Fill in this information to identify the case:

Debtor 1 YOGAWORKS, INC., a Delaware C-Corporation

Debtor 2 (Spouse, if filing) _____

United States Bankruptcy Court for the: District of Delaware, Wilmington Division

Case number 1:20-bk-12599

E-Filed on 02/05/2021
Claim # 338

Official Form 410
Proof of Claim

04/19

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) **that you received.**

Part 1: Identify the Claim

1. **Who is the current creditor?**

3460 W. 7th Street (CA) LLC, a Delaware limited li
Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor _____

2. **Has this claim been acquired from someone else?**

☑ No
☐ Yes. From whom? _____

3. **Where should notices and payments to the creditor be sent?**

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?	**Where should payments to the creditor be sent?** (if different)
Byron Moldo, Esq.	Vlady Sheynin
Name	Name
9401 Wilshire Blvd., 9th Floor	13949 Ventura Blvd., #350
Number Street	Number Street
Beverly Hills CA 90212	Sherman Oaks CA 91423
City State ZIP Code	City State ZIP Code
Contact phone (310) 273-6333	Contact phone (818) 501-5600
Contact email bmoldo@ecjlaw.com	Contact email vsheynin@mwestholdings.com

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

_ _

4. **Does this claim amend one already filed?**

☑ No
☐ Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?**

☑ No
☐ Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. **Do you have any number you use to identify the debtor?**
   - ☑ No
   - ☐ Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: ____ ____ ____ ____

7. **How much is the claim?** $ 112,404.33 . **Does this amount include interest or other charges?**
   - ☑ No
   - ☐ Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. **What is the basis of the claim?**
   Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
   Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
   Limit disclosing information that is entitled to privacy, such as health care information.
   Lease

9. **Is all or part of the claim secured?**
   - ☑ No
   - ☐ Yes. The claim is secured by a lien on property.

   Nature of property:
   - ☐ Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim.*
   - ☐ Motor vehicle
   - ☐ Other. Describe: _____

   Basis for perfection: _____
   Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

   Value of property: $_____
   Amount of the claim that is secured: $_____
   Amount of the claim that is unsecured: $_____ (The sum of the secured and unsecured amounts should match the amount in line 7.)

   Amount necessary to cure any default as of the date of the petition: $_____

   Annual Interest Rate (when case was filed)_____%
   - ☐ Fixed
   - ☐ Variable

10. **Is this claim based on a lease?**
    - ☐ No
    - ☑ Yes. **Amount necessary to cure any default as of the date of the petition.** $ 112,404.33

11. **Is this claim subject to a right of setoff?**
    - ☑ No
    - ☐ Yes. Identify the property: _____

12. **Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?**

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☑ No

☐ Yes. *Check one:*

	Amount entitled to priority
☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	$ 0.00
☐ Up to $3,025* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	$ 0.00
☐ Wages, salaries, or commissions (up to $13,650*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	$ 0.00
☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	$ 0.00
☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	$ 0.00
☐ Other. Specify subsection of 11 U.S.C. § 507(a)(__) that applies.	$ 0.00

* Amounts are subject to adjustment on 4/01/22 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☑ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 02/05/2021
MM / DD / YYYY

Vlady Sheynin
Signature

Print the name of the person who is completing and signing this claim:

Name: Vlady Sheynin
First name Middle name Last name

Title: Vice President and Director of Asset Management

Company: MWest Holdings LLC
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address: _____
Number Street

_____
City State ZIP Code

Contact phone _____ Email _____

Attachment 1 - Proof of Claim (The View) - tobeFiled 2.5.21.pdf
Description -

Fill in this information to identify the case:

Debtor 1 YOGAWORKS, INC., et al.

Debtor 2 (Spouse, if filing) _____

United States Bankruptcy Court for the: District of Delaware

Case number 20-12599-KBO

Official Form 410

Proof of Claim

04/19

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

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Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) **that you received.**

Part 1: Identify the Claim

1. **Who is the current creditor?**

   3460 W. 7th Street (CA) LLC, a Delaware limited liability company c/o MWest Holdings LLC
   Name of the current creditor (the person or entity to be paid for this claim)

   Other names the creditor used with the debtor _____

2. **Has this claim been acquired from someone else?**

   ☑ No
   ☐ Yes. From whom? _____

3. **Where should notices and payments to the creditor be sent?**
   Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?	**Where should payments to the creditor be sent?** (if different)
Byron Z. Moldo, Esq. Name	Vlady Sheynin Name
9401 Wilshire Boulevard, Ninth Floor Number Street	13949 Ventura Blvd. #350 Number Street
Beverly Hills CA 90212 City State ZIP Code	Sherman Oaks CA 91423 City State ZIP Code
Contact phone 310-273-6333	Contact phone 818-501-5600
Contact email bmoldo@ecjlaw.com	Contact email vsheynin@mwestholdings.com

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

_ _

4. **Does this claim amend one already filed?**

   ☑ No
   ☐ Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?**

   ☑ No
   ☐ Yes. Who made the earlier filing? _____

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Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. **Do you have any number you use to identify the debtor?**
   - ☑ No
   - ☐ Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: ____ ____ ____ ____

7. **How much is the claim?** $ 112,404.33 . **Does this amount include interest or other charges?**
   - ☑ No
   - ☐ Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

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9. **Is all or part of the claim secured?**
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   Nature of property:
   - ☐ Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim.*
   - ☐ Motor vehicle
   - ☐ Other. Describe: _____

   Basis for perfection: _____
   Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

   Value of property: $_____
   Amount of the claim that is secured: $_____
   Amount of the claim that is unsecured: $_____ (The sum of the secured and unsecured amounts should match the amount in line 7.)

   Amount necessary to cure any default as of the date of the petition: $_____

   Annual Interest Rate (when case was filed)_____%
   - ☐ Fixed
   - ☐ Variable

10. **Is this claim based on a lease?**
    - ☐ No
    - ☑ Yes. **Amount necessary to cure any default as of the date of the petition.** $ 112,404.33

11. **Is this claim subject to a right of setoff?**
    - ☑ No
    - ☐ Yes. Identify the property: _____

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12. **Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?**

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☑ No

☐ Yes. *Check one:*

	Amount entitled to priority
☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	$_____
☐ Up to $3,025* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	$_____
☐ Wages, salaries, or commissions (up to $13,650*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	$_____
☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	$_____
☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	$_____
☐ Other. Specify subsection of 11 U.S.C. § 507(a)(__) that applies.	$_____

* Amounts are subject to adjustment on 4/01/22 and every 3 years after that for cases begun on or after the date of adjustment.

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If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

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Check the appropriate box:

☑ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 02 / 03 / 2021
MM / DD / YYYY

Signature

Print the name of the person who is completing and signing this claim:

Name: Vlady (First name) Sheynin (Last name)

Title: Vice President and Director of Asset Management

Company: MWest Holdings LLC
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address: 13949 Ventura Blvd. #350
Number Street

Sherman Oaks (City) CA (State) 91423 (ZIP Code)

Contact phone: 818-501-5600 Email: vsheynin@mwestholdings.com

Doc ID: 5b8d3e9a3fa3c4dc9293f3e0adafc5994df8e2ec

ATTACHMENT TO PROOF OF CLAIM

LEDGER

Resident Ledger

Date: 11/03/2020

Code	t0008283	Property	view	Lease From	01/15/2016
Name	Yoga Works, Inc	Unit	RETAIL-1	Lease To	04/20/2026
Address	3460 W 7th St	Status	Current	Move In	01/15/2016
		Rent	0.00	Move Out	
City	Los Angeles, CA 90005	Phone (H)		Phone (W)	

Date	Chg Code	Description	Charge	Payment	Balance	Chg/Rec
01/01/2019	cam	Monthly Cam (01/2019)	94.05		94.05	513004
01/01/2019	rentca	Rent Commmercial (01/2019)	15,067.43		15,161.48	513286
01/29/2019		chk# 24401		15,161.48	0.00	339533
02/01/2019	cam	Monthly Cam (02/2019)	94.05		94.05	518956
02/01/2019	rentca	Rent Commmercial (02/2019)	15,067.43		15,161.48	519241
02/20/2019		chk# 24527		15,613.51	(452.03)	341047
02/28/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		14,754.96	(15,206.99)	342636
03/01/2019	trash	Trash Charge 01/01/19 to 01/31/19	13.61		(15,193.38)	526916
03/01/2019	admin-c	Administrative Fees 01/01/19 to 01/31/19	3.00		(15,190.38)	526917
03/01/2019	water	Allocated Water 01/01/19 to 01/31/19	16.54		(15,173.84)	526918
03/01/2019	water	Allocated Wastewater 01/01/19 to 01/31/19	12.36		(15,161.48)	526919
03/01/2019	cam	Monthly Cam (03/2019)	94.05		(15,067.43)	530395
03/01/2019	rentca	Rent Commmercial (03/2019)	15,067.43		0.00	530664
03/29/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,355.41	(15,355.41)	346505
04/01/2019	trash	Trash Charge 02/01/19 to 02/28/19	13.61		(15,341.80)	534674
04/01/2019	admin-c	Administrative Fees 02/01/19 to 02/28/19	3.00		(15,338.80)	534675
04/01/2019	water	Allocated Water 02/01/19 to 02/28/19	15.25		(15,323.55)	534676
04/01/2019	water	Allocated Wastewater 02/01/19 to 02/28/19	11.40		(15,312.15)	534677
04/01/2019	cam	Monthly Cam (04/2019)	94.05		(15,218.10)	538751
04/01/2019	rentca	Rent Commmercial (04/2019) 20 days	10,044.95		(5,173.15)	539015
04/01/2019	rentca	Rent Commmercial (04/2019) 10 days	5,173.15		0.00	539016

04/29/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,656.38	(15,656.38)	350631
05/01/2019	trash	Trash Charge 03/01/19 to 03/31/19	13.61		(15,642.77)	543494
05/01/2019	admin-c	Administrative Fees 03/01/19 to 03/31/19	3.00		(15,639.77)	543495
05/01/2019	water	Allocated Water 03/01/19 to 03/31/19	15.03		(15,624.74)	543496
05/01/2019	water	Allocated Wastewater 03/01/19 to 03/31/19	11.23		(15,613.51)	543497
05/01/2019	cam	Monthly Cam (05/2019)	94.05		(15,519.46)	548140
05/01/2019	rentca	Rent Commmercial (05/2019)	15,519.46		0.00	548399
05/02/2019	camrec	2018 CAM Rec	(80.90)		(80.90)	550316
06/01/2019	cam	Monthly Cam (06/2019)	94.05		13.15	556304
06/01/2019	rentca	Rent Commmercial (06/2019)	15,519.46		15,532.61	556570
06/01/2019	rubs	Trash Charge 04/01/19 to 04/30/19	13.61		15,546.22	557647
06/01/2019	admin-c	Administrative Fees 04/01/19 to 04/30/19	3.00		15,549.22	557648
06/01/2019	rubs	Allocated Water 04/01/19 to 04/30/19	15.16		15,564.38	557649
06/01/2019	rubs	Allocated Wastewater 04/01/19 to 04/30/19	11.33		15,575.71	557650
06/01/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,575.71	0.00	356156
07/01/2019	cam	Monthly Cam (07/2019)	94.05		94.05	565533
07/01/2019	rentca	Rent Commmercial (07/2019)	15,519.46		15,613.51	565790
07/01/2019	rubs	Trash Charge 05/01/19 to 05/31/19	13.61		15,627.12	567290
07/01/2019	admin-c	Administrative Fees 05/01/19 to 05/31/19	3.00		15,630.12	567291
07/01/2019	rubs	Allocated Water 05/01/19 to 05/31/19	16.56		15,646.68	567292
07/01/2019	rubs	Allocated Wastewater 05/01/19 to 05/31/19	12.38		15,659.06	567293
07/03/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,659.06	0.00	361944
07/30/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services NSFed by ctrl# 367635 payment return NSF		15,659.09	(15,659.09)	364579
08/01/2019	cam	Monthly Cam (08/2019)	94.05		(15,565.04)	575332
08/01/2019	rentca	Rent Commmercial (08/2019)	15,519.46		(45.58)	575588
08/01/2019	rubs	Trash Charge 06/01/19 to 06/30/19	13.61		(31.97)	577481
08/01/2019	admin-c	Administrative Fees 06/01/19 to 06/30/19	3.00		(28.97)	577482
08/01/2019	rubs	Allocated Water 06/01/19 to 06/30/19	16.58		(12.39)	577483
08/01/2019	rubs	Allocated Wastewater 06/01/19 to 06/30/19	12.39		0.00	577484
08/05/2019	nsf	Returned check charge	25.00		25.00	579450
08/05/2019		chk# :ACH-WEB NSF receipt Ctrl# 364579		(15,659.09)	15,684.09	367635
08/07/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,684.09	0.00	367712
08/29/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,661.80	(15,661.80)	369836

