

**COMMERCIAL LEASE AGREEMENT
BY AND BETWEEN THE CITY OF RIVERSIDE AND
THOMPSON BREWING CO. LLC**

Armory at Fairmount Park, 2501 Fairmount Blvd, Riverside, California

This Commercial Lease Agreement (“Lease Agreement”), dated _____, 2025 (“Effective Date”), is made by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“Lessor”) and THOMPSON BREWING CO. LLC, a California limited liability corporation (“Lessee”). Lessor and Lessee are sometimes referred to in this Lease Agreement individually as a “Party” and collectively as “Parties.”

**ARTICLE I
BASIC PROVISIONS**

1.1 **Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, in accordance with the terms and conditions of this Lease Agreement, a portion of the premises known as the Armory at Fairmount Park, located at 2501 Fairmount Blvd, Riverside, California, 92501, which space consists of approximately 12,000 square feet of interior space, approximately 45,000 square feet of exterior space (including a proposed 200 square feet of outdoor patio), for a cumulative total of 57,000 square feet (“Premises”). The Premises are depicted in detail on the attached Exhibit A and collectively with the iTennis/iPickle leased premises, including the Armory Building and exterior space to the north and east of the Armory Building, comprise the Armory at Fairmount Park (“Armory”), all as depicted in Exhibit A. Ingress and egress to the Premises is as described in Exhibit A. Ingress and egress for iTennis/iPickle customers shall be at the back of the Armory building and the National Guard site, as depicted in Exhibit A. If ingress and/or egress requirements by Fire Department are amended, Exhibit A shall be amended accordingly.

Lessee expressly agrees that no exterior areas of the Premises shall be utilized as a designated smoking section for Lessee’s customers.

Lessor to grant non-exclusive access to Lessee for Lessee customers to utilize the parking lot area directly to the south of the Armory Building, as depicted in Exhibit A. Lessor shall be responsible for all maintenance and cleaning related to said use. Lessee shall not charge parking fees for any use of the described parking lot area.

1.2 **Term.** The term shall be for five (5) years (“Original Term”) commencing from the Delivery Date (“Commencement Date”). The Delivery Date is the date upon which Lessee receives any and all necessary permits required to construct, open, and operate for the intended use within the Premises or two (2) years from the Effective Date, whichever is earlier. This Lease Agreement may be extended by exercise of Lease Extension pursuant to Section 1.3 and the time within which the Delivery Date begins may be extended for an additional six (6) months by mutual written agreement of the Parties. The Commencement Date shall be documented in writing by the Parties with the execution of the Commencement Date Memorandum attached hereto as Exhibit “C” and incorporated herein by reference. The Original Term shall expire at the end of five (5) years following the Commencement Date (“Expiration Date”). Lessor may permit Lessee to occupy the Premises prior

to the Commencement Date of the term; however, such occupancy shall be subject to all of the provisions of this Lease. Said early possession shall not advance the termination date of this Lease.

1.2.1 Rent Commencement Date. The Rent Commencement Date shall be the same as the Commencement Date, subject to any rent credits as set forth herein.

1.3 Lease Extension. As used in this Lease, the word “**Lease Extension**” means the right to extend the term of this Lease. Provided Lessee, or any Permitted Transferee, is (i) not in default under the Lease at the time of notice and Lessee, (ii) is still operating under the Permitted Use, (iii) has performed in a manner acceptable to Lessor as set forth in Section 1.12, and (iv) has provided Lessor with no more than twelve (12) months’ and no less than six (6) months’ prior written notice of Lessee’s exercise of such Lease Extension, the Lessee shall have four (4) five (5) year option periods, upon the same terms and conditions, except that the Rent shall be recalculated in accordance with this Section 1.3.

For the first year of the second option period (Year 11), the base rent shall be either \$20,000 or the then fair market rent (“**FMR**”), as mutually agreed to by the Parties. For the first year of the fourth option period (Year 21), the base rent shall be the then fair market rent (“**FMR**”), as mutually agreed to by the Parties. If the Parties cannot agree on FMR for the first year of such an option period, each Party shall hire a qualified real estate broker, with no less than ten (10) years of experience in leasing retail commercial properties within ten (10) miles of the Premises, to provide a FMR opinion. If the Parties’ independent opinions are within five percent (5%) of each other, then the average of the two independent opinions shall be the FMR for the first year of that option period. If the independent opinions are not within five percent (5%) of each other, the two real estate brokers shall choose a third independent real estate broker which meets the experience requirements provided herein to determine the FMR for the first year of that option period. In no event shall the FMR for the first year of an option period have more than a seven percent (7%) differential from the base rent for the previous year. The FMR is measured against the immediately preceding lease year’s Base Rent (not against any earlier baseline). For all option periods, and except as noted above, the monthly base rent shall be increased in the same manner as rent increases for the Original term, with no rent credits, as set forth in Section 1.4 herein.

1.3.1 Lease Extensions Personal to Lessee. The Lease Extension granted to Lessee in this Lease may not be voluntarily or involuntarily assigned to or exercised by another person or entity other than said original Lessee or Permitted Transferee, unless by an approved or permitted subletting or assignment pursuant to the terms of this Lease, with such approval or permission not to be unreasonably withheld by Lessor.

1.3.2 Multiple Lease Extensions. In the event that Lessee has any multiple options to extend or renew this Lease, a later Lease Extension cannot be exercised unless the prior Lease Extension(s) to extend or renew this Lease has or have been validly exercised.

1.3.3 Effect of Default on Lease Extensions. Lessee shall have no right to exercise a Lease Extension, notwithstanding any provision in the grant of Lease Extension to the contrary, (i) during the period commencing with the giving of any notice of Default under Paragraph 12.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Lessor from Lessee is unpaid (without regard to whether notice thereof is given Lessee), or (iii) during the time Lessee is in Breach of this Lease. The period of time within

which a Lease Extension may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise a Lease Extension because of the provisions of this paragraph.

1.4 **Base Rent, Percentage Rent, Rent Increases.**

Base Rent shall be Twelve Thousand Dollars (\$12,000) monthly, payable on the first day of each month, to commence on the Rent Commencement Date.

Commencing in Year Three of the Lease Agreement, Base Rent shall increase on an annual basis by an amount equal to the annual percentage increase change of the Consumer Price Index (CPI) Riverside-San Bernardino-Ontario area. Lessor and Lessee agree that Base Rent escalations will not exceed three percent (3%) per annum, should the CPI increase by more than three percent (3%). (The following rent schedule assumes a 3% increase each year and only addresses Years 1 through 10.)

