

## **LESSOR ESTOPPEL CERTIFICATE AND CONSENT TO DEED OF TRUST**

This Lessor Estoppel Certificate and Consent to Deed of Trust (this "**Consent**") is executed by CITY OF REDONDO BEACH, a chartered municipal corporation ("**Lessor**") and PORTOFINO HOTEL PARTNERS, L.P., a California limited partnership ("**Lessee**") this 1st day of June, 2021 for the benefit of ROCKBRIDGE HOSPITALITY FUND VIII L.P., a Delaware limited partnership ("**Rockbridge**"), and together with its successors and/or assigns, "**Lender**", whose address is c/o RB Investment Services LLC, 4100 Regent Street, Suite G, Columbus, Ohio 43219.

### **BACKGROUND INFORMATION**

A. Lessee and Lessor entered into a certain Lease effective as of April 1, 2006 as amended by First Amendment to Lease dated August 5, 2014 (the "**First Amendment**" and collectively the "**Lease**"), for certain real property, including the improvements now located or in the future to be located thereon and the appurtenances related thereto, located in Los Angeles County, City of Redondo Beach, California as more particularly described on Exhibit "A" attached hereto and made a part hereof (the "**Real Property**");

B. As security for a mortgage loan to be made by Lender to Lessee in the amount of \$38,000,000.00 (the "**Loan**"), Lessee will execute in favor of Lender a Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (the "**DOT**"), wherein Lessee will mortgage its leasehold interest in the Real Property and its rights, title and interest in the improvements, equipment and personal property of Lessee located or to be located thereon.

C. Pursuant to the terms of the Lease and as a condition to making the Loan to Lessee, Lessor is requested to execute and deliver this Consent. Capitalized terms used herein but not defined shall have the meaning given to such terms in the Lease.

### **CERTIFICATIONS AND CONSENT OF LESSOR**

The undersigned, as the Lessor under the above described Lease, hereby certifies to Lender, as of the date hereof, as follows:

1. The Lease is in full force and effect. The Lease has not been amended, modified or supplemented except by the First Amendment. The Lease represents the entire agreement between the Lessor and Lessee as to the above referenced Real Property. A true and correct copy of the Lease and all amendments and modifications to date are attached hereto as Exhibit "B".

2. The rentals currently for the Real Property are as follows:

- |                              |   |
|------------------------------|---|
| a. Minimum Monthly Rental:   | \$74,979.78 per month;  |
| b. Splash Wall Rental:       | None (Splash Wall Rental is no longer due)                              |
| c. Capital Improvement Fund: | a sum equal to one percent (1%) of Gross Sales per month;               |
| d. Renovation Fund:          | a sum equal to one half of one percent (0.5%) of Gross Sales per month. |

All rent and other amounts due under the Lease have been paid through January, 2020 (subject to the audit rights of Lessor). Lessor holds the Deposit in the amount of \$68,257.00. The Execution Payment has been paid in full. Appreciation Rent is applicable in connection with the making of the Loan, however the calculation of the amount of Appreciation Rent due in connection with the making of the Loan is \$0.00. Lessee has paid to Lessor in connection with this Consent a fee in the amount of \$0.00 pursuant to the terms of Section 13 of the Lease. No additional fee is currently due under Section 13 of the Lease.

3. The Total Percentage Rent paid by Lessee for 2020 is \$59,101.42. The Total Percentage Rent owed by Lessee for 2020 is \$188,795.12 (subject to audit). The Total Percentage Rent paid by Lessee for 2021 is \$28,994.53. The Total Percentage Rental owed by Lessee for 2021 is \$14,115.89 (subject to audit). As a result of the COVID-19 Pandemic, the Percentage Rent owed by Lessee for 2020 and 2021 was deferred and a Repayment Schedule has been agreed upon by the Lessor and Lessee. The Repayment Schedule began in January 2021 with the final installment due in June 2022. All payments due under the Repayment Schedule have been paid in full and Lessee is not in default under the applicable deferral agreement. Percentage Rent is calculated and payable monthly pursuant to the Lease based upon the schedule attached hereto as Exhibit "C", which represents the "Applicable Percentages" in effect, which schedule represents the most recent agreement of the parties. Since the First Amendment, the Percentage Rent has not been further adjusted and no unresolved request to adjust the Percentage Rent has been made by Lessor or Lessee.

4. The commencement date of the Lease is April 1, 2006. The Lease terminates on April 1, 2061. Except as expressly set forth in the Lease, Lessee has no option to renew or extend the term of the Lease.

5. Lessor confirms that the "Renovation 2006" as defined in and required to be completed pursuant to Section 7 of the Lease has been completed in accordance with the Lease.