09/01/2019	cam	Monthly Cam (09/2019)	94.05		(15,567.75)	584718
09/01/2019	rentca	Rent Commmercial (09/2019)	15,519.46		(48.29)	584976
09/01/2019	rubs	Trash Charge 07/01/19 to 07/31/19	13.61		(34.68)	586747
09/01/2019	admin-c	Administrative Fees 07/01/19 to 07/31/19	3.00		(31.68)	586748
09/01/2019	rubs	Allocated Water 07/01/19 to 07/31/19	17.87		(13.81)	586749
09/01/2019	rubs	Allocated Wastewater 07/01/19 to 07/31/19	13.81		0.00	586750
10/01/2019	cam	Monthly Cam (10/2019)	94.05		94.05	594428
10/01/2019	rentca	Rent Commmercial (10/2019)	15,519.46		15,613.51	594688
10/01/2019	rubs	Trash Charge 08/01/19 to 08/31/19	24.39		15,637.90	597527
10/01/2019	admin-c	Administrative Fees 08/01/19 to 08/31/19	3.00		15,640.90	597528
10/01/2019	rubs	Allocated Water 08/01/19 to 08/31/19	22.34		15,663.24	597529
10/01/2019	rubs	Allocated Wastewater 08/01/19 to 08/31/19	15.40		15,678.64	597530
10/02/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,678.64	0.00	376503
11/01/2019	cam	Monthly Cam (11/2019)	94.05		94.05	605047
11/01/2019	rentca	Rent Commmercial (11/2019)	15,519.46		15,613.51	605297
11/01/2019	rubs	Trash Charge 09/01/19 to 09/30/19	13.61		15,627.12	606015
11/01/2019	admin-c	Administrative Fees 09/01/19 to 09/30/19	3.00		15,630.12	606016
11/01/2019	rubs	Allocated Water 09/01/19 to 09/30/19	21.39		15,651.51	606017
11/01/2019	rubs	Allocated Wastewater 09/01/19 to 09/30/19	14.73		15,666.24	606018
11/01/2019	late	Late Fees :Reversed by Charge Ctrl# 608790	100.00		15,766.24	608262
11/01/2019	late	:Reverse Charge Ctrl#608262 charged in error	(100.00)		15,666.24	608790
11/01/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services		15,666.24	0.00	381173
11/26/2019		chk# :ACH-WEB Online Payment - EFT Payment. Web - Resident Services NSFed by ctrl# 385422 payment returned unauthorized		15,613.51	(15,613.51)	383969
12/01/2019	cam	Monthly Cam (12/2019)	94.05		(15,519.46)	613687
12/01/2019	rentca	Rent Commmercial (12/2019)	15,519.46		0.00	613931
12/01/2019	rubs	Trash Charge 10/01/19 to 10/31/19	13.61		13.61	616078
12/01/2019	admin-c	Administrative Fees 10/01/19 to 10/31/19	3.00		16.61	616079
12/01/2019	rubs	Allocated Water 10/01/19 to 10/31/19	26.57		43.18	616080
12/01/2019	rubs	Allocated Wastewater 10/01/19 to 10/31/19	17.52		60.70	616081
12/02/2019	nsf	Returned check charge	25.00		85.70	616876
12/02/2019		chk# :ACH-WEB NSF receipt Ctrl# 383969		(15,613.51)	15,699.21	385422
12/03/2019	late	Late Fees	100.00		15,799.21	616975
12/09/2019		chk# 28014		15,799.21	0.00	386863

12/19/2019	per.rent	Percentage Rent - 01/2019-11/2019	5,309.02		5,309.02	619591
01/01/2020	rubs	Trash Charge 11/01/19 to 11/30/19	13.61		5,322.63	626628
01/01/2020	admin-c	Administrative Fees 11/01/19 to 11/30/19	3.00		5,325.63	626629
01/01/2020	rubs	Allocated Water 11/01/19 to 11/30/19	22.06		5,347.69	626630
01/01/2020	rubs	Allocated Wastewater 11/01/19 to 11/30/19	15.51		5,363.20	626631
01/01/2020	cam	Monthly Cam (01/2020)	94.05		5,457.25	628994
01/01/2020	rentca	Rent Commmercial (01/2020)	15,519.46		20,976.71	629231
01/09/2020		chk# 28280		15,799.21	5,177.50	391504
02/01/2020	cam	Monthly Cam (02/2020)	94.05		5,271.55	635075
02/01/2020	rentca	Rent Commmercial (02/2020)	15,519.46		20,791.01	635313
02/01/2020	rubs	Trash Charge 12/01/19 to 12/31/19	14.48		20,805.49	638847
02/01/2020	admin-c	Administrative Fees 12/01/19 to 12/31/19	3.00		20,808.49	638848
02/01/2020	rubs	Allocated Water 12/01/19 to 12/31/19	18.80		20,827.29	638849
02/01/2020	rubs	Allocated Wastewater 12/01/19 to 12/31/19	13.74		20,841.03	638850
02/03/2020		chk# 28536		15,663.53	5,177.50	395736
03/01/2020	cam	Monthly Cam (03/2020)	94.05		5,271.55	647913
03/01/2020	rentca	Rent Commmercial (03/2020)	15,519.46		20,791.01	648150
03/01/2020	rubs	Trash Charge 01/01/20 to 01/31/20	14.48		20,805.49	650724
03/01/2020	admin-c	Administrative Fees 01/01/20 to 01/31/20	3.00		20,808.49	650725
03/01/2020	rubs	Allocated Water 01/01/20 to 01/31/20	18.66		20,827.15	650726
03/01/2020	rubs	Allocated Wastewater 01/01/20 to 01/31/20	13.96		20,841.11	650727
03/02/2020		chk# 28795		22,823.53	(1,982.42)	401318
04/01/2020	cam	Monthly Cam (04/2020)	94.05		(1,888.37)	659980
04/01/2020	rentca	Rent Commmercial (04/2020) 20 days	10,346.31		8,457.94	660207
04/01/2020	rentca	Rent Commmercial (04/2020) 10 days	5,328.35		13,786.29	660208
04/01/2020	rubs	Trash Charge 02/01/20 to 02/29/20	14.48		13,800.77	662691
04/01/2020	admin-c	Administrative Fees 02/01/20 to 02/29/20	3.00		13,803.77	662692
04/01/2020	rubs	Allocated Water 02/01/20 to 02/29/20	16.29		13,820.06	662693
04/01/2020	rubs	Allocated Wastewater 02/01/20 to 02/29/20	12.70		13,832.76	662694
05/01/2020	cam	Monthly Cam (05/2020)	94.05		13,926.81	667995
05/01/2020	rentca	Rent Commmercial (05/2020)	15,985.04		29,911.85	668226
05/01/2020	rubs	Trash Charge 03/01/20 to 03/31/20	14.48		29,926.33	672159
05/01/2020	admin-c	Administrative Fees 03/01/20 to 03/31/20	3.00		29,929.33	672160
05/01/2020	rubs	Allocated Water 03/01/20 to 03/31/20	21.72		29,951.05	672161
05/01/2020	rubs	Allocated Wastewater 03/01/20 to 03/31/20	15.94		29,966.99	672162
06/01/2020	cam	Monthly Cam (06/2020)	94.05		30,061.04	681242
06/01/2020	rentca	Rent Commmercial (06/2020)	15,985.04		46,046.08	681461
06/01/2020	rubs	Trash Charge 04/01/20 to 04/30/20	14.48		46,060.56	683489

06/01/2020	admin-c	Administrative Fees 04/01/20 to 04/30/20	3.00		46,063.56	683490
06/01/2020	rubs	Allocated Water 04/01/20 to 04/30/20	17.87		46,081.43	683491
06/01/2020	rubs	Allocated Wastewater 04/01/20 to 04/30/20	13.15		46,094.58	683492
07/01/2020	cam	Monthly Cam (07/2020)	94.05		46,188.63	694187
07/01/2020	rentca	Rent Commmercial (07/2020)	15,985.04		62,173.67	694412
07/01/2020	rubs	Trash Charge 05/01/20 to 05/31/20	14.48		62,188.15	695095
07/01/2020	admin-c	Administrative Fees 05/01/20 to 05/31/20	3.00		62,191.15	695096
07/01/2020	rubs	Allocated Water 05/01/20 to 05/31/20	20.43		62,211.58	695097
07/01/2020	rubs	Allocated Wastewater 05/01/20 to 05/31/20	15.17		62,226.75	695098
08/01/2020	cam	Monthly Cam (08/2020)	94.05		62,320.80	704874
08/01/2020	rentca	Rent Commmercial (08/2020)	15,985.04		78,305.84	705106
08/01/2020	rubs	Trash Charge 06/01/20 to 06/30/20	14.48		78,320.32	705650
08/01/2020	admin-c	Administrative Fees 06/01/20 to 06/30/20	3.00		78,323.32	705651
08/01/2020	rubs	Allocated Water 06/01/20 to 06/30/20	21.07		78,344.39	705652
08/01/2020	rubs	Allocated Wastewater 06/01/20 to 06/30/20	15.20		78,359.59	705653
08/01/2020	per.rent	Percentage Rent for 12/2019	1,780.00		80,139.59	707154
09/01/2020	cam	Monthly Cam (09/2020)	94.05		80,233.64	715049
09/01/2020	rentca	Rent Commmercial (09/2020)	15,985.04		96,218.68	715282
09/01/2020	rubs	Trash Charge 07/01/20 to 07/31/20	14.48		96,233.16	716008
09/01/2020	admin-c	Administrative Fees 07/01/20 to 07/31/20	3.00		96,236.16	716009
09/01/2020	rubs	Allocated Water 07/01/20 to 07/31/20	24.43		96,260.59	716010
09/01/2020	rubs	Allocated Wastewater 07/01/20 to 07/31/20	17.98		96,278.57	716011
10/01/2020	cam	Monthly Cam (10/2020)	94.05		96,372.62	726969
10/01/2020	rentca	Rent Commmercial (10/2020)	15,985.04		112,357.66	727205
10/01/2020	rubs	Trash Charge 08/01/20 to 08/31/20	3.84		112,361.50	727452
10/01/2020	admin-c	Administrative Fees 08/01/20 to 08/31/20	3.00		112,364.50	727453
10/01/2020	rubs	Allocated Water 08/01/20 to 08/31/20	23.16		112,387.66	727454
10/01/2020	rubs	Allocated Wastewater 08/01/20 to 08/31/20	16.67		112,404.33	727455
11/01/2020	cam	Monthly Cam (11/2020)	94.05		112,498.38	736908
11/01/2020	rentca	Rent Commmercial (11/2020)	15,985.04		128,483.42	737150
11/01/2020	rubs	Trash Charge 09/01/20 to 09/30/20	14.48		128,497.90	738025
11/01/2020	admin-c	Administrative Fees 09/01/20 to 09/30/20	3.00		128,500.90	738026
11/01/2020	rubs	Allocated Water 09/01/20 to 09/30/20	21.96		128,522.86	738027
11/01/2020	rubs	Allocated Wastewater 09/01/20 to 09/30/20	16.07		128,538.93	738028

ATTACHMENT TO PROOF OF CLAIM

LEASE

AIR COMMERCIAL REAL ESTATE ASSOCIATION
STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - MODIFIED GROSS

1. **Basic Provisions ("Basic Provisions").**

1.1 **Parties:** This Lease (**"Lease"**), dated for reference purposes only August 4, 2014, is made by and between 3460 W. 7th Street(CA)LLC, a Delaware limited liability company ("**Lessor**") and Yoga Works, Inc., a California corporation ("**Lessee**"), (collectively the **"Parties"**, or individually a **"Party"**).