Months	Monthly Base Rent	Annual Base Rent
1-12 (Year 1)	\$12,000.00	\$144,000.00
13-24 (Year 2)	\$12,000.00	\$144,000.00
25-36 (Year 3)	\$12,360.00	\$148,320.00
37-48 (Year 4)	\$12,730.80	\$152,769.60
49-60 (Year 5)	\$13,112.72	\$157,352.64
61-72 (Year 6)	\$13,506.10	\$162,073.22
73-84 (Year 7)	\$13,911.28	\$166,935.40
85- 96 (Year 8)	\$14,328.62	\$171,943.42
97-108 (Year 9)	\$14,758.48	\$177,101.74
109-120 (Year 10)	\$15,201.23	\$182,414.81

For the first twenty-four (24) months after the Rent Commencement Date, Lessor shall grant to Lessee rent credit as an off-set to Lessee's improvements to the Premises, at Lessee's sole cost, as described in Article VII, below. This is Lessor's consideration for improvements required to bring the Premises to a leasable condition for Lessee.

Commencing in Year Eleven, the Base Rent will increase to Twenty Thousand Dollars (\$20,000) monthly or the then FMR, as mutually agreed to by the Parties and calculated in accord with Section 1.3 herein. Base Rent, starting in Year Twelve, will then subsequently increased in the same manner as Year Three.

1.5 **Permitted Use; Exclusivity.** Lessee agrees to use the Premises for a food and beverage market, restaurant, related retail, music, art, and recreational activities and for no other purpose. Lessee shall obtain and/or maintain any and all required licenses and permits for operating its business. Lessor shall consent to Lessee's application for required entitlements and permits, including any permits required for alcohol service/sales and entertainment. Lessee shall obtain, at its sole cost, the business tax and licenses required by the City and/or County of Riverside.

1.6 **Lessee Financing.** Lessee shall obtain all financing for any portion of the Shell Work that Lessee is responsible for and also for Lessee TI Work to the Premises (as defined in Sections 7.4 and 7.5 below).

1.7 **Lessee's Option to Terminate Prior to Construction.** Within twelve (12) months from the Effective Date and prior to the commencement of construction, Lessee may in its sole discretion terminate this Lease Agreement with no further force or effect by providing written notice to Lessor.

1.8 **Schedule of Performance.** Lessee's Schedule of Performance provides its timeline for the improvements to the Premises and is attached hereto as Exhibit B. If Lessee does not meet the Schedule of Performance, Lessor shall provide a notice of default to Lessee and Lessee shall have thirty (30) calendar days to perform or to demonstrate significant progress to Lessor in the performance milestone. Lessee shall not be considered in default of said performance due to any force majeure. If Lessee fails to cure said default, then Lessor reserves the right to terminate the Lease Agreement upon provision of a final notice of default.

1.9 **Use by Lessor.** Lessor shall be entitled to two (2) occasions annually, during the Initial Term and any extended term of the Lease, subject to the terms and conditions hereof, to make use of the Premises for hosting an Event ("Lessor's Use"), provided however, that the booking for Lessor's Use shall be subject to Lessee's previously booked and held events. The Lessor's City Manager or his designee shall be the Lessor's designated agent to coordinate with Lessee's staff for Lessor's Use of the Premises. Lessor shall provide Lessee with as much advanced notice as reasonably possible for any requested dates for Lessor's Use.

Lessor shall not pay any user, license or rental fee, for the Lessor's Use. Lessor shall, however, after receipt of a written invoice, reimburse Lessee for all actual costs incurred by Lessee to facilitate the Lessor's Use (including, but not limited to, a reasonable allocation of Lessee's overhead). Such costs shall include, but not be limited to, cleaning, allocable share of liability insurance premiums, security, house staff and utility charges and the cost to repair any damage to the Premises by Lessor, its agents or invitees (but any reimbursement Lessee receives from applicable insurance shall be offset against the amount due from Lessor). Lessee shall retain exclusive rights to the operation of all concessions and other operations at the Premises during Lessor's Use, including, without limitation, food and beverage concessions and sales, including alcoholic beverages (but Lessor shall have the right to prohibit the sale of alcoholic beverages for any Lessor's Use). All proceeds of such sales and concession operations shall be the sole property of Lessor (but the foregoing shall not limit Lessor's reimbursement obligations for Lessee's costs as provided above). Lessor will ensure that the pricing for any concessions shall not exceed the normal pricing therefor charged by Lessee.

1.10 **Community-Centered Events.** In addition to the Lessor's Use contained in paragraph 1.9, above, Lessee shall make good faith efforts to ensure that annual events are scheduled that are community-centered events with encouraged participation by City residents using Fairmount Park.

1.11 **Coordination with Other Lessees of the Armory.** Lessee shall make good faith efforts to coordinate with other lessees of the Armory for programming and site access.

1.12 **Lessor Annual Reviews and Inspections of Lessee Performance.** Lessor and Lessee shall meet at once annually, with the first meeting occurring one year after the Commencement Date, to discuss the following:

- Customer numbers
- Community engagement metrics (e.g., community events, park partnership events)
- Maintenance and cleanliness scores based on City inspections
- Community and City partnerships
- Economic impact (jobs created, local vendor use)
- Tenant participation in public meetings or local advisory committees as feasible

At the conclusion of each annual meeting, Lessor and Lessee shall agree, in writing, upon annual quantifiable performance thresholds based on such annual review. Failure to meet minimum performance thresholds may result in penalties, lease modification, or non-renewal of the Lease.

1.13 **Storage Containers.** Lessee shall obtain the approval of Lessor prior to installing any storage containers, with such approval including but not limited to size, location, and appearance.

1.14 **Liquor License.** Lessee shall obtain a liquor license and shall comply with all requirements of the liquor license and applicable laws regulating the sale of alcoholic beverages at the Premises. Lessee agrees that there shall be no liquor sold or served after midnight at any time.

1.15 **Licenses, Permits and Business Tax.** As a condition of this Lease, Lessee shall secure and maintain at all times, a business license to operate in the City of Riverside, and shall also secure and maintain at all times, any other licenses or permits which may be required of comparable businesses operating in the City of Riverside. Lessee understands that its performance of the services will constitute doing business in the City of Riverside, and it shall, therefore, register for and pay a business tax pursuant to Chapter 5.04 of the Riverside Municipal Code.

ARTICLE II **CONDITION AND DELIVERY OF PREMISES; LESSOR ACCESS AND PARKING**

2.1 **Condition and Delivery of Premises.** Lessee has examined the Premises and agrees to possession of the Premises in an “as is” condition. Lessor does not provide any warranty of the Premises, or its fixtures, equipment or inventory. Lessee acknowledges and agrees that Lessor, including its authorized agents, representatives and employees, have not made any representations, guarantees or warranties regarding the Premises, nor has Lessor, its agents, representatives, or employees made any representations, guarantees or warranties regarding whether the Premises and improvements thereon comply with applicable covenants and restrictions of record, building codes, ordinances or statutes in effect at the Commencement Date except for improvements the Parties have agreed to provide, at their own expense, if any.