6. To Lessor's actual knowledge (a) no default on the part of the Lessor or Lessee exists under the Lease, and (b) no event that upon the giving of notice or the passage of time, or both would constitute a default under the Lease by Lessee or Lessor has occurred. To the actual knowledge of Lessor as of the date of this Consent, Lessee has not assigned, sublet or transferred any interest under the Lease, or any part thereof, except as may be shown on Exhibit "D" (the rental of marina slips, offices and hotel/apartment units are not included in Exhibit "D").

7. Lessor confirms that an Association named the "King Harbor Association" contemplated pursuant to Section 27 of the Lease is in effect as of the date of this Consent, and all rights regarding an Association remain in full force and effect. Lessee is not in default with respect to the King Harbor Association and no event that upon the giving of notice or the passage of time, or both would constitute a default with respect to the King Harbor Association.

8. Lessor's fee interest in the real property is subject to the terms of a grant from the State of California (the "***Tidelands Trust Agreement***") and is otherwise not presently encumbered by any pledge, assignment, mortgage, deed of trust or similar document or instrument.

9. Subject to the terms of the Lease, Lessor hereby consents to: (a) the pledge of Lessee's interest in its leasehold estate to Rockbridge pursuant to the terms and conditions of the DOT; and (b) subject to compliance with Section 13.4(c) of the Lease, the assignment, transfer, pledge or sale of the Loan and the DOT by Rockbridge to any affiliate or any wholly owned subsidiary of Rockbridge (collectively, the "**Lender Consent**"). This Consent shall not change, modify, extend, or amend any term, condition, or definition of the Lease, and the Loan, the DOT, and any related documents shall at all times be subject to and subordinate to the Lease. The terms and conditions of the Lease shall prevail and govern in the event of any conflict with the terms of the Loan and/or the DOT. Any extension, assignment, transfer, pledge, refinancing, securitization, restructuring, repackaging, or sale of the Loan and/or the DOT, other than as part of the Lender Consent or a minority, non-controlling interest in the Loan having privity solely with the Lender, shall require Lessor's prior written consent in accordance with the terms of the Lease, including without limitation, section 13.1(b)(vi). By this Consent, Lessor does not approve, confirm, subordinate, waive, accept, or consent to any representation, term, or condition that may be described in the DOT or any Loan document, including, without limitation, any proposed refinancing, restructuring, or repackaging of the Loan or any purported assignment of Lessee's ownership or leasehold interests that may be referenced therein. Lessor is not a party to the Loan and is not bound in any way by any provision therein.

10. As of the date of this Consent and regarding only the Lender Consent, Lessor confirms, to the actual knowledge of Lessor and based upon the material representations of Lessee and Lender, that Lessee and Lender have complied with the consent requirements set forth in the Lease, including, without limitation, Section 13.1, Section 13.2, and 18.2 upon payment of the sums currently due to the extent outlined in Sections 2 and 3 of this Consent.

11. In connection with the COVID-19 pandemic, Lessor has waived all defaults based upon Lessee or any Subtenant failing to continuously operate as required by Section 24.1 of the Lease.

12. Lessor is in receipt of all insurance required pursuant to Section 14.4 of the Lease.

13. Notwithstanding anything to the contrary in the Lease, Lessor hereby agrees that there shall be no cancellation, termination, waiver, surrender, acceptance of surrender, amendment, change or modification of the Lease by joint action of Lessor and Lessee or by Lessee alone, without in each case the prior consent in writing of Lender (and if any such action is taken without the prior consent in writing of Lender, then such action shall not be binding on Lender).

14. Supplementing Section 13.4(h) of the Lease, but subject to all of the conditions therein (including conditions relating to cure of defaults), Lessor agrees that Lender shall be entitled to a new lease in accordance with Section 13.4(h) in the event of termination of the Lease for any reason whatsoever, or if the Lease is rejected or disaffirmed pursuant to any bankruptcy, insolvency or other law affecting creditors' rights. The foregoing shall not apply if the Lease is terminated due to a default by Tenant that is not timely cured by Tenant or Lender pursuant to the terms of the Lease and such default is of such a nature that it permits Lessor to terminate the Lease in accordance with the terms of the Lease after expiration of such cure period.

15. There shall be no merger of this Lease or the leasehold estate created by this Lease with a fee interest in the Real Property by reason of the fact that the same person may acquire, own or hold, directly or indirectly, this Lease or the leasehold estate created by this Lease and the fee estate in the Real Property, unless and until such person and Lender shall join in a written instrument expressly providing for such merger and such instrument is recorded.

16. Nothing in this Consent shall be construed to constitute a lien or encumbrance upon the Lessor's fee interest in the Real Property.