1.2(a) **Premises:** That certain portion of the Project (as defined below), including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known by the street address of 3462 W. 7th Street, located in the City of Los Angeles, County of Los Angeles, State of California, with zip code 90071, as outlined on Exhibit "A" attached hereto (**"Premises"**) and generally described as (describe briefly the nature of the Premises): a portion of the ground floor consisting of approximately 4,370 rentable square feet (the "Retail Component"). The premises shall be determined in accordance with the parties' plans and specifications as set forth in Schedule 1.

In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to any utility raceways of the building containing the Premises (**"Building"**)and to the Common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the **"Project."** (See also Paragraph 2). *The Premises constitutes the entire retail portion of the residential project known as The View Wilshire Tower.*

1.2(b) **Parking:** See Addendum Paragraph 53 ~~unreserved vehicle parking spaces. (See also Paragraph 2.6)~~

1.3 **Term:** Ten (10) years and Zero (0) months **("Original Term")** commencing See Addendum 1.3 **("Commencement Date")** and ending on the tenth (10th) anniversary of the Rent Commencement Date **("Expiration Date").** (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing upon Lessor's delivery of the Premises to Lessee **("Early Possession Date").** (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** $ 14,202.50 (3.25 per RSF) per month **("Base Rent")**, payable on the first (1st) day of each month commencing on the first date that is ninety-seven (97)days after the Commencement Date (the "Rent . (See also Paragraph 4)

☑ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph See Addendum 1.5

1.6 **Lessee's Share of Common Area Operating Expenses:** One Hundred percent (100 %) of Retail Component (**"Lessee's Share"**).

In the event that the size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 **Base Rent and Other Monies Paid** within fifteen (15) days of ~~Upon~~ **Execution:**

(a) **Base Rent:** $ 14,202.50 for the period Month 1 of the Term.

~~(b) Common Area Operating Expenses: $ for the period .~~

~~(c) Security Deposit: $ ("Security Deposit"). (See also Paragraph 5)~~

~~(d) Other: $ for .~~

(e) **Total Due Upon Execution of this Lease:** $ 14,202.50.

1.8 **Agreed Use:** The Premises shall be used by Lessee for upscale Yoga mind and body studio fitness systems, which may include, without limitation, the following: yoga, aerobic classes, Pilates, personal training (the "Primary Uses"), and ancillary thereto, the sale of related accessories, equipment, and clothing, and related services as they may change over time, under the Trade Name "Yoga Works." See Addendum Paragraph 1.10. (See also Paragraph 6)

1.9 **Insuring Party.** Lessor is the **"Insuring Party".** (See also Paragraph 8)

1.10 **Real Estate Brokers:** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the **"Brokers"**) and brokerage relationships exist in this transaction (check applicable boxes):

☐ None. represents Lessor exclusively (**"Lessor's Broker"**);

☐ None. represents Lessee exclusively (**"Lessee's Broker"**); or

☐ None. represents both Lessor and Lessee (**"Dual Agency"**).

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(b) **Payment to Brokers**: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers for the brokerage services rendered by the Brokers the fee agreed to in the attached separate written agreement or if no such agreement is attached, the sum of _____ or _____% of the total Base Rent payable for the Original Term, the sum of _____ or _____ of the total Base Rent payable during any period of time that the Lessee occupies the Premises subsequent to the Original Term, and/or the sum of _____ or _____% of the purchase price in the event that the Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises.

1.11 **Guarantor**. The obligations of the Lessee under this Lease are to be guaranteed by _____ ("**Guarantor**"). (See also Paragraph 37)

1.12 **Attachments**. Attached hereto are the following, all of which constitute a part of this Lease:

☑ an Addendum consisting of Paragraphs 1.2 through 58;
☑ a site plan depicting the Premises; marked Exhibit "A-1" and "A-2".
☐ a site plan depicting the Project;
☑ a current set of the Rules and Regulations for the Project;
☐ a current set of the Rules and Regulations adopted by the owners' association;
☑ a Work Letter;
☑ other (specify): Statement of Commencement Date - Exhibit "B"; Summary of Responsible Contractor Program Policy - Exhibit "C"; Form Estoppel Certificate - Exhibit "E"; and Percentage Rent Addendum; Retail Parking Facility - Exhibit "F", and Approved Signage - Exhibit "G".

2. **Premises**.

2.1 **Letting**. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition**. Lessor shall deliver that portion of the Premises contained within the Building ("**Unit**") to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), loading doors, sump pumps, if any, and all other such elements in the Unit, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7). Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance**. Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to

_____ _____
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Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements**. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant**. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking**. *See Addendum Paragraph 53.* ~~Lessee shall be entitled to use the number of Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called **"Permitted Size Vehicles."** Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:~~

~~(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.~~

~~(b) Lessee shall not service or store any vehicles in the Common Areas.~~

~~(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.~~

2.7 **Common Areas - Definition**. The term **"Common Areas"** is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights**. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - 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 shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations (**"Rules and Regulations"**) for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes**. *Provided that such changes do not unreasonably interfere with the access to, visibility of, parking available to the Premises,* Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. **Term**.

3.1 **Term**. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession**. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

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3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by November 1, 2014~~the Commencement Date~~. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered ~~within 60 days after the Commencement Date~~by July 15, 2015 (the "Outside Delivery Date"), as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after ~~the end of such 60 day period~~such date, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the ~~Commencement~~Outside Delivery Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. **Rent.**

4.1. **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent (**"Rent"**).

4.2 **Common Area Operating Expenses".** Commencing on the first Anniversary of the Rent Commencement Date, Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent and Percentage Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions over and above Common Area Operating Expenses for the calendar year 2015 (the "Base Year"):

(a) The following costs relating to the ownership and operation of the Project are defined as **"Common Area Operating Expenses"** :

(i) Costs relating to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement (see subparagraph (e)), of the following:

(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, exterior walls of the buildings, building systems and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(dd) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) The cost of trash disposal, pest control services, property management, security services (including, but not to be limited to a property management fee to Lessor equal to 10% of the Common Area Operating Expenses less taxes and insurance), ~~owner's association dues and fees,~~ the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reserves set aside for maintenance and repair of Common Areas and Common Area equipment.

(v) Any increase above the Base Real Property Taxes (as defined in Paragraph 10).

(vi) Any "Insurance Cost Increase" (as defined in Paragraph 8).

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month.

(x) The cost of any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(e) ~~Common Area Operating Expenses shall not include the cost of replacing equipment or capital components such as the roof, foundations, exterior walls or Common Area capital improvements, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more~~See Addendum Paragraph 4.2(e).

(f) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

(g) Common Area Operating Expenses may be reasonably allocated by Lessor between the retail tenants and residents of the building.

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any statement or invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall

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be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit**. Lessee shall deposit with Lessor ~~upon~~ within fifteen (15) days of Lessee's execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. **Use.**

6.1 **Use**. Lessee shall use and occupy the Premises only for the Agreed Use, ~~or any other legal use which is reasonably comparable thereto,~~ and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Project so long as the same is not in conflict with or incompatible with the nature and character of the Building or other occupants of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

(a) Continuous Operation. At a minimum, Lessee shall be required to open to the public for the first six (6) months following the Commencement Date for at least one class per day. If Lessee fails to comply with the requirements of this Paragraph 6.1(a), then in addition to any and all other rights and remedies of Lessor, Lessee shall pay to Lessor an amount equal to 1/15th of the BAse Rent for each day or portion thereof that Lessee fails to so comply. Such sum shall be in addition to, and not a part of, the Base Rent otherwise due under the Lease.

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent**. The term **"Hazardous Substance"** as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. **"Reportable Use"** shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor**. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation**. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense,comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification**. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas

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outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification**. Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations**. Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option**. If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements**. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to such Requirements, without regard to whether said Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance**. Lessor and Lessor's **"Lender"** (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Obligations**.

(a) **In General**. Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) **Service Contracts**. Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, and (iii) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform**. If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement**. Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is

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one, and the denominator of which is 144 (ie. 1/144th of the cost per month). Lessee shall pay Interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. The Building has not undergone inspection by a Certified Access Specialist (as defined in Section 1938 of the California Civil Code. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term **"Trade Fixtures"** shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term **"Alterations"** shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. **"Lessee Owned Alterations and/or Utility Installations"** are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to $10,000. ~~3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year.~~ Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of $100,000~~one month's Base Rent~~, Lessor may condition its consent upon Lessee providing a lien and completion bond or escrowed funds in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. **Insurance; Indemnity.**

8.1 **Payment of Premium Increases.**

(a) As used herein, the term **"Insurance Cost Increase"** is defined as any increase in the actual cost of the insurance applicable to the Building and/or the Project and required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), over and above the Base Premium, as hereinafter defined, calculated on an annual basis. Insurance Cost Increase shall include, but not be limited to, requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. The term Insurance Cost Increase shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. The **"Base Premium"** shall be the annual premium applicable to the calendar year 2014. ~~12 month~~

~~period immediately preceding the Start Date.~~ If, however, the Project was not insured for the entirety of such 12 month period, then the Base Premium shall be the lowest annual premium reasonably obtainable for the Required Insurance as of the Start Date, assuming the most nominal use possible of the Building. ~~In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $2,000,000 procured under Paragraph 8.2(b).~~

(b) Lessee shall pay any Insurance Cost Increase to Lessor pursuant to Paragraph 4.2. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $~~1~~2,000,000 per occurrence with an annual aggregate of not less than $~~2~~3,000,000. Lessee shall add Lessor, *Lessor's property manager and other designated parties* as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "**insured contract**" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 **Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $5,000 per occurrence.

(b) **Rental Value.** Lessor ~~shall~~may also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **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.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

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8.8 **Exemption of Lessor and its Agents from Liability.** ~~Notwithstanding the negligence or breach of this Lease~~ Except to the extent of the gross negligence or intentional misconduct by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8. In no event shall either party be liable for consequential damages.

8.9 **Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. **Damage or Destruction.**

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 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 terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii)

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the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement**. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies**. If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments**. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. **Real Property Taxes.**

10.1 **Definitions**.