2.2 **Lessor Access.** Lessor, and its authorized agents, representatives, and employees, may enter the Premises at any time in case of emergency, and otherwise at reasonable hours and with reasonable advance written notice to: (i) inspect the Premises; (ii) show the Premises to prospective purchasers, lenders, insurer or Lessee; (iii) determine whether Lessee is complying with all its obligations hereunder; (iv) take possession due to any breach of this Lease Agreement in the manner

provided herein; (v) perform any covenants of Lessee which Lessee fails to perform; and (vi) repair, alter or improve the Premises or any portion of the Premises, and may for such purposes erect, use and maintain scaffolding, pipes, conduits and other structures in and through the Premises where reasonably required by the nature of the work to be performed; provided, however, that all such work shall be done as promptly as reasonably possible and so as to cause as little interference with the operation of Lessee's business as reasonably possible. There shall be an abatement of Rent in the amount of the then current daily rental value, per day, in the event that Lessee is required to close by reason of Lessor's entry of the Premises pursuant to this Section 2.2, but Lessee hereby waives any other claim for damages, including but not limited to interference with business, lost profits, and any other incidental or consequential damages of any sort whatsoever, for any injury or inconvenience to or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by such entry. Except in case of emergency, any such Lessor's work that will cause Lessee to close or otherwise potentially incur economic damages, shall occur with no less than thirty (30) advance written notice and Lessee and Lessor work cooperatively and agree on a specific schedule to reasonably reduce the potential negative impact on Lessee's operations. Lessor shall at all times have and retain a key with which to unlock all of the doors in, or about the Premises (excluding Lessee's vaults, safes and similar areas designated in writing by Lessee in advance); and Lessor shall have the right to use any and all means which Lessor may deem proper to open said doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by Lessor by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or detainer of the Premises or an eviction, actual or constructive, of Lessee from the Premises, or any portion thereof. No provision of this Lease Agreement shall be construed as obligating Lessor to perform any repairs, alterations or improvements except as otherwise expressly agreed to be performed by Lessor in this Lease Agreement.

ARTICLE III **PAYMENT OF MONTHLY RENT; SECURITY DEPOSIT; LATE CHARGES**

3.1 **Payment of Rent.** Monthly rent shall be paid in advance on or before the first calendar day of each month during the Term. If the Term commences on a calendar day other than that first calendar day of the month or ends on a calendar day other than the first calendar day of a calendar month, then monthly rent will be appropriately prorated by Lessor based on the actual number of calendar days in such month. If the Term commences on a calendar day other than the fifteenth calendar day of a calendar month, then the prorated monthly rent for such month shall be paid on or before the fifteenth calendar day of the Term. Monthly rent shall be paid as a lump sum amount, shall not be subject to recalculation or reduction, and shall be paid to Lessor without written notice or demand, and without offset, in lawful money of the United States of America at Lessor's address, or to such other address as Lessor may from time to time designate in writing.

3.2 **Security Deposit.** A Security Deposit in the amount of Twelve Thousand Dollars (\$12,000) shall be paid by Lessee upon execution of this Lease Agreement. If Lessee defaults with respect to any provision of this Lease Agreement, including but not limited to the provisions related to the payment of monthly rent, Lessor may use, apply or retain all or any part of the Security Deposit for the payment of rent, any other sum in default, or for the payment of any other amount Lessor may spend or become obligated to spend by reason of Lessee's default, or to compensate Lessor for any other loss or damage Lessor may suffer by reason of Lessee's default. If any portion of the Security Deposit is so used, applied or retained, Lessee shall, within five (5) calendar days after written demand, deposit cash with the Lessor in an amount sufficient to restore the Security Deposit to its

original amount. Lessor shall not be required to keep the Security Deposit separate from its general funds, and Lessee shall not be entitled to any interest earned on the Security Deposit. The Security Deposit shall not be deemed a limitation on Lessor's damages or a payment of liquidated damages or a payment of rent due for the last month of the Term. In the event the Lessee terminates this Lease prior to start of Construction, Lessor shall refund the entire Security Deposit to Lessee.

3.2.1 Lessee specifically waives the provisions of California Civil Code section 1950 which provides that Lessor may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Lessee, or to claim the Premises. Lessor and Lessee agree that Lessor may, in addition, claim those sums reasonably necessary to compensate Lessor for any other foreseeable or unforeseeable loss or damage caused by the act or omissions of Lessee or Lessee's officers, agents, employees, independent contractors, or otherwise.

3.2.2 If Lessee faithfully and timely performs every provision of this Lease Agreement to be performed by it, the Security Deposit or balance of the Security Deposit shall be returned to Lessee within sixty (60) calendar days after the expiration of the Term. Lessor may deliver the funds deposited under this Lease Agreement by Lessee to the purchaser of the Premises in the event that the Premises are sold, and after such time, Lessor shall have no further liability to Lessee with respect to the Security Deposit.

3.3 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of the monthly rent, additional rent, percentage rent, or any other sums due under this Lease Agreement will cause Lessor to incur costs not contemplated by this Lease Agreement. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of monthly rent, additional rent, or any other sums due from Lessee under this Lease Agreement, shall not be paid within ten (10) days after the time set forth in this Lease Agreement for payment thereof, Lessee shall thereupon pay to Lessor a late charge equal to ten percent (10%) of the overdue amount. Lessor and Lessee agree that this late charge represents a reasonable sum considering all of the circumstances existing on the date of this Lease Agreement, including the relationship of the sum to the loss to Lessor that could be reasonably anticipated by such nonpayment by Lessee and the anticipation that proof of actual damages sustained by Lessor would be costly or inconvenient to determine. Lessor and Lessee agree that such late charge shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies available to Lessor at law, in equity, or under this Lease Agreement. Lessor, at its option, may deem any such overdue amounts and/or late charges so unpaid to be additional rent, nonpayment of which shall, in addition to any other rights and remedies available to Lessor, give rise to those rights and remedies of Lessor set forth in Section 12.2 of this Lease Agreement.

ARTICLE IV **USE; COMPLIANCE WITH LAWS; NON-DISCRIMINATION**

4.1 **Use.** The Premises shall be used only for the purposes set forth in Section 1.5, and purposes incidental to that use. Lessee shall use the Premises in a careful, safe and proper manner and shall not use the Premises for any disreputable business or purpose. Lessee shall not use or permit the Premises to be used or occupied for any purpose or in any manner prohibited by any applicable

law, ordinance order, rule, regulation or other governmental requirement. Lessee shall not commit waste or suffer or permit waste to be committed in, on or about the Premises. Lessee shall conduct its business and control its employees, agents and invitees in such a manner so as not to create a nuisance or a risk of fire or other hazard, or that would violate, suspend, void or increase the rate of fire or liability or any other insurance of any kind at any time carried by Lessor upon the Premises, except that Lessor acknowledges and accepts the installation and usage of cooking, hood exhausts, alcohol sales and service and entertainment.

4.2 Signage. Any signs to be installed by Lessee shall be subject to the prior written approval of Lessor and shall be installed by a sign contractor approved by Lessor. All required permits for signs shall only be obtained by the approved sign contractor who shall also be responsible for compliance with all applicable codes. Lessee shall be responsible for payment of all sign costs including installation costs, permits and costs to repair the Premises resulting from the installation or removal of such sign. All signs to be approved by Lessor in advance. Such approval shall not be unreasonably withheld and must comply with Title 19 of the City of Riverside's Municipal Code.