17. (a) The address for notices to the Lessor is as follows:

City of Redondo Beach  
415 Diamond Street  
Redondo Beach, California 90277-0167  
Attention: City Clerk

With copy to:

Waterfront & Economic Development Department  
City of Redondo Beach  
415 Diamond Street  
Redondo Beach, CA 90277  
Attention: Director

And with copy to:

Portofino Hotel Partners, L.P.  
C/O Noble House Hotels & Resorts  
500 Kirkland Way, Suite 100  
Kirkland, WA 98033  
Attention: General Counsel

(b) The address notice for Lender is:

Rockbridge Hospitality Fund VIII L.P.  
c/o RB Investment Services LLC  
4100 Regent Street, Suite G  
Columbus, Ohio 43219  
Attention: Loan Servicing

With a copy to:

Rockbridge Capital, LLC  
4100 Regent Street, Suite G  
Columbus, Ohio 43219  
Attention: Risk Management

18. The factual statements contained herein may be relied upon by Lender and Lessor; however, this Consent creates no duties or obligations of Lessor under the Loan. The undersigned persons hereby certify that they are duly authorized to execute and deliver this Consent on behalf of Lessor and Lessee, respectively.

19. Lessee joins in this Consent for the purpose of acknowledging and consenting to the terms hereof. Lessee represents and warrants to Lessor that all information and documentation provided to Lessor with respect to the Loan including but not limited to the statements set forth in this Consent is true and correct as of the date of this Consent. Further, Lessee acknowledges and agrees that in providing this Consent, Lessor is relying on the Loan documentation and representations of the Lessee. Lessee confirms that the Loan and DOT are and shall remain subject to and subordinate to the Lease.

20. 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.

21. This Consent is not intended to expand, modify, diminish, or amend any of the definitions, terms or conditions of the Lease, nor to add, alter or diminish any of the rights or any of the obligations of Lessor, Lessee, or any Lender, under the Lease.

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EXECUTED, by Lessor and Lessee on the date first written above:

**LESSOR:**

**CITY OF REDONDO BEACH,**  
a chartered municipal corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM

By: \_\_\_\_\_  
City Attorney

**LESSEE:**

**PORTOFINO HOTEL PARTNERS, L.P.,**  
a California limited partnership

By: Portofino GP, LLC,  
a Delaware limited liability company,  
its General Partner

By: Noble House/RECP Hotel Venture, LLC,  
a Delaware limited liability company,  
its Sole Member

By: Noble House Group, LLC,  
a Delaware limited liability company,  
its Manager

By: Noble House Associates, LLC,  
a Delaware limited liability company,  
its Manager

By: Colee Family Trust utd December 30, 1997,  
a Washington trust,  
its Managing Member

By: \_\_\_\_\_  
Patrick R. Colee, Co-Trustee

**EXHIBIT A**

**REAL PROPERTY**

(On File in City Clerk's Office)

**EXHIBIT B**

**LEASE**

(On File in City Clerk's Office)

## **EXHIBIT C**

Portofino Hotel & Yacht Club  
City of Redondo Beach / Portofino Hotel Partners L.P.  
**PERCENTAGE RENTAL**

	Categories	Percentage
1	Boat slips	25.50
2	Storage Lockers	25.50
3	Boat Brokerage - % of gross commissions	15.00
4	Sale of new boats: a. on 1st \$400,000 per yr. b. on 400,000-600,000 per yr. c. excess \$600,000 per yr.	a. 1.00 b. 1.25 c. 1.50
5	Sale of used boats	1.00
6	Retail sale of marine hardware, accessories, paint, part, tackle	8.00
7	Vending machines	9.00
8	Marine insurance	5.00
9	Service afloat	50.00
10	Apartments, hotels and motel rooms: a. Apartments b. Hotel and motel rooms	a. 10.50 b. 7.50
11	Packaged liquor, beer & wine	5.00
13	Office space	10.00
14	Fuel, marine service station	5.50
15	Bait, tackle, ice, sundries & other supplies	5.50
16	Restaurant & bar	3.50
17	Retail sales of sportswear, clothing & souvenirs	5.00
18	Paid parking	30.00
19	Pay toilets	5.00
20	Laundry valet	50.00 (of discount allowed Lessee)
21	Guest Telephone	0.10
22	Slip late fees	25.50
23	Transportation for food from restaurant	3.50
24	Car rental commission	50.00
25	Sailing Lessons	7.50

26	Boat & Motor rental	
	a. w/out motor, dry stored	a. 20.00
	b. w motor, dry stored	b. 12.50

**EXHIBIT D**

**SCHEDULE OF SUBLEASES**

- 1) Sublease between Portofino Hotel Partners L.P. and Blue Pacific Yacht Sales  
dated August 1, 1993