(a) **"Real Property Taxes."** As used herein, the term **"Real Property Taxes"** shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

(b) **"Base Real Property Taxes."** As used herein, the term **"Base Real Property Taxes"** shall be the amount of Real Property Taxes, which are assessed against the Premises, Building, Project or Common Areas in the calendar year during 2014~~which the Lease is executed~~. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.2 **Payment of Taxes**. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements**. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other tenants or by Lessor for the exclusive enjoyment of such other Tenants. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes, including without limitation any Real Property Taxes that are if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment**. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes**. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services**. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs. There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required**. Except as set forth in Addendum, Paragraph 12.5 (Permitted Transfers):

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, **"assign or assignment"**) or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of ~~25~~50% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than ~~25~~50% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor

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may withhold its consent. **"Net Worth of Lessee"** shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

~~(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.~~

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall : (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee. *See Addendum Paragraph 12.4 and 12.5.*

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A **"Default"** is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested

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subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material data safety sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) 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 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies**. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture**. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as **"Inducement Provisions"**, shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges**. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or $100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest**. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest (**"Interest"**) charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor**.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion. See Addendum Paragraph 13.6.

~~(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.~~

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively **"Condemnation"**), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of the parking spaces is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

~~15. **Brokerage Fees.**~~

~~15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.~~

~~15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.~~

~~15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.~~

16. **Estoppel Certificates.**

(a) Each Party (as **"Responding Party"**) shall within 10 days after written notice from the other Party (the **"Requesting Party"**) execute, acknowledge and deliver to the Requesting Party a statement in writing in form ~~similar to the then most current **"Estoppel Certificate"** form published by the AIR Commercial Real Estate Association,~~ attached hereto as Exhibit "E", plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. **Definition of Lessor.** The term **"Lessor"** as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

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18. **Severability**. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days**. Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability**. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence**. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer**. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. **Notices**.

23.1 **Notice Requirements**. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice**. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers**.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. 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 or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

~~25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**~~

~~(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:~~

~~(i) *Lessor's Agent*. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: *To the Lessor*: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. *To the Lessee and the Lessor*: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(ii) *Lessee's Agent*. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. *To the Lessee*: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. *To the Lessee and the Lessor*: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.~~

~~(iii) *Agent Representing Both Lessor and Lessee*. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. b. Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.~~

~~(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.~~

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~~(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.~~

26. **No Right To Holdover**. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies**. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions; Construction of Agreement**. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law**. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination**. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, **"Security Device"**), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as **"Lender"**) shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment**. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance**. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a **"Non-Disturbance Agreement"**) from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing**. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees**. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, **"Prevailing Party"** shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' 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 or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs**. Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. **Auctions**. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. **Signs**. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements. *See Addendum Paragraph 56.*

35. **Termination; Merger**. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents**. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent

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shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.**

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Options.** If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), or (iii) during the time Lessee is in Breach of this Lease~~, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option~~.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

~~(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.~~

40. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. **Reservations.** Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.**

48. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease

☐ is ☑ is not attached to this Lease.

49. ~~**Accessibility; Americans with Disabilities Act.**~~

~~(a) The Premises: ☐ have not undergone an inspection by a Certified Access Specialist (CASp). ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction related accessibility standards pursuant to California Civil Code §55.51 et seq. ☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction related accessibility standards pursuant to California Civil Code §55.51 et seq.~~

~~(b) Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the~~

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~~Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation.~~ In the event that ~~Lessee's use of~~ the Premises requires modifications or additions to the Premises in order to be in ADA compliance *except to extent required as a result of Lessee's specific use or improvement (other than retail use or improvement generally,* ~~Lessee~~*Lessor* agrees to make any such necessary modifications and/or additions at ~~Lessee's~~ *Lessor's* expense *.See Schedule 1.*

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: Los Angeles, California	Executed: Los Angeles, California
On:	On:
By LESSOR:	**By LESSEE:**
3460 W. 7th STREET (CA) LLC,	YOGA WORKS, INC.,
a Delaware limited liability company	a California corporation
By:	By:
Terry Wachsner	Name Printed: Phil Bowen
Vice President	Title: CEO
By:	By:
Name Printed:	Name Printed:
Title:	Title:
Address:	Address:
Telephone:(___)	Telephone:(___)
Facsimile:(___)	Facsimile:(___)
Email:	Email:
Email:	Email:
Federal ID No.	Federal ID No.
BROKER:	**BROKER:**
Att:	Att:
Title:	Title:
Address:	Address:

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Telephone:(____) _____	Telephone: (____) _____
Facsimile:(____) _____	Facsimile:(____) _____
Email: _____	Email: _____
Federal ID No. _____	Federal ID No. _____
Broker/Agent BRE License #: _____	Broker/Agent BRE License #: _____
_____	_____
_____	_____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 687-8777. Fax No.: (213) 687-8616.

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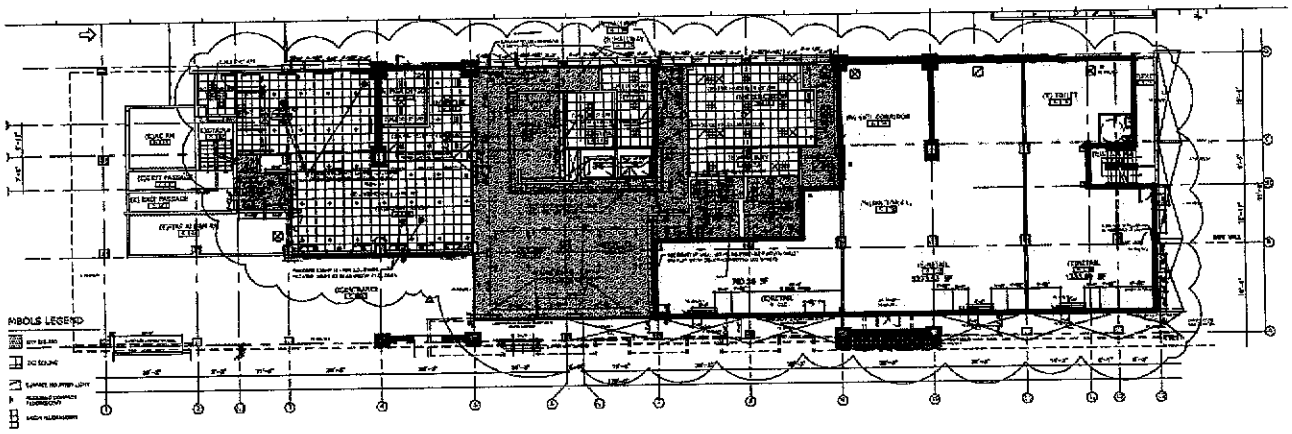
EXHIBIT A-1

Floor Plan of Premises



Disclaimer

This is the preliminary lease plan intended for discussion purposes only. Landlord reserves the right to make any changes to the plan including, without limitation, building and store sizes, tenant names and configuration, entrances and overall configuration. Landlord makes no warranties or representations concerning any matter contained on this plan, handwritten or in any other manner noted, nor shall Tenant rely on same.

Exhibit A-2

Parking Plan

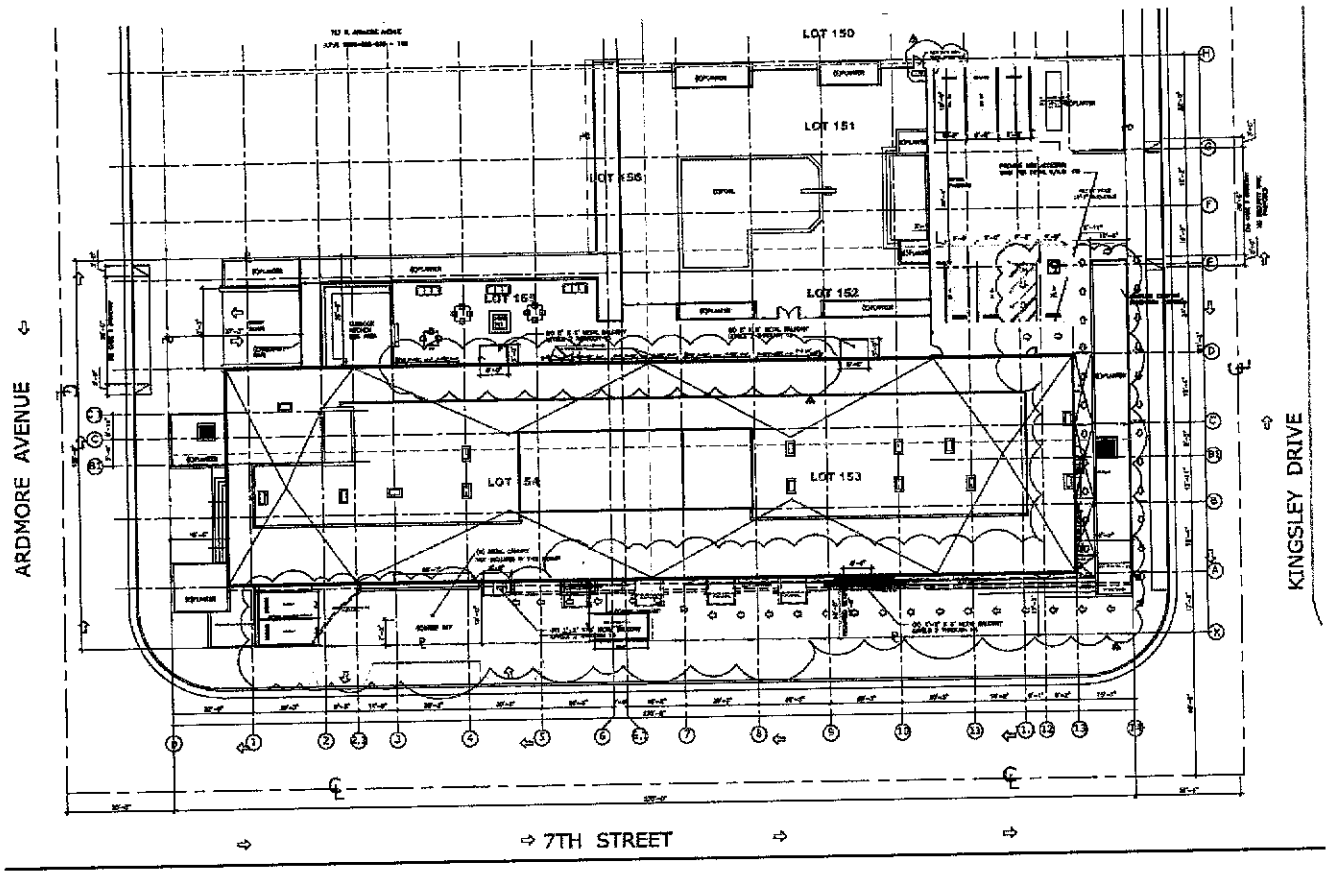


EXHIBIT B

Statement of Commencement Date

Date: _____, 2014

Lease dated as of: August 4, 2014
Landlord: 3460 W. 7th Street (CA) LLC, a Delaware limited liability company
Tenant: YOGA WORKS, INC.
Premises:
Project: The View

The undersigned hereby agree that the Commencement Date and Expiration Date of the above-referenced Lease are:

(a) Commencement Date: _____, 20__
(b) Expiration Date: _____, 20__

The Expiration Date set forth above shall not limit any options to extend the term contained in the Lease.