4.3 Compliance with Laws. Lessee shall comply with all applicable laws, ordinances, orders, rules, regulations and other governmental requirements relating to the use, condition or occupancy of the Premises. The judgment of any court of competent jurisdiction, or the admission of Lessee in a proceeding brought against them by any governmental entity, that Lessee has violated any such governmental requirement shall be conclusive as between the Lessor and the Lessee and shall constitute grounds for declaration of default, material breach, forfeiture, and termination of this Lease Agreement by Lessor.

4.4 Compliance with Environmental Laws. Lessee and the Premises shall remain in compliance with all applicable laws, ordinances, orders, rules and regulations regulating, relating to, or imposing liability of standards of conduct concerning any Hazardous Materials, or pertaining to occupational health or industrial hygiene, occupational or environmental conditions on, under, or about the Premises, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USC Section 1251 et seq.]; the Toxic Substances Control Act ("TSCA") [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act ("HMTA") [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.]; the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.]; the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & S C Section 25288 et seq.]; the California Hazardous Substances Account Act [H & S C Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H & S C Section 24249.5 et seq.]; the Porter-Cologne Water Quality Act [Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state or local law, ordinance, order, rule or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under or about the

Premises, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use ("Environmental Laws").

4.4.1 Lessee shall immediately notify Lessor in writing and provide copies upon receipt of all written complaints, claims, citations, demands, inquiries, reports or notices relating to the condition of the Premises or compliance with Environmental Laws. Lessee shall promptly cure and have dismissed with prejudice and of those actions and proceedings to the satisfaction of Lessor. Lessee shall keep the Premises free of any lien imposed pursuant to any Environmental Law.

4.4.2 For the purpose of this Section 4.4, the term "Hazardous Materials" shall include, without limitation, substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "extremely hazardous wastes," or "restricted hazardous wastes," or stated to be known to cause cancer or reproductive toxicity, under any Environmental Law. Lessee shall not permit any release, generation, manufacture, storage, treatment, transportation or disposal of any Hazardous Materials. Lessee shall promptly notify Lessor in writing if Lessee has or acquires notice or knowledge that any Hazardous Materials have been or are threatened to be released, discharged, disposed of, transported, or stored on, in, under or from the Premises; and if any Hazardous Materials are found on the Premises, Lessee, at its sole cost and expense, shall immediately take such action as is necessary to detain the spread of and remove the Hazardous Material to the complete satisfaction of Lessor and the appropriate governmental authorities.

4.4.3 Lessor shall, at Lessor's sole cost and expense, have the right at all reasonable times and from time to time to conduct environmental audits of the Premises, and Lessee shall cooperate in the conduct of those audits.

4.4.4 If Lessee fails to comply with the forgoing covenants pertaining to Hazardous Materials, Lessor may cause the removal (or other cleanup acceptable to Lessor) of any Hazardous Materials from the Premises. The costs of Hazardous Materials removal and any other cleanup (including transportation and storage costs) will be additional rent under this Lease Agreement, whether or not a court has ordered the cleanup, and those costs will become due and payable on demand by the Lessor. Lessee shall give Lessor, its agents and employees access to the Premises to remove or otherwise cleanup any Hazardous materials. Lessor, however, has no affirmative obligation to remove or otherwise cleanup any Hazardous Materials, and this Lease Agreement shall not be construed as creating any such obligation.

4.4.5 Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor and at Lessee's sole cost), and hold Lessor and Lessor's elected and appointed officials, officers, employees, agents, successors and assigns free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind (including attorneys' and experts' fees and expenses and fees and expenses incurred in investigating, defending or prosecuting any litigation, claim or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Lessor in connection or arising out of: (i) any Hazardous Material on, in, under or affecting all or any portion of the Premises, caused by Lessee or Lessee's operations, (ii) any violation or claim of violation of any Environmental Law by Lessee; or (iii) the imposition of any lien for the recovery of costs for environmental cleanup or other response costs relating to the release or threatened release of Hazardous Materials on, in, under or affecting all or any portion of

the Premises, , caused by Lessee or Lessee's operations,. Lessee's indemnification shall survive the expiration and termination of this Lease Agreement.

4.5 Non-Discrimination. Lessee herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, and this Lease Agreement is made and accepted upon and subject to the requirement that there shall be no discrimination against or segregation of any person or group of persons, on the grounds of race, religious creed, color, national origin, ancestry, age, physical handicap, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex or sexual orientation, genetic information, gender, gender identity, or gender expression, in the leasing, use, occupancy, tenure, or enjoyment of the Premises, nor shall the Lessee itself, or any person claiming under or through Lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Lessee, sub-lessee(s) or vendees in the Premises herein leased.

4.6 Prevailing Wage. Lessee understands and acknowledges that Lessee may be required by California Labor Code Sections 1720 and 1770 or other federal, state or local laws, to comply with the prevailing wage requirements of California Labor Code Sections 1720-1861 or other federal, state or local laws. Failure to comply with these provisions may result in substantial penalties. Lessee agrees to indemnify, hold harmless and defend the Lessor, its officers, employees, contractors and agents against any claim, action, proceeding, liability, damages, expenses, attorney fees, expert fees or other costs arising out of Lessee's obligations under this Section 4.6.

4.7 Lessor Representations and Warranties

A. Lessee may, at its sole discretion at any time before or after the Effective Date of this Lease, retain a Certified Access Specialist ("CASp") pursuant to California Civil Code Section 1938 et seq., to conduct an ADA accessibility survey ("ADA Survey") for the Premises. A CASp can inspect the Premises and determine whether the Premises comply with all applicable construction-related accessibility standards under State law. Although State law does not require a CASp inspection of a commercial premises, a commercial property owner or lessor may not prohibit a lessee or Lessee from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or Lessee, if requested by the lessee or Lessee. If Lessee retains a CASp to conduct an ADA Survey, Lessee and Lessor shall mutually agree in their reasonable discretion on the arrangements for the time and manner of the CASp inspection and the payment of the fee for the CASp inspection. If a CASp inspection is conducted at the behest of Lessor and/or Lessee, Lessor may make any necessary repairs, modifications or improvements to the Premises to remediate any ADA-related deficiencies identified in the CASp inspection report.

B. Lessor shall fully warranty all structural elements of the Premises for one (1) year from the Commencement Date and additionally shall warranty all mechanical, electrical and plumbing systems on the Premises for five (5) years from the Commencement Date.

C. Lessor represents, warrants and covenants that any recorded covenant, condition or restriction or condominium declaration at any time affecting the Premises shall not impair Lessee's Permitted Uses of the Premises, and this Lease, any modifications and extensions hereof, and all rights of Lessee hereunder, shall not be impaired by any such encumbrances.

