of the date of this Consent, to the extent of Lessee's actual knowledge. Further, Lessee and Sublessee represent and warrant, each to the extent of their respective actual knowledge as of the date of the Consent that the execution of the proposed Sublease, or operation of Sublessee's business in accordance with the terms of the proposed Sublease shall not result in the violation of any Laws.

13. Should any provision of this Consent be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable to the fullest extent permitted by law.

14. Lessee is solely responsible for paying all licenses, permits, taxes, fees and assessments for the Lease, Sublease, or Premises, including the Sublease Premises. Lessor hereby gives notice to Lessee and Sublessee, pursuant to Revenue and Tax Code Section 107.6, that the Lease or Sublease may create a possessory interest that is the subject of property taxes levied on such interest, the payment of which taxes shall be the sole obligation of Lessee. Lessee is required to advise in writing any subtenant, licensee, concessionaire or third party using any part of the Premises of the requirements of Section 107.6. Any payments under this paragraph shall not reduce or offset any rent payments under the Lease. Lessee and Sublessee acknowledge that Lessor has no liability for such payments.

15. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, then in the event of any commencement of litigation, the prevailing party shall be entitled to recover from the applicable party such costs, including, but not limited to, expert witness fees, and reasonable attorney fees as may have been incurred. This Consent shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. In the event of any dispute arising hereunder, venue for any action shall reside exclusively in the Superior Court of the County of Los Angeles, Southwest Judicial District.

16. Lessee and Sublessee agree that Lessor will not be liable for any brokerage commission or finder's fee in connection with the consummation of the Sublease or this Consent. Lessee and Sublessee will protect, defend, indemnify, and hold Lessor harmless from any brokerage commission or finder's fee in connection with the consummation of the Sublease or this Consent, and from any cost or expense (including attorney fees) incurred by Lessor in resisting any claim for any such brokerage commission or finder's fee. The provisions of this section shall survive the expiration or earlier termination of the Sublease or this Consent.

17. Lessee and Sublessee acknowledge that Lessor is not a party to the Sublease and is not bound by any recitals, terms or conditions thereof. This consent is not intended to create, nor shall it be in any way interpreted to create, a joint venture, partnership or any other similar relationship among the parties hereto.

18. This Consent constitutes the final, complete and exclusive statement between the parties to this Consent pertaining to the terms of Lessor's consent to the Sublease, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors and assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that agreement modifies this Consent.

19. All terms spelled with initial capital letters in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Lease. This Consent is not intended to modify or amend any of the terms and conditions of the

Lease, nor to alter or diminish any of the rights or alter or add to any of the obligations of Lessor or Lessee under the Lease. In the event of a conflict between any rights of or obligations imposed upon Lessor or Lessee under this Consent and the Lease, Lessor's and Lessee's rights and obligations shall be as stated in the Lease, as may be amended.

20. Per section 14.3 of the Lease, Lessee shall be liable for the payment of Lessor's reasonable attorney's fees and administrative expenses incurred in conjunction with the Lessor's review and consent to this Sublease and this Consent. The attorney fees and costs shall be paid promptly upon demand.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, this Consent is dated this 5th day of May, 2020.

THE CITY OF REDONDO BEACH, a chartered municipal corporation

By: _____
William C. Brand, Mayor

ATTEST:

By: _____
Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

By: _____
Michael Webb, City Attorney

LESSEE:
A BASQ KITCHEN, LLC

By: _____
Bernard Ibarra
Owner

SUBLESSEE:
Myrtle Avenue Hospitality Inc.

By: _____
Tom Dunbabin