"**Tenant**":
YOGA WORKS, INC.,
a California corporation

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

"**Landlord**":

3460 W. 7th Street (CA) LLC,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

EXHIBIT C

RESPONSIBLE CONTRACTOR PROGRAM POLICY

By executing the Agreement this Responsible Contractor Program Policy is attached to, Contractor hereby certifies that it will comply with the Responsible Contractor Program (the "RCP") promulgated by the California Public Employees' Retirement System ("CalPERS") and that it is a Responsible Contractor as defined in the RCP, and agrees to provide the Owner and CalPERS with documentation using the forms approved by CalPERS to certify responsible contractor status and to establish compliance with the RCP. Compliance will be reviewed by CalPERS annually.

Fair Wage & Fair Benefits – Contractor hereby certifies that all subcontractors and employees retained to perform Work or Services under this Agreement will receive a "fair wage" and "fair benefits" pursuant to the RCP. Fair benefits are evidenced by some of the following: employer-paid family health care coverage, pension benefits, apprenticeship programs and benefits paid for comparable work on comparable projects. Fair wage does not require the payment of "prevailing wages," as defined by government surveys and laws. Instead, fair wage is evidenced by some of the following: local practices with regard to type of trade and type of project, local wage practices and labor market conditions.

Competitive Bidding/Disadvantaged Businesses – Contractor hereby certifies that all subcontractors retained to perform construction, maintenance or services contracted under this Agreement shall be selected through a competitive bidding and selection process designed to seek bids from a broad spectrum of qualified Service-Disabled Veteran Business Enterprises ("SDV/BE"), Minority/Women Owned Business Enterprises ("MBE/WBE") and Small Business Enterprises ("SBE"). The competitive bidding process shall include notification and invitations to bid that target responsible contractors, MBE/WBE, SDV/BE and SBE contractors with experience, honesty, integrity, and dependability. A complete copy of the RCP shall be attached to all requests for proposal and invitations to bid. In addition, each bidder shall be asked to complete the Certification of Responsible Contractor Status promulgated by CalPERS (see Appendix 1 to the RCP).

Definitions -- A SBE is defined as a business with 100 or fewer employees and less than $10 million annual average gross receipts over the previous three tax years. A MBE/WBE must be at least 51% owned by a minority or minorities, or a woman or women, who exercise the power to make policy decisions and who are actively involved in the day-to-day management of the business. A SDV/BE must be at least 51% owned by a disabled veteran and a disabled veteran must be involved in the day-to-day management of the business. Contractor shall meet or exceed a goal of 3% SDV/BE participation or make a good-faith effort to achieve such participation.

Local, State and National Laws and Requirements -- Contractor and its subcontractors shall observe all local, state, and national laws (including by way of illustration those pertaining to insurance, withholding taxes, minimum wage, health and occupational safety), and the RCP. Notwithstanding any provisions herein, Contractor shall perform its duties under the Agreement for the benefit of the Owner and CalPERS.

Complete Copy – A complete copy of the RCP is available upon request from the Owner and at http://www.calpers.ca.gov/eip-docs/investments/policies/inv-asset-classes/real-estate/responsible-contractor.pdf. Related information regarding SBE compliance is available at www.pd.dgs.ca.gov/smbus/default.htm. Related information regarding MBE/WBE compliance is available at www.pd.dgs.ca.gov/smbus/mwbepp.htm. Related information regarding SDV/BE compliance is available at www.calpers.ca.gov/index.jsp?bc=/business/how-to/contact-policies/disabledvet.xml and at www.pd.dgs.ca.gov/dvbe/default.htm. This summary of the RCP shall not, in any way, constitute a substitution for the RCP. The Contractor shall comply with all of the terms contained in the complete copy of the RCP and as it may be updated from time to time by CalPERS.

EXHIBIT D

RULES AND REGULATIONS

These Rules and Regulations are in addition to the terms, covenants, agreements and conditions of any lease of space in the Project. In the event these Rules and Regulations conflict with any provision of the Lease, the Lease shall control. Landlord reserves the right to modify and make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted. Tenant shall be responsible for the observance of all the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other occupant of the Project, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other occupant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the occupants of the Project, including Tenant.

1. Signs/Advertising. Except as expressly permitted by the Lease, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Project without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors, windows and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person chosen by Landlord, using materials of Landlord's choice and in a style and format approved in writing by Landlord.

2. No Obstructions. Tenant shall not obstruct any sidewalks, halls, exits, entrances, elevators, stairways or other passageways of the Project. The halls, exits, entrances, malls, elevators, stairways and other passageways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, would be prejudicial to the safety, character, reputation or other interests of the Project and its tenants; however, nothing herein shall be construed to prevent access to the Premises by persons with whom Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Project without Landlord's consent. Tenant shall not have the right to maintain displays of or to sell merchandise in the Common Areas or to use Common Areas in any manner, which would interfere with the rights of other tenants to use and access Common Areas.

3. Directory. The directory of the Project, if any, will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom.

4. Cleaning/Janitorial. Except for retail tenants, all cleaning and janitorial services for the Project and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Project for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage to Tenant's property by the janitor or any other employee or any other person.

5. Keys. Landlord will furnish Tenant, free of charge, with two keys for each lock in the Premises. Landlord may make a reasonable charge for any additional keys. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

6. Alarms. If Tenant requires telephonic, burglar alarm or similar services, it shall first obtain Landlord's approval thereof, which shall not be unreasonably withheld by Landlord, and Tenant shall comply with all of Landlord's instructions in their installation.

7. Freight Elevator. Any freight elevator shall be available for use by all occupants of the Project, subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Project or carried in the elevators except between such hours and in such elevators as may be designated by Landlord.

8. Floor Loading. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot, which such floor was designed to carry and which is allowed by law. Landlord and Landlord's consultant, the cost of which consultant shall be borne by Tenant, shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Project. Heavy objects, if such objects are considered necessary by Tenant, shall stand on such platforms as determined by Landlord or its consultant to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Project or to any space therein to such a degree as to be objectionable to Landlord or to any other occupant of the Project, shall be placed and

maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Project must be approved by Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Project by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant. If Tenant fails to repair in an expeditious manner any and all damage caused, then Landlord may (but shall not be obligated to) contract for the performance of the repair work, which work shall be billed to Tenant and shall be payable by Tenant to Landlord as Additional Rent within 10 days after Tenant's receipt of the billing.

9. Flammable; Toxic Material. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material except in those limited quantities necessary for the operation or maintenance of office equipment, and then only in such a manner as to ensure the safety of the Premises. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupant of the Project by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals, except seeing-eye dogs when accompanied by their masters.

10. Supplemental HVAC. Tenant shall not use any method of heating or air conditioning other than that supplied or approved in writing by Landlord.

11. Intentionally Omitted.

12. Exclusion of Persons. Landlord reserves the right to exclude from the Project (other than from retail tenants' premises which are open for business) between the hours of 6:00 p.m. any day and 8:00 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Saturdays, Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Project, or has a valid pass and is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Project of any person. Landlord reserves the right to prevent access to the Project in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated, or under the influence of liquor or drugs, or who is in violation of any of the Rules and Regulations of the Project.

13. Tenant Security. Tenant shall close and lock the doors of the Premises and entirely shut off all water faucets or other water apparatus, and, except with regard to Tenant's computers and other equipment which require utilities on a 24-hour basis, all electricity, gas or air outlets before Tenant and its employees leave the Premises each day. Tenant shall be responsible for any damage or injuries sustained by other occupants of the Project or by Landlord for noncompliance with this rule. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

14. Extra Services. Office tenants shall not obtain for use on the Premises ice, drinking water, food, beverage, towel or other similar services, nor accept barbering or bootblacking services upon the Premises, except at such hours and under such regulations as may be fixed by Landlord.

15. Lavatories. The toilet rooms, toilets, urinals, wash basins and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant if and to the extent caused by Tenant or its employees or invitees.

16. No Sales. Except as specifically permitted in the Basic Lease Provisions, Tenant shall not sell, or permit the sale of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public from the Premises. Tenant shall not make any room-to-room or public area solicitation of business from other occupants of the Project or their employees or guests. Tenant shall not use the Premises for any business or activity other than that specifically provided in Tenant's Lease.

17. Damage. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except to install decorative wall hangings. Landlord reserves the right to direct electricians as to where and how telephone, telegraph, telecommunication and computer wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule. If Tenant fails to repair in an expeditious manner any and all damage caused, then Landlord may (but shall not be obligated to) contract for the performance of the repair work, which work shall be billed to Tenant and shall be payable by Tenant to Landlord as additional rent within 10 days after Tenant's receipt of the billing.

18. Vending Machines. Tenant shall not install, maintain or operate upon the Premises any vending machine without the written consent of Landlord.

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

20. Storage. Except as specifically permitted in the Basic Lease Provisions, the Premises shall not be used for the storage of merchandise held for sale to the general public, nor for lodging, nor for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. Other than restaurants, no cooking shall be done or permitted by Tenant in the Premises, except that use by Tenant of Underwriters' Laboratory-approved equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, and the use of a microwave oven shall be permitted, so long as such equipment and use is in accordance with all recommendations of the manufacturer thereof and all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

21. No Blockage. Tenant shall not use in any space or in the public halls of the Project any mail carts or hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord may approve.

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

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

EXHIBIT E

FORM OF ESTOPPEL CERTIFICATE

[Letterhead of Tenant]

Date: _____, 2014
To: [Insert Name and Address(es) of Recipient(s)]

Re:

Ladies and Gentlemen:

The undersigned ("***Tenant***") certifies to _____, as owner and landlord, and_____, as **[lender/buyer]**, as of the date hereof as follows:

1. It is the tenant under the lease described on ***Exhibit "A"*** hereto (the "***Lease***"), for Suite ___ (the "***Leased Premises***") in the building (the "***Building***") located at _____, California. All capitalized terms not otherwise defined herein shall have the meanings provided in the Lease.

2. The Lease is in full force and effect. The Lease has not been amended, modified or supplemented except as set forth on ***Exhibit "A"*** hereto. There are no other agreements or understandings, whether written or oral, between Tenant and Landlord with respect to the Lease, the Leased Premises or the Building.

3. Tenant has accepted possession of and occupies the entire Leased Premises under the Lease. The term of the Lease commenced on _____, and expires on _____, subject to the renewal options set forth in Section 1.4 of the Addendum to the Lease.

4. The amount of the security deposit is $_____.

5. To the best of Tenant's knowledge, both Tenant and Landlord have performed all of their respective obligations under the Lease and Tenant has no knowledge of any event which with the giving of notice, the passage of time or both would constitute a default by Landlord under the Lease.

6. Tenant has no claim against Landlord and no offset or defense to enforcement of any of the terms of the Lease. Tenant has not advanced any funds for or on behalf of Landlord for which Tenant has a right to deduct from or offset against future rent payments.

7. All improvements required to be completed as of the date hereof by Landlord have been completed and there are no sums due to Tenant from Landlord. Landlord has not agreed to grant Tenant any free rent or rent rebate or to make any contribution to tenant improvements, except as expressly set forth in the Lease. Landlord has not agreed to reimburse Tenant for or to pay Tenant's rent obligation under any other lease.

8. Tenant has not assigned the Lease and has not subleased the Leased Premises or any part thereof.

9. Tenant has no right or option pursuant to the Lease or otherwise to purchase all or any part of the Leased Premises or the Building.

10. Attached hereto as ***Exhibit "B"*** is a true copy of the Lease and all amendments, modifications and supplements thereto.

The undersigned individual hereby certifies that he or she is duly authorized to sign, acknowledge and deliver this letter on behalf of Tenant.