E. Lessor represents, warrants and covenants that the irrigation system for the exterior portions of the Premises, as of the Delivery Date, are in good working order.

F. Lessor represents and warrants that it has not had any dealings with any realtors, brokers or agents in connection with the negotiation of this Lease, and agrees to hold Lessee harmless from any cost, expense or liability for any compensation, commission or charges claimed by any other realtors, brokers or agents claiming by, through or on behalf of Lessor with respect to this Lease and/or the negotiation hereof.

ARTICLE V TAXES AND UTILITIES

5.1 **Possessory Interest Tax/Property Taxes.** As set forth in the Lease Agreement, Lessor shall be solely responsible for payment of all real property taxes. Lessee shall be solely responsible for all Possessory Interest Taxes, levied or assessed against the Premises, personal property tax assessed, including those for any fixtures, inventory, business tangible or other personal property located on the Premises.

5.2 **Utilities.** Lessee shall also pay the appropriate suppliers for all trash, water, gas, power, electricity, light, heat, telephone, facsimile, internet, and other utilities and communications services used by Lessee on the Premises during the Term, including the taxes thereon, whether or not the services are billed directly to Lessee. Lessee shall procure, or cause to be procured, without cost to Lessor, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Premises of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any of the services to and upon the Premises. Lessor, upon request of Lessee, shall at the sole expense and liability of Lessee, join with Lessee in any application required for obtaining and continuing any of the services.

Lessee shall be solely responsible for paying all utility costs associated with the use of the Premises.

ARTICLE VI INSURANCE INDEMNIFICATION; WAIVER AND RELEASE

6.1 **Minimum Insurance Requirements.** At all times during the Term and during any other time in which Lessee occupies the Premises, Lessee, at its sole cost and expense, shall obtain, pay for and thereafter maintain the following types of insurance with the following coverage:

6.1.1 **Commercial General Liability Insurance.** Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, a policy of commercial general liability insurance, including contractual liability insurance, for bodily injury, property damage and personal/advertising liabilities arising out of the use or occupancy of the Premises and all areas appurtenant thereto, including parking areas. Such insurance shall be in an amount satisfactory to Lessor and of not less than \$2,000,000 per occurrence, and \$2,000,000 annual aggregate for all claims. An umbrella policy

shall be permitted so long as the primary policy has a minimum of \$1,000,000 per occurrence policy limits.

6.1.2 Lessee's Property and Business Interruption Insurance. Lessee shall, at Lessee's sole expense, obtain and maintain during the Term, insurance coverage for Lessee's personal property, inventory, alterations, fixtures and equipment located on the Premises, for the full replacement value thereof without deduction for depreciation, and with a deductible not to exceed Ten Thousand Dollars (\$10,000.00) per occurrence. The proceeds of such insurance, so long as this Lease Agreement remains in effect, shall be used to repair or replace the personal property, inventory, alterations, fixtures and equipment so insured. Lessee shall also maintain insurance for loss of income and extra expense in such amounts as will reimburse Lessee for direct and indirect loss of earnings attributable to all perils commonly insured against by prudent Lessee. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

6.2 Delivery of Evidence of Lessee's Insurance. Each such insurance policy or certificate and endorsement thereof as required by this Article shall be delivered to Lessor by Lessee on or before the effective date of such policy and thereafter Lessee shall deliver to Lessor renewal policies or certificates and endorsements at least thirty (30) calendar days prior to the expiration dates of the expiring policies. In the event that Lessee shall fail to insure or shall fail to furnish Lessor the evidence of such insurance as required by this Article, Lessor may from time to time acquire (without any obligation to do so) such insurance for the benefit of Lessee or Lessor or both of them for a period not exceeding one (1) year, and any premium paid by Lessor shall be recoverable from Lessee as additional rent on demand. Lessee's compliance with the provisions of Article VI shall in no way limit Lessee's liability under any of the other provisions of this Lease Agreement. Lessor may at any time, and from time to time, inspect and/or copy any and all insurance policies required by this Lease Agreement.

6.3 Other Insurance Requirements. The insurance to be acquired and maintained by Lessee shall be with companies admitted to do business in the State of California and companies of Best's Rating Guide of A or better and having a financial rating of at least VII. Lessee shall deliver to Lessor, prior to taking possession of the Premises, a certificate of insurance and additional insured

endorsements evidencing the existence of the policies required hereunder, and shall certify that the policy:

6.3.1 Names Lessor, its elected officials, employees and agents, and any other entities designated by Lessor, as additional insureds under the Commercial General Liability policy;

6.3.2 Shall not be canceled or altered without thirty (30) calendar day's prior written notice to Lessor;

6.3.3 Insures performance of Lessee's indemnity set forth in this Lease Agreement;

6.3.4 Provide that no act or omissions of Lessee shall affect or limit the obligations of the insurer with respect to other insureds or including Lessor;

6.3.5 Include all waiver of subrogation rights endorsements necessary to effect the provisions below; and

6.3.6 Provide that the commercial general liability policy and the coverage provided shall be primary, that Lessor although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to Lessor by reasons of acts or omissions of Lessee, and that coverage carried by Lessor shall be noncontributory with respect to policies carried by Lessee.

6.4 **Mutual Waiver of Subrogation.** The Parties hereto release each other and their respective authorized employees, agents and representatives, from any and all claims, demands, loss, expense or injury to any person, or to the Premise or to personal property, including, but not limited to, furnishings, fixtures or equipment located therein, caused by or resulting from perils, events or happenings which are the subject of insurance in force at the time of such loss. Each Party shall cause each insurance policy obtained by it to provide that the insurer waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither Party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy in effect as required by this Lease Agreement.

6.5 **Indemnity.** Lessee agrees, except as to the negligence or willful misconduct of Lessor, to fully indemnify, defend, and hold Lessor, its elected and appointed officials, officers, employees, agents, successors and assigns, free and harmless from any and all claims, liability, loss, damage, costs, or expenses, including attorney fees, resulting from Lessee's occupation or use of the Premises, specifically including, without limitation, any claim of liability, loss or damage arising by reason of:

6.5.1 The death or injury of any person or persons, including Lessee or any person who is an employee, agent, guest, or customer of Lessee, or by reason of the damage or destruction of any property, including property owned by Lessee or any person who is an employee, agent, guest, or customer of Lessee, and caused or allegedly caused by either the

condition of the Premises, or some act or omission of Lessee or of some agent, contractor, employee, servant, guest, or customer of Lessee on the Premises;

6.5.2 Any work performed on the Premises or materials furnished to the Premises at the instruction or request of Lessee; and

6.5.3 Lessee's failure to perform any provision of this Lease Agreement, or to comply with any requirement of local, state or federal law or any requirement imposed on Lessee or the Premises by any duly authorized governmental agency or political subdivision.