Tenant acknowledges that the addressees and their successors and assigns will rely on this letter in **[making a loan or otherwise extending credit to/purchasing the Building from]** Landlord. The information contained in this letter shall be for your benefit and for the benefit of your successors and assigns.

Very truly yours,

By: _____
Name:_____
Title:_____

By: _____
Name:_____
Title:_____

ADDENDUM
TO
STANDARD RETAIL/MULTI-TENANT LEASE – MODIFIED GROSS
BETWEEN
3460 W. 7th Street (CA) LLC, AS LESSOR
AND
YOGA WORKS, INC., AS LESSEE

Dated: as of August 4, 2014

The terms of this Addendum shall supplement, amend and, to the extent in conflict with the provisions of the Lease, supersede the above-referenced Lease, to which this Addendum is attached. The paragraph numbers set forth below generally correspond to the related paragraph in the Lease, but shall not affect or limit the meaning of the particular Addendum provision.

1.2 Commencement Date. The "***Commencement Date***" shall be the earlier of (i) the date that is Lessor delivers the Premises to Lessee with Lessor's Work Substantially Complete, and (ii) the date Lessee opens the Premises for business to the public, which date is anticipated to be December 31, 2014.

1.3. Options to Extend. Provided Lessee is not in Default of any term or condition of this Lease as of the date of exercise or the commencement of the renewal term, Lessee shall have the option to renew the term of the Lease for two additional five (5) year terms, on the same terms and conditions of the Lease, except that the Base Rent shall be adjusted to equal the then prevailing market rental rate for comparable leases for similar projects as of the commencement of the applicable renewal term (but not less than the Base Rent in effect immediately prior to the commencement of the applicable renewal term). Each such option shall be exercised (if at all) by Lessee giving irrevocable written notice to Lessor at least six (6) months prior to the expiration of the current Term. The option shall be personal to the originally named Lessee and its Permitted Transferees.

The prevailing market rental rate shall be determined in the following manner:

Prevailing market rental rate shall be determined taking into account all relevant factors, including (to the extent relevant) number of months of free rent, if any (which shall be part of the determination of the rental rate), Lessee improvement obligations, moving allowances, and leasing commissions and costs. The term "comparable leases" shall not include leases entered into under special circumstances affecting the economics of the tenancies, including following the exercise of options to lease space at other than then current prevailing market rate, the lease of awkward or unusually shaped space or space without windows or other usual amenities, leases entered into under conditions where the Lessor was forced to lease the space by external legal, economic, or other pressures not generally applicable to the market, or the sublease of space by a sublessor not primarily in the business of leasing space similar to the Premises. Prior to the date which is five (5) months before the expiration of the then current term, and assuming that Lessee has properly exercised its option to renew, Lessor shall give Lessee notice of Lessor's proposed prevailing market rental value for the Premises. Lessee shall give Lessor written notice within thirty (30) days thereafter as to whether or not Lessee agrees with Lessor's proposed prevailing market rental value. If Lessee disagrees with Lessor's proposed prevailing market rental value, the parties shall negotiate in good faith to resolve their differences for a period of thirty (30) days. Upon the expiration of such thirty day period, if the

parties are not in agreement as to such fair market rental value, then either party may initiate appraisal to determine the fair market rental value by giving written notice to the other party, such notice containing the name of an appraiser appointed by such initiating party. Within fifteen (15) days thereafter, the party receiving such notice shall appoint its own appraiser and give written notice thereof to the initiating party. If the second appraiser is not appointed within such fifteen day period, then the appraiser selected by the initiating party shall determine the fair market rental value of the Premises, and such appraisal shall be binding upon the parties. If the second appraiser is timely appointed, then the two appraisers shall confer and attempt to agree on the prevailing market rental value. If the two appraisers are unable to agree, but the higher appraisal is no more than ten percent (10%) higher than the lower appraisal, then the prevailing market rental value shall be the average of the two appraisals. If the higher appraisal is more than ten percent (10%) greater than the lower appraisal, the two appraisers shall together select a third appraiser who shall also determine the prevailing market rental value. If three appraisers are ultimately appointed and any two appraisers agree on the prevailing market rental value, the value agreed upon by the two appraisers shall be the prevailing market rental value. If the three appraisers all determine different prevailing market rental values, then the prevailing market rental value shall be the average of the two closest appraisals.

All appraisers shall be members of the MAI and shall have at least ten (10) years' experience appraising similar property in the midtown Koreatown area of Los Angeles. Each party shall bear the cost of the appraiser appointed by such party, and the parties shall share equally in the cost of the third appraiser, if appointed. If the two appraisers initially appointed are unable to agree on a third appraiser, then either party shall have the right to apply to the presiding judge of the Superior Court having jurisdiction over the Premises for the appointment of a third appraiser.

1.5 Adjustments to Base Rent; Rent Credit. On each anniversary of the Commencement Date (each, an "Adjustment Date"), the Base Rent under the Lease shall be increased to an amount equal to one hundred three percent (103%) of the Base Rent in effect immediately before the Adjustment Date.

1.10 Agreed Use. Lessee shall research and familiarize itself with any and all legal requirements governing Lessee's operation of the Permitted Use at the Premises, and Lessor shall have no obligation or liability to Lessee whatsoever with respect to any such legal requirements. Lessee agrees to strictly comply with any requirements set forth in any variance or conditional use permit obtained by Lessor for the Property. Lessor shall obtain a variance allowing the Premises to be used for a yoga studio (Planning Case No. ZA-2014-537-ZV). In the event Landlord is unable to obtain such variance within one hundred eighty (180) days from the date of this Lease, either Landlord or Tenant may terminate this Lease, and neither party shall have any remaining obligations hereunder.

4.2(e) Cap on Common Area Operating Expenses. Notwithstanding anything to the contrary contained in the Lease, including, without limitation, Controllable Common Area Operating Expenses (as hereinafter defined) for each calendar year shall not be greater than 10% of the Controllable Common Area Operating Expenses for the year immediately prior to each such year on a cumulative basis. "Controllable Common Area Operating Expenses" shall mean Common Area Operating Expenses other than insurance, Taxes and utility costs.

6.1. Agreed Use. Lessee shall not sell, exhibit or display any immoral, racist or pornographic materials, goods or services in or on the Premises, and shall not use the Premises for massage services, a tanning salon or nail salon. Notwithstanding anything to the contrary set forth herein, any change to the Agreed Use shall be subject to Lessor's approval, which may be withheld in Lessor's reasonable discretion. Lessee shall ensure that noise and vibration from

the Premises cannot be heard or felt outside the Premises at levels that are, in the judgment of Lessor or applicable governmental authorities, an unreasonable disturbance to Lessees and neighbors of the Shopping Center. In the event that Lessor, in its reasonable discretion, deems such noise or vibration to be a disturbance, Lessee shall immediately reduce the noise level to acceptable levels upon notice from Lessor. Lessee shall not permit odors from the Premises that are offensive or objectionable to Lessor or other occupant of the Shopping Center.

12.4 Recapture. Notwithstanding anything to the contrary contained in Paragraph 12 of the Lease, Lessor may elect to terminate this Lease as to the portion of the Premises sought to be subject to an assignment or sublease other than a Permitted Transfer. If Lessor exercises its right to terminate this Lease under this Addendum Paragraph 12.4, Lessor shall be free to lease the Premises or any portion thereof to any third party, including, without limitation, any third party identified by Lessee in its request for permission to assign or sublease, and Lessee shall not be entitled to any compensation, or to any portion of the rent or other consideration received by Lessor from such third party or otherwise, as a result thereof. Furthermore, Lessor's exercise of its termination right shall not be construed to impose any liability on Lessor with respect to any real estate brokerage, finders', or other fee, commission or other compensation that Lessee may incur in connection with its proposed transaction.

12.5 Transfers.

12.5.1 Conditions for Lessor's Consent. Lessor shall not be deemed to have unreasonably withheld approval a Transfer if consent to such Transfer is conditioned on any of the following grounds: The business of the proposed transferee and its use of the Premises shall be in accordance with the Permitted Use and shall not conflict with any exclusive use granted to any other tenant of the Project; the proposed transferee must be reputable and of good character with at least five (5) years of operating experience and with not less than five (5) retail locations; and the present net worth and working capital of the proposed transferee shall be equal or greater than that of Lessee as of the date of Transfer.

12.5.2 Permitted Transfers. Notwithstanding anything set forth in this Lease to the contrary, Lessee may assign all of its interest in the Lease or sublet all of the Premises to the following types of entities without the prior consent of Lessor (each, a "Permitted Transfer" and the transferee under any such Permitted Transfer, a "Permitted Transferee"); provided, however, that Lessee shall give Lessor not less than fifteen (15) days prior written notice and provide Lessor with satisfactory supporting documentation substantiating the terms of such transfers and the Permitted Transferee's use of the Premises shall be restricted to the Primary Uses: (i) a corporation or other entity which is: (a) a parent, subsidiary, affiliate, licensee or franchisee of Lessee; (b) wholly owned by Lessee, Lessee's parent, or a subsidiary of Lessee; (c) a corporation with which Lessee merges; or (d) the result of a reorganization, or the surviving corporation or entity following a consolidation, merger or other corporation or business restructuring; or (ii) an entity that has acquired all or substantially all of Lessee's corporate stock or assets. Prior to any Permitted Transfer, Lessee shall provide Lessor with documentation reasonably satisfactory to Lessor evidencing Lessee's satisfaction of the foregoing conditions to completing a Permitted Transfer. Notwithstanding anything to the contrary contained in this Lease, the offering for sale of all or any portion of Lessee's stock in a private placement or on a public exchange and/or the subsequent sale of any number of shares of Lessee's stock on a public exchange and/or by private placement shall not constitute an assignment or other transfer requiring the consent of Lessor under this Lease.

13.6 Breach by Lessor. Except as expressly set forth in, and limited by, the terms of this Lease, Lessee hereby waives and relinquishes any and all rights which Lessee may have to terminate this Lease or to withhold Rent for any reason whatever, including without limitation on account of any default by Lessor of its obligations under this Lease, and any damage to, or condemnation, destruction or state of disrepair of, the Premises (specifically including but not limited to, those rights under California Civil Code Sections 1932, 1933(4), 1941, 1941.1 and 1942). Lessee's sole remedy for a breach of this Lease shall be limited to an action for damages, injunctive relief or specific performance of this Lease. Notwithstanding anything to the contrary set forth in the Lease, Lessee hereby agrees that Lessor and its affiliates shall not be liable for any injury to Lessee's business or any loss of income therefrom or for any consequential damages from any cause whatsoever.

51. Exclusive Use. So long as Lessee continues to continuously operate in the Building, Lessee shall have the exclusive right to operate the Primary Use in the Building. During the term of this Lease, Lessor shall not execute any lease in the Building for any fitness or yoga primary use without Lessee's prior consent, provided that Lessor shall have the right to lease to a full service gym in the Property serving the residents thereof. The provisions of this section shall become void and of no further force or effect upon (i) any assignment of this Lease by Lessee or sublease for a use other than the Permitted Use, or (ii) expiration or earlier termination of this Lease. Each party shall cooperate with the other in any legal proceedings to enforce the covenant contained herein against a third party, provided, however, that Lessor shall not be obligated to resist any affirmative defense that may be raised relating to the enforcement of this covenant, provided that if Lessor elects not to resist any such affirmative defense (or otherwise desires to dismiss any legal action or otherwise not enforce the exclusive), Lessor shall assign to Lessee the rights of Lessor to resist such defense.

52. OFAC Representation and Warranty. Lessee hereby represents and warrants to Lessor that:

(a) Lessee is a U.S. Person (as defined below). Lessee understands that United States regulations and executive orders, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control ("***OFAC***"), prohibit, among other things, engaging in transactions with (including providing services to) certain foreign countries, territories, organizations, entities and individuals. Lessee is not now (and shall not at any time during the Lease Term be) an individual, entity of any type, or governmental agency with whom a U.S. Person may not transact business of the type contemplated by this Lease under any United States law, regulation, order, or list administered by OFAC or otherwise. A "***U.S. Person***" shall mean any United States citizen, permanent resident alien (i.e., green card holder), entity organized under the laws of the United States or its territories (including foreign branches), or entity having its principal place of business within the United States or any of its territories.

(b) Neither Lessee nor any of its affiliates does business with, sponsors, or provides assistance or support to, the government of, or any person located in, any country, or with any other person, targeted by any of the economic sanctions of the United States administered by OFAC; Lessee is not owned or controlled (within the meaning of the regulations promulgating such sanctions or the laws authorizing such promulgation) by any such government or person; and any payments and/or proceeds received by Lessee under the terms of this Lease will not be used to fund any operations in, finance any investments or activities in or make any payments to, any country, or to make any payments to any person, targeted by any of such sanctions.

(c) No funds tendered to Lessor by Lessee under the terms of this Lease are or will be directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws.

(d) Neither Lessee, nor any person controlling, controlled by, or under common control with, Lessee, nor any person having a beneficial interest in Lessee, nor any person for whom Lessee is acting as agent or nominee, nor any person providing funds to Lessee in connection with this Lease (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws; (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; (iii) has had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws; (iv) is a person or entity that resides or has a place of business in a country or territory which is designated as a Non-Cooperative Country or Territory by the Financial Action Task Force on Money Laundering, or whose subscription funds are transferred from or through such a jurisdiction; (v) is a "Foreign Shell Bank" within the meaning of the Patriot Act (i.e., a foreign bank that does not have a physical presence in any country and that is not affiliated with a bank that has a physical presence and an acceptable level of regulation and supervision); (vi) is a person or entity that resides in, or is organized under the laws of, a jurisdiction designated by the Secretary of the Treasury under Section 311 or 312 of the Patriot Act as warranting special measures due to money laundering concerns; (vii) is an entity that is designated by the Secretary of the Treasury as warranting such special measures due to money laundering concerns; or (viii) is a person or entity that otherwise appears on any US.-government provided list of known or suspected terrorists or terrorist organizations. For purposes of this representation, the term "Anti-Money Laundering Laws" shall mean all laws, regulations and executive orders, state and federal, criminal and civil, that (1) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (2) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (3) require identification and documentation of the parties with whom a financial institution conducts business; or (4) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations, and sanctions shall include, without limitation, the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "***Patriot Act***"), the Bank Secrecy Act, 31 U.S.C. Section 531 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., the OFAC-administered economic sanctions, and laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

53. Parking. Lessee shall have the exclusive right to use all of the designated retail space of the parking facility located at the Building as depicted on ***Exhibit "A-2"*** (the "Parking Facility") in accordance with Lessor's reasonable rules and regulations. Lessee's parking rights and privileges are personal, and may not be assigned or transferred without Lessor's prior written consent, which consent Lessor may withhold in its reasonable discretion

54. NON-DISCRIMINATION. Neither Lessee nor any of its affiliates, employees, contractors, subcontractors, or agents shall unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex. Lessee and its affiliates, employees, contractors, subcontractors, and agents shall (i) assure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination, (ii) take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to, race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, age (over 40) or sex (including, but not limited to, during the activities of: upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship), (iii) comply with the provisions of the California Fair Employment and Housing Act (Section 12900 et seq. of the California Government Code) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Division 4, Chapter

1, Section 7285.0 et seq.), but only if and to the extent Lessee and its affiliates, employees, contractors, subcontractors, and agents are required to do so under applicable law, (iv) give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement, (v) conduct their respective activities in accordance with Title VI of the Civil Rights Act of 1964 and the rules and regulations promulgated thereunder, but only if and to the extent Lessee and its affiliates, employees, contractors, subcontractors, and agents are required to do so under applicable law, and (vi) post in conspicuous places, available to employees and applicants for employment, notices setting forth their respective policies regarding non-discrimination.

55. REIT Representations. Lessee understands that, in the event Lessor or any of its direct or indirect members or partners or any successor to any of the above needs to qualify as a real estate investment trust, the following requirements (the "REIT Requirements") must be satisfied:

55.1 Personal Property Limitation. Anything contained in this Lease to the contrary notwithstanding, the average of the fair market values of the items of personal property that are leased to Lessee under this Lease at the beginning and at the end of any Lease Year shall not exceed fifteen percent (15%) of the average of the aggregate fair market values of the leased property at the beginning and at the end of such Lease Year (the "Personal Property Limitation"). If Lessor reasonably anticipates that the Personal Property Limitation will be exceeded with respect to the leased property for any Lease Year, Lessor shall notify Lessee, and Lessee either (i) shall purchase at fair market value any personal property anticipated to be in excess of the Personal Property Limitation ("Excess Personal Property") either from Lessor or a third party or (ii) shall lease the Excess Personal Property from third party. In either case, Lessee's Rent obligation shall be equitably adjusted. Notwithstanding anything to the contrary set forth above, Lessee shall not be responsible in any way for determining whether Lessee has exceeded or will exceed the Personal Property Limitation and shall not be liable to Lessor or any of its shareholders in the event that the Personal Property Limitation is exceeded, as long as Lessee meets its obligation to acquire or lease any Excess Personal Property as provided above. This section is intended to ensure that the Rent qualifies as "rents from real property," within the meaning of Section 856(d) of the Internal Revenue Code, or any similar or successor provisions thereto, and shall be interpreted in a manner consistent with such intent.

55.2 Sublet Rents. Anything contained in this Lease to the contrary notwithstanding, Lessee shall not sublet the Premises on any basis such that the rent or other amounts to be paid by the sublessee thereunder would be based, in whole or in part, on either (i) the net income or profits derived by the business activities of the proposed sublessee, or (b) any other formula such that any portion of the Rent would fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Internal Revenue Code, or any similar or successor provision hereto.

55.3 REIT Requirements. Lessee agrees to cooperate in good faith with Lessor to ensure that the terms of this section are satisfied. Lessee agrees upon request by Lessor to take reasonable action necessary to ensure compliance with all REIT Requirements. If Lessee becomes aware that the REIT Requirements are not, or will not be, satisfied, Lessee shall notify Lessor of such noncompliance.

56. Signage. Lessee shall have the right to install signage on the front of the Premises permitted by relevant governmental laws and regulations using Lessee's standard corporate colors and logo subject to Lessor's prior reasonable approval. Lessor shall cooperate

with Lessee at no out-of-pocket cost to Lessor in obtaining all permits, variances, or similar governmental approvals necessary to allow installation of Lessee's signage, subject to Landlord's reasonable prior written consent.

57. Lessor's Work. Lessor shall construct improvements in the Premises in accordance with the Work Letter attached as Schedule 1 to the Lease.

58. Pre-Sale Space. Prior to delivery of the Premises, Lessee may use a space (the "***Pre-Sale Space***") of up to 500 square feet on the ground floor of the Project as designated by Lessor for the purpose of pre-selling memberships. There shall be no charge for the use of the Pre-Sale Space, except that Lessee shall pay for all utilities. Lessor may relocate the Pre-Sale Space from time to time upon notice to Lessee. Lessee agrees that to the extent reasonably feasible, the retail/reception area of the Premises may be built out first for use as the Pre-Sale Space.

"**Lessee**":

YOGA WORKS, INC.,
a California corporation

By: _____
Name: Phil Zwan
Title: CEO

By: _____
Name:
Title:

"**Lessor**":

3460 W. 7th STREET (CA) LLC,
a Delaware limited liability company

By: _____
Terry Wachsner
Vice President

PERCENTAGE RENT ADDENDUM
TO
STANDARD RETAIL/MULTI-LESSEE SHOPPING CENTER LEASE - NET
BETWEEN
3460 W. 7th STREET (CA) LLC, AS LESSOR
AND
YOGA WORKS, INC., AS LESSEE

Dated: as of August 4, 2014

1. Calculation of Percentage Rent. In addition to the Base Rent to be paid by Lessee pursuant to Paragraph 1.5, Lessee shall pay to Lessor, at the time and in the manner herein specified, without demand, deduction or offset, percentage rent ("***Percentage Rent***") in an amount equal to Six Percent (6%) (the "***Percentage Rent Rate***") multiplied by the dollar amount of Lessee's Gross Sales (as defined in Paragraph 4 below) during such Lease Year in excess of the Breakpoint (as defined below). Said payments of Percentage Rent shall be payable monthly commencing with the calendar month during the Lease Year in which Lessee's Gross Sales first exceed the Breakpoint. For the purpose of this Percentage Addendum, the "***Breakpoint***" shall mean the amount obtained by dividing the Base Rent payable during such Lease Year by the Percentage Rent Rate. "***Lease Year***" means a period of 12 consecutive calendar months, the first of which shall commence on the first day of the first full calendar month following the month in which the Rent Commencement Date occurs, with each following Lease Year beginning on each consecutive anniversary thereof.

2. Periodic Reporting and Payment. Within fifteen (15) days after the end of each calendar month following the Commencement Date, Lessee shall furnish to Lessor a written report (a "***Monthly Gross Sales Report***"), in such form and with such detail as Lessor shall deem reasonably necessary or desirable, certified by Lessee to be true, correct and complete, setting forth the Gross Sales made in, upon, or from the Premises during the preceding calendar month. Once Lessee's Gross Sales for a given Lease Year have exceeded the Breakpoint, each Monthly Gross Sales Report shall be accompanied by a payment (a "***Monthly Percentage Rent Payment***") to Lessor equal to the Percentage Rent due for that month. Each Monthly Gross Sales Report shall be furnished to Lessor, and each Monthly Percentage Rent Payment shall be paid to Lessor, not later than fifteen (15) days after the last day of the calendar month covered by such Monthly Gross Sales Report.

3 Annual Reporting and Payment. Within forty-five (45) days after the end of each Lease Year during the Term of this Lease, Lessee shall furnish to Lessor a written report (an "***Annual Gross Sales Report***"), in such form and with such detail as Lessor shall deem reasonably necessary or desirable, certified by Lessee to be true, correct and complete, setting forth the Gross Sales made in, upon or from the Premises during the preceding Lease Year ("***Lessee's Annual Gross Sales***") and the Monthly Percentage Rent Payments made by Lessee to Lessor during the preceding Lease Year. Lessee shall deliver a payment (an "***Annual Percentage Rent Payment***") to Lessor together with each Annual Gross Sales Report, which payment shall be equal in amount to the product of the Percentage Rent Rate multiplied by the amount of Gross Sales in excess of the Breakpoint less the aggregate Monthly Percentage Rent Payments actually paid by Lessee with respect to such Lease Year. In the event that the aggregate Monthly Percentage Rent Payments actually paid by Lessee with respect to such Lease Year exceed the Percentage Rent due for such Lease Year, the amount of such excess (but not an amount greater than the aggregate of such Monthly Percentage Rent Payments actually paid by Lessee with respect to such calendar year) shall be refunded to Lessee, or if the Lease Term has not expired or been terminated, applied in payment of the next ensuing Monthly Percentage Rent Payments due hereunder.

4. Definition of "Gross Sales". The term "Gross Sales" as used in this Lease shall mean the entire gross receipts of every kind and nature from sales and services made in, upon, or from the Premises, whether upon credit or for cash (and, if the value received therefor is paid in property or services rather than cash or credit, the fair market value thereof), in every department operating in the Premises, whether operated by the Lessee or by a sublessee, or by one or more licensees or concessionaires, excepting only

(a) Goods returned to sources, or transferred to another store or warehouse owned by or affiliated with Lessee;

(b) Sums and credits received in the sale of equipment and trade fixtures, and settlement of claims for loss of or damage to merchandise owned by Lessee;

(c) The price allowed on all merchandise returned by customers for credit, or the amount of credit for discounts and allowances in lieu of acceptance thereof, but only if and to the extent the sales price of such merchandise or the amount of credit so given, respectively, previously was included in the computation of Gross Sales;

(d) Cash refunds made to customers in the ordinary course of business; provided, however, that this exclusion shall not apply to amounts rebated or paid, or value given for what are commonly referred to as trading stamps or prizes, nor shall it apply to other promotional payments to, or promotional coupons or credits used by, customers;

(e) Receipts from public telephones, stamp machines, public toilet locks, or vending machines installed solely for the use of Lessee's employees;

(f) Sales and use taxes, so called luxury taxes, consumers' excise taxes, gross receipts taxes and other similar taxes now or hereafter imposed upon the sale of merchandise or services, but only if recorded separately from the selling price of merchandise or services and collected from customers; and

(g) Credit card fees.

Except as otherwise specified above, for all purposes of this Lease, a "sale" shall be deemed to have been consummated, and the entire amount of the sale price shall be included within "Gross Sales", at such time as (i) the sale transaction initially is reflected in the books or records of Lessee, or any sublessee, assignee, concessionaire or other user of the Premises or any portion thereof directly or indirectly by or through Lessee, or (ii) Lessee or such other person or entity receives all or any portion of the sales price, or (iii) the applicable goods or services are delivered to the person or entity to which they are required or intended to be delivered pursuant to the sale transaction, whichever first occurs, and without regard to whether payments are to be made in installments, the sale is for cash, credit or otherwise, or all or any portion of the sales price has actually been paid at the time of inclusion thereof in "Gross Sales". Lessee shall cause all sales made from the Premises to be recorded in a cash register or cash registers that are capable of recording a cumulative total of sales. Lessee shall include gross receipts generated from sales of lottery tickets and transaction checks and from credit card sales in the computation of "Gross Sales". No deduction shall be made for direct or indirect discounts, rebates or other reductions in sale, unless generally offered to the public on a uniform basis. No deduction shall be permitted for discounts, rebates or other reductions provided to employees with respect to sales made to them or at their direction. No deduction shall be allowed for uncollected or uncollectible credit accounts, or for trade-ins or other credits on sales made to employees or others.

5. Lessee's Books and Records. Lessee shall keep at the Premises or at Lessee's executive offices within the continental United States full, complete and accurate books, records, and accounts of its daily Gross Sales, whether for cash, on credit, or for barter, as well as, if applicable, daily Gross Sales of each separate department, sublessee, licensee, and concessionaire operating at any time in the Premises. Lessee shall keep or cause to be kept all of such books, records and accounts for at least three (3) years following the end of each calendar year ending during the Term. Lessor may cause an audit of the business of Lessee to be made by an accountant or auditor of Lessor's selection, and if any Monthly or Annual Gross Sales Report shall be found to have understated Lessee's Gross Sales, then and in that event, Lessee shall pay to Lessor, on demand, an amount equal to the product of the Percentage Rent Rate multiplied by such understatement of Gross Sales, together with interest thereon at the Default Rate computed from the date on which such payment should have been made. If Lessor's audit shall disclose an understatement of Gross Sales of greater than three percent (3%) of Lessee's actual Gross Sales for the period covered by the Monthly or Annual Gross Sales Report audited by Lessor, then, in addition to the foregoing, Lessee shall pay to Lessor the cost of such audit immediately upon demand; otherwise, the cost of such audit shall be paid by Lessor. If Lessee shall fail timely to submit any report required to be submitted by it to Lessor pursuant to this Addendum Paragraph 1.6, then, in addition to all other remedies that Lessor may have under this Lease, at law, in equity or otherwise, Lessee shall pay to Lessor on demand a late fee of Fifty Dollars ($50.00) per late report as Additional Rent.

SCHEDULE 1
TO
STANDARD RETAIL/MULTI-LESSEE SHOPPING CENTER LEASE - NET
BETWEEN
3460 W. 7th STREET (CA) LLC, AS LESSOR
AND
YOGA WORKS, INC., AS LESSEE

Dated: as of August 4, 2014

WORK LETTER

This Work Letter shall set forth the terms and conditions relating to the renovation of the Lessor's Work in the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise.

SECTION 1

CONSTRUCTION OF THE PREMISES

Lessor shall construct improvements in the Premises (the "Lessor's Work") pursuant to the Working Drawings mutually agreed upon pursuant to this Section 1, and at a cost not to exceed One Hundred Twenty Dollars ($120.00) per square foot, which shall include the following:

1. Electrical: Electrical panel capable of 200 AMP, 120/208 volts with distribution of outlets every 25' on center, any other outlets that may be required per plan, and light fixtures per plan.

2. Plumbing: Provide men and women restrooms/changing rooms including faucet and sink and four (4) showers (ADA compliant).

3. HVAC: HVAC unit capable of 1 ton per 350 square feet with ductwork per plan and a split system for the exclusive use of the Premises. Lessee shall be responsible for maintenance and repair of such HVAC unit and Lessor shall transfer all of its warranties to Lessee.

4. Provide sprinkler main and distribution as required by code.

5. Concrete floor slab or carper in the reception room and bamboo floor in the workout rooms, and tile or possibly concrete flooring in the restrooms/changing rooms.

6. Demising wall(s) as needed, including drywall (painted) and doors per plan.

7. Front door(s) per Lessor's plans.

8. Built-in cabinetry and yoga wall per plan and mutually approved by Lessee and Lessor.

Except for Lessor's Work, Lessee shall be responsible for all aspects of construction of its internal space, in accordance with the terms of the Lease.

Within ~~thirty (30)~~ 45 days of the Effective Date, Lessee shall provide Lessor with CAD Design Development drawings, which must include a proposed layout and finishes guideline, floor plans, interior elevations, ceiling plan (including light fixtures and locations), cabinet profiles, details on electrical, telephone/data outlets and preferred locations of thermostats ("Lessee's Plans and Specifications"). Within thirty (30) days of Lessor's receipt of Lessee's Plans and Specifications, Lessor shall cause the Architect to remeasure the Premises in accordance with Lessee's Plans and Specifications, and to prepare detailed plans and specifications and a budget for the Lessor's Work, including MEP plans, and final permit and construction plans and drawings (collectively, the "Working Drawings"). Lessor shall then forward the Working Drawings to Lessee for Lessee's approval. Lessee shall approve or reasonably disapprove any draft of the Working Drawings within ten (10) business days after Lessee's receipt thereof, provided, however, that (i) Lessee shall not be entitled to disapprove any portion, component or aspect of the Working Drawings which are consistent with the layout and finished guideline provided by Lessee or which exceed the Cap, provided that Tenant may modify Lessees Plans and Specifications one time to ensure the costs fall within the Cap, and (ii) any disapproval of the Working Drawings by Lessee shall be accompanied by a detailed written explanation of the reasons for Lessee's disapproval. Failure of Lessee to reasonably disapprove any draft of the

Working Drawings within said ten (10) business day period shall be deemed to constitute Lessee's approval thereof. The Working Drawings, as approved by Lessor and Lessee, may be referred to herein as the "Approved Working Drawings." Lessee shall make no changes or modifications to the Plans or the Approved Working Drawings without the prior written consent of Lessor, which consent may be withheld in Lessor's sole discretion if such change or notification would directly or indirectly delay the "Substantial Completion," as that term is defined in Section 2.1 of this Work Letter, of the Lessor's Work in the Premises or increase the cost of designing or constructing the Lessor's Work.

SECTION 2

OVER-ALLOWANCE AMOUNT

In the event there are any revisions, changes, or substitutions made to the Working Drawings or Lessor's Work by Lessee (unless such changes are required under Law or necessitated by the City), all of such costs shall be considered to be an "Over-Allowance Amount." The Over-Allowance Amount shall be paid by Lessee to Lessor, as Additional Rent, within ten (10) days after Lessor's receipt of invoice therefor.

SECTION 3

COMPLETION OF THE LESSOR'S WORK

3.1 Substantial Completion. For purposes of this Lease, "Substantial Completion" of the Lessor's Work in the Premises shall occur upon the completion of construction of the Lessor's Work in the Premises pursuant to the Approved Working Drawings and in compliance with applicable laws and codes, with the exception of any punch list items and any Lessee fixtures, built-in furniture, or equipment to be installed by Lessee. Lessor agrees that the Premises shall be professionally cleaned at Lessor's cost prior to delivery of the Premises to Lessee, for completion of Lessee's work.

3.2 Delay of the Substantial Completion of the Premises. Except as provided in this Section 3.2, the Commencement Date shall occur as set forth in the Lease. If there shall be a delay or there are delays in the Substantial Completion of the Lessor's Work in the Premises as a result of the following (collectively, "Lessee Delays"):

3.2.1 Lessee's failure to timely approve any matter requiring Lessee's approval;

3.2.2 A breach by Lessee of the terms of this Work Letter or the Lease;

3.2.3 Lessee's request for changes in the Working Drawings or Approved Working Drawings;

3.2.4 Changes in any of the Working Drawings or Approved Working Drawings because the same do not comply with applicable laws;

3.2.5 Lessee's requirement for materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion of the Lessor's Work in the Premises, or which are different from, or not included in, Lessor's standard improvement package items for the project;

3.2.6 Changes to the base, shell and core work of the Building required by the Approved Working Drawings or any changes thereto; or

3.2.7 Any other acts or omissions of Lessee, or its agents, or employees;

then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of the Lessor's Work in the Premises, the Commencement Date shall be deemed to be the date that Substantial Completion would have occurred if no Lessee Delay or Delays, as set forth above, had occurred.

SECTION 4

MISCELLANEOUS

4.1 Lessee's Representative. Lessee has designated Adam Guttentag as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Lessor, shall have full authority and responsibility to act on behalf of the Lessee as required in this Work Letter.

4.2 Lessor's Representative. Lessor has designated Jeff Lyons as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of the Lessor as required in this Work Letter.

4.3 Time of the Essence in This Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

4.4 Compliance Costs. The Premises shall comply with applicable building codes and other governmental laws, ordinances and regulations which were enacted prior to the date of the substantial completion of Lessor's Work (collectively, the "Code") at Lessor's sole cost, but only to the extent that Lessor's failure to comply therewith would prohibit Lessee or Lessor from obtaining or maintaining a certificate of occupancy, or its equivalent, for the Premises, and. Notwithstanding the preceding sentence, based on Lessee's Plans and Specifications, Lessor shall be solely responsible for any costs necessary to cause the existing base, shell and core of the Premises to be in compliance with Code, except to the extent modifications are triggered by or result from any non-standard improvements constructed by Lessee in the Premises.

"**Lessee**":

YOGA WORKS, INC.,
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

"**Lessor**":

3460 W. 7th STREET (CA) LLC,
a Delaware limited liability company

By: _____
Terry Wachsner
Vice President