6.6 Waiver and Release. Lessee waives and releases all claims against Lessor, its employees, and agents with respect to all matters for which Lessor has disclaimed liability pursuant to the provisions of this Lease Agreement. In addition, Lessee agrees that Lessor, its elected and appointed officials, employees, agents, successors and assigns shall not be liable for any loss, injury, death or damage (including consequential damages) to persons, property, or Lessee's business occasioned by theft; act of God; public enemy; injunction; riot; strike; insurrection; war; terrorism; court order; order of governmental body or authority; earthquake; fire; explosion; falling objects; water; rain; snow; leak or flow of water, or by dampness or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or light fixtures; or from construction, repair, or alteration of the Premises (except if such conditions occurred prior to the Effective Date); or from any acts or omissions of any visitor of the Premises; or from any cause beyond Lessor's control.

ARTICLE VII REPAIRS AND MAINTENANCE; ALTERATIONS AND CONSTRUCTION/IMPROVEMENTS

7.1 Repairs and Maintenance.

7.1.1 Lessee Obligations. Lessee shall, at its sole cost and expense, maintain the premises, including the irrigation system, in good order, condition and repair, and make repairs, restorations, and replacements to the Premises including but not limited to interior walls, doors, windows, sewer lines, water lines, gas lines and grease interceptors. If Lessee fails to make repairs, restorations, or replacements, Lessor may make them at the expense of Lessee and the expense shall be collected as additional rent to be paid by Lessee within fifteen (15) calendar days after delivery of a statement for the expense.

7.1.2 Lessor Obligations. Lessor shall be responsible for exterior walls, the roof, HVAC, foundations for the Premises and the main utility services when such services serve multiple portions of the Armory. Lessor shall be responsible for all maintenance, repairs, and cleaning of the existing parking area to the south of the Armory Building.

7.1.3 If applicable, if either Lessee or Lessor shall exclusively utilize any space which is normally under the exclusive control of the other, then said party utilizing the space shall be responsible for any cleaning associated with their use and shall be responsible for repairs of any damage caused by said usage with normal wear and tear acceptable.

7.2 Alterations. Lessee shall not make any alterations, improvements or additions in, on or about any of the Premises, without first obtaining Lessor's prior written consent, which shall not be unreasonably withheld or delayed. All alterations and improvements shall comply with all requirements and restrictions of applicable ordinances, codes, regulations and rules. Notwithstanding, any interior alterations that are less than \$100,000 dollars in total cost shall not require Lessor prior written consent. Any interior alterations above \$100,000 dollars in total cost, and any exterior alterations, shall be reviewed by Lessor within ten (10) business days of presentation and Lessor shall provide approval or denial with written justification for denial. Failure to respond shall constitute approval.

7.2.1 All alterations, improvements or additions in, on or about the Premises, whether temporary or permanent in character, shall immediately become Lessor's property and at the expiration of the Term of this Lease Agreement shall remain on the Premises without compensation to Lessee.

7.2.2 By notice given to Lessee no less than ninety (90) calendar days prior to the expiration of the Term of this Lease Agreement, Lessor may require that any alterations, improvements, or additions in, on or about the Premises be removed by Lessee. In that event, Lessee shall remove the alterations, improvements or additions at Lessee's sole cost and expense and shall restore the Premises to the condition in which the Premises was before the alterations, improvements and additions were made, reasonable wear and tear accepted.

7.3 Mechanic's Liens. Lessee shall pay or cause to be paid all costs and charges for: (i) work done by Lessee or caused to be done by Lessee, in or to the Premises, and (ii) all materials furnished for or in connection with such work. Lessee shall indemnify the Lessor against and hold the Lessor and the Premises, free, clear and harmless of and from any liens or claims of liens arising out of any work performed, materials furnished or obligations incurred by the Lessee, and Lessee shall be responsible for the removal of any such liens and all costs to remove same. Failure to remove any such liens within thirty (30) calendar days of written request by Lessor shall constitute a default of this Lease Agreement. At its election, but without having any obligation to do so, the Lessor may pay such liens not so removed by the Lessee and the any amount expended by Lessor shall be collected as additional rent to be paid by Lessee within fifteen (15) calendar days after delivery of a statement for the expense.

7.4 Shell Work. "Shell Work" shall be defined as work to bring the Premises to a grey shell with all utilities inside the Premises, as further described in Exhibit "D". Any additional Shell Work not set forth in Exhibit D will be set forth in a future amendment to this Lease.

Lessor shall complete all or a portion of the Shell Work at a cost not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), and Lessor shall not be responsible for any additional costs for the Shell Work above \$2,500,000.

7.5 Lessee Improvement Work. Lessee, at Lessee's expense, will perform Lessee's Lessee Improvement work ("Lessee TI Work"). All work shall be performed by a licensed contractor with all necessary permits and with applicable insurance requirements (as set forth in Article VI, above) listing Lessor as additional insured. Neither Lessee nor contractor shall be required to provide completion or performance bond. However, Lessee understands that it may be required to provide a payment bond pursuant to California Civil Code Section 9550. Lessee agrees to indemnify and hold

Lessor harmless for any and all damages, including attorneys' fees and costs, should Lessee fail to comply with Section 9550, if required.

7.5.1 Rental Credit for Lessee TI Work: As set forth in Section 1.4.

7.5.2 Specific Improvements. Lessee to have a license to construct and install all mechanical pipes and installations, including exhaust fans, compressors, and other mechanical and electrical equipment, in and throughout the Premises in locations approved by Lessor which shall not be unreasonably withheld.

ARTICLE VIII DAMAGE AND DESTRUCTION; CONDEMNATION

8.1. **Damage or Destruction of Premises.** Unless as the result of negligence or intentional unlawful act of Lessee, if during the term of this Lease Agreement, any portion of the Premises shall be damaged by fire or other catastrophic cause, so as to render such portion of the Premises untenantable, the obligations under this Lease Agreement may be suspended while such portion of the Premises remains untenantable. In the event of such damage, Lessee shall give Lessor notice of such untenantable conditions and the Lessor shall elect in its sole discretion, whether to repair the Premises or to cancel this Lease Agreement with respect thereto. It shall notify Lessee in writing of its election within thirty (30) calendar days after service of notice by Lessee. In the event that Lessor elects not to repair the Premises or portion thereof, this Lease Agreement shall be deemed canceled as of the date the damage occurred with respect to the applicable portion(s). Notwithstanding, if at any time during the Term, the Premises, the building in which the Premises is located, and any common area(s) are destroyed or damaged and either (a) such damage is not "substantial" (defined as being when the estimated cost of repair of which exceeds twenty-five percent (25%) of the then estimated replacement cost thereof), or (b) such damage is an "insured loss" as that term is hereinafter defined, then Lessor shall commence the repair of any such damage to the Premises within ninety (90) days, or such longer period as may be reasonable under the circumstances, following the date of such damage and this Lease shall continue in full force and effect. Subject to any then applicable legal requirements or the requirement of any governmental authority having jurisdiction over such repairs, any portion of the Premises as so repaired by Lessor shall be substantially similar to such portion of the Premises as such portion existed just prior to such damage. Lessor shall furthermore use good faith efforts to effect any repair or restoration promptly and in such manner as to not unreasonably interfere with Lessee's use and occupancy of the Premises.

8.2 **Condemnation.** If all or any part of the Premises shall be condemned or taken as a result of the exercise of the power of eminent domain, including any conveyance or assignment in lieu of any condemnation or taking, this Lease Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Lessor or Lessee shall have the right to terminate this Lease Agreement as to the balance of the Premises by notice to the other within one hundred eighty (180) calendar days after the date of such taking; provided, however, that a condition to the exercise by Lessee of such right to terminate shall be that the portion of the Premises taken shall be of such extent and nature as substantially to handicap, impede or impair Lessee's use of the balance of the Premises. In any event, Lessor shall be entitled to any and all compensation, damages, income, rent, awards and any interest therein whatsoever which may be paid or made in connection therewith, and Lessee shall have no claim against Lessor for the bonus value of any unexpired Term

of this Lease Agreement or otherwise; provided, however, that nothing herein shall prevent Lessee from pursuing a separate award against the taking entity, specifically for its relocation expenses or for the taking of any personal property or trade fixtures belonging to Lessee, so long as such separate award to Lessee does not diminish any award otherwise due Lessor as a result of such condemnation or taking. In the event of a partial taking of the Premises which does not result in a termination of this Lease Agreement, the monthly rent thereafter to be paid shall be reduced in proportion to the portion of the Premises taken.

8.2.1 For purposes of this Section 8.2, the date of taking shall be the date upon which the condemning authority takes possession of any part of the Premises or the date upon which Lessee is required by the condemning authority to commence vacating the Premises, whichever is earlier.

8.2.2 Notwithstanding anything to the contrary contained in this Section 8.2, if the Premises or any part thereof shall be taken under power of eminent domain on a temporary basis, this Lease Agreement shall be and remain unaffected by such taking and Lessee shall continue to pay in full all monthly rent payable hereunder, provided that Lessee shall be entitled to receive that portion of any award which represents compensation for the use of or occupancy of the Premises during the Term of this Lease Agreement, and Lessor shall be entitled to receive that portion of any award which represents the cost restoration of the Premises and the use and occupancy of the Premises after the end of the Term of this Lease Agreement.

ARTICLE IX **ASSIGNMENT; SUBLetting; PROCESSING**

9.1 **Assignment and Subletting.** Lessee shall not assign, mortgage, pledge, encumber, or hypothecate this Lease Agreement or any interest herein (directly, indirectly, voluntarily or involuntarily, by operation of law, or otherwise) or sublet the entire Premises to a single user without the prior written consent of Lessor first being obtained, which shall not be unreasonably withheld or delayed. Lessee shall be allowed to sublet portions of the Premises so long as those sublet uses are consistent with the Permitted Use of the Premises as a food and beverage market with restaurants and related retail (in accordance with Section 1.4). Any sublet use that is not consistent with the Permitted Uses of the Premises shall require Lessor's review and consent, which shall not be unreasonably withheld or delayed. If Lessee is a corporation, a limited liability company or a partnership, the transfer (as a consequence of a single transaction or any number of separate transactions) of fifty percent (50%) or more of the beneficial ownership interest of the voting stock of Lessee issued and outstanding as of the date hereof, the membership interests in Lessee or the partnership interests in Lessee, as the case may be, shall constitute an assignment hereunder for which such consent is required. Further, Lessee shall not assign this Lease Agreement or sublet the Premises or any portion thereof to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from merger or consolidation with Lessee, or to any person or entity which acquires all the assets as a going concern of the business of Lessee that is being conducted on the Premises, without the prior written consent of Lessor, which shall not be unreasonably withheld or delayed.. Any of the foregoing acts without such consent shall be void and, at the sole option of Lessor, constitute an Event of Default entitling Lessor to terminate this Lease Agreement and to exercise all other remedies available to Lessor under this Lease Agreement and at law.

9.1.1 In the event that Lessee should desire to sublet the entire Premises, or assign this Lease Agreement, Lessee shall provide Lessor with written notice of such desire at least thirty (30) calendar days in advance of the proposed effective date of such subletting or assignment. Such notice shall include: (i) the name of the proposed sub-lessee(s) or assignee; (ii) The nature of business to be conducted by the proposed sub-lessee(s) or assignee in the Premises; (iii) the terms and conditions of the proposed assignment or sublease including but not limited to a detailed description of all compensation in cash or otherwise which Lessee would be entitled to receive in connection with such assignment or sublease; and (iv) the most recent financial statements or other financial information concerning the proposed sub-lessee(s) or assignee as Lessor may require. At any time within thirty (30) calendar days following receipt of Lessee's notice, Lessor may by written notice to Lessee elect to (i) consent to the proposed subletting of the Premises or assignment of this Lease Agreement; or (ii) disapprove of the proposed subletting or assignment. Lessor shall not unreasonably withhold its consent to a proposed subletting or assignment, and if denied Lessor shall provide a reasonable written explanation of its denial.

9.1.2 Subject to obtaining Lessor's consent in accordance with the requirements of Section 9.1, in order for any assignment or sublease to be binding on Lessor, Lessee must deliver to Lessor, promptly after execution thereof, an executed copy of such sublease or assignment whereby the Sub-lessee(s) or assignee shall expressly assume all obligations of Lessee under this Lease Agreement as to the portion of the Premises subject to such assignment or sublease. Any purported sublease or assignment will be of no legal force or effect unless and until the proposed sublease has been consented to, in writing, by Lessor and a fully executed copy thereof has been received by Lessor.

9.1.3 Regardless of Lessor's consent, no subletting or assignment shall release Lessee of its obligations, or alter the primary liability of Lessee to pay rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of payments by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent or further assignment, subletting, hypothecation or third party use or occupancy. In the event of default by any assignee or successor of Lessee in the performance of any of the terms of this Lease Agreement, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against said assignee or successor. Lessor may consent to subsequent assignments or subletting of this Lease Agreement or amendments or modifications to this Lease Agreement with assignees of Lessee, without notifying Lessee or any successor of Lessee, and without obtaining its or their consent thereto and such action shall not relieve Lessee or any successor of Lessee of liability under this Lease Agreement.

9.1.4 Lessor shall have the unconditional right to sell, encumber, pledge, convey, transfer, and/or assign any and all of its rights and obligations under the Lease Agreement without the consent of or notice to Lessee obligations hereunder.

9.2 **Processing Fee.** Lessee agrees to pay Lessor an administrative fee of \$1,000.00 and an additional amount for reasonable attorney's fees, not to exceed \$1,500, incurred in conjunction with the processing and document review of any requested transfer, assignment, subletting, license, or concession agreement, change of ownership, mortgage or hypothecation of the Lease Agreement or Lessee's interest in and to the Premises.

ARTICLE X HOLDING OVER; SALE OF PREMISES

10.1 **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 Agreement. If, without objection by Lessor, Lessee holds possession of the Premises after expiration of the Term, Lessee shall become a Lessee from month-to-month upon the terms herein specified, except that the monthly rent shall be equal to one hundred and fifty percent (150%) of the monthly rent payable by Lessee at the expiration of the Term. In addition, Lessee shall continue to pay all other amounts due to Lessor hereunder. Each Party shall give the other notice at least one (1) month prior to the date of termination of such monthly tenancy of their intention to terminate such tenancy. If, after objection by Lessor thereto, Lessee holds possession of the Premises after expiration of the Term, Lessee shall constitute a Lessee at sufferance and without in any way waiving the wrongful holding over of the Premises by Lessee, Lessor shall be entitled to receive for each month or portion thereof during which Lessee wrongfully held over at the Premises monthly rent equal to two hundred percent (200%) of the monthly rent payable by Lessee at the expiration of the Term together with all other amounts otherwise due to Lessor hereunder. Lessor's receipt of increased monthly rent under this Section 10.1 shall not constitute an extension of the Term nor shall it constitute a waiver of Lessee's wrongful holding over and shall not prejudice any other rights or remedies available to Lessor under this Lease Agreement or by law.

10.2 **Sale of Premises.** In the event Lessor, or any successor owner of the Premises, shall sell or convey the Premises, all liabilities and obligations on the part of the Lessor, or such successor owner, under this Lease Agreement, accruing thereafter shall terminate, and thereupon all such liabilities and obligations shall be binding upon the new owner. Lessee agrees to attorn to such new owner.

ARTICLE XI SUBORDINATION; ESTOPPEL CERTIFICATES

11.1 **Subordination.** This Lease Agreement and the rights of Lessee hereunder are subject and subordinate to any ground or underlying lease and the lien of the holder of or beneficiary under a mortgage or deed of trust which now or in the future encumbers the Premises and to any and all advances made thereunder, and interest thereon, and all modifications, renewals, supplements, consolidations and replacements thereof. Lessee agrees that any ground or underlying Lessor or lender may at their option, unilaterally elect to subordinate in whole or in part, such ground or underlying lease or the lien of such mortgage or deed of trust to this Lease Agreement. Such subordination or priority of this Lease Agreement, as the case may be, shall be effective without the necessity of executing any further instrument or agreement to effect such subordination or priority; provided, however, that Lessee agrees to execute, acknowledge and deliver to Lessor upon demand any and all instruments required by Lessor or any such ground or underlying Lessor or lender evidencing the subordination or priority of this Lease Agreement, as the case may be. Lessee hereby irrevocably appoints Lessor as its agent and attorney-in-fact to execute, acknowledge and deliver any

such instruments in the name of and on behalf of Lessee if Lessee fails to so execute, acknowledge and deliver such instruments within ten (10) calendar days after written request therefore.

11.2 **Estoppel Certificates.** Lessor may be requested by Lessee at any time and from time to time, Lessee shall execute, acknowledge and deliver to Lessor, within ten (10) calendar days after request by Lessor, a certificate certifying, among other things: (i) that this Lease Agreement is unmodified and in full force and effect (or, if there have been modifications, that this Lease Agreement is in full force and effect, as modified, and stating the date and nature of each modification); (ii) the date, if any, to which monthly rent and other sums payable hereunder have been paid; (iii) that no notice has been received by Lessee of any default which has not been cured except as to defaults specified in said certificate; and (iv) such other matters as reasonably may be requested by Lessor.

ARTICLE XII **DEFAULT; REMEDIES; DISPUTE RESOLUTION**

12.1 **Event of Default.** The occurrence of any one or more of the following events (“Events of Default”) shall constitute a breach of this Lease Agreement by Lessee:

12.1.1 If Lessee shall default in its obligation to pay any installment of monthly rent in full; or

12.1.2 If Lessee shall vacate or abandon the Premises for a continuous period exceeding five (5) calendar days; or

12.1.3 If Lessee shall fail to perform or observe any other term hereof or of the rules and regulations contemplated herein to be performed or observed by Lessee hereunder, and such failure shall not have been cured by Lessee within thirty (30) calendar days after notice thereof from Lessor, or, if such failure shall be of a nature so as reasonably to require more than thirty (30) calendar days to effect the cure thereof, Lessee shall not within said thirty (30) calendar day period commence with due diligence and dispatch the curing of such failure; or

12.1.4 If Lessee shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail timely to contest the material allegations of a petition filed against them in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its property; or

12.1.5 If within ninety (90) calendar days after the commencement of any proceeding against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within ninety (90) calendar days after the appointment without

the consent or acquiescence of Lessee, of any trustee, receiver or liquidator of Lessee or of any material part of its properties, such appointment shall not have been vacated; or

12.1.6 If this Lease Agreement or any estate of Lessee hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) calendar days; or

12.1.7 If Lessee fails to timely deliver to Lessor any instrument or assurances required pursuant to this Lease Agreement, including an estoppel certificate pursuant to Section 11.2 of this Lease Agreement; or

12.1.8 If Lessee makes or has made or furnishes any warranty, representation or statement to Lessor in connection with this Lease Agreement, or any other agreement made by Lessee for the benefit of Lessor, which is or was false or misleading in any material respect when made or furnished; or

12.1.9 If Lessee assigns or attempts to assign this Lease Agreement or sublease or attempts to sublease any portion of the Premises in violation of Section 9.1; or

12.1.10 If waste is committed on the Premises; or

12.1.11 If Lessee fails to perform any other act or obligation under this Lease Agreement, if such failure shall continue for fifteen (15) calendar days after written notice from Lessor to Lessee; or

12.1.12 The occurrence of any event which pursuant to the terms hereof constitutes an Event of Default hereunder; or

12.1.13 The occurrence of a material and adverse change in the financial condition or business of Lessee obligations hereunder; or

12.1.14 Lessee fails to comply with all applicable state and local noise laws, including but not limited to Riverside Municipal Code Title 7, "Noise Control."

12.2 **Remedies.** On the occurrence of an Event of Default by Lessee hereunder, Lessor shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to Lessor, either in law or equity, which remedies shall not be exclusive, but shall instead be cumulative, and shall occur following any period to cure following written notice as stated above in Section 12.1, and if no such notice requirement is listed there shall be a minimum required notice provided by Lessor to Lessee that if any such failure shall continue for fifteen (15) calendar days after written notice from Lessor to Lessee then Lessee shall be in default of the Lease : (i) remove all persons and property from the Premises and repossess same, in which case any and all of Lessee's property that Lessor removes from the Premises may be stored in a public

warehouse or elsewhere at the cost of, and for the account of, Lessee; or (ii) allow Lessee to remain in full possession and control of the Premises.

12.2.1 If Lessor chooses to repossess the Premises, then this Lease Agreement will automatically terminate in accordance with the provisions of California Civil Code Section 1951.2. In the event of such termination of the Lease Agreement, Lessor may recover from Lessee:

12.2.1.1 The worth at the time of award of the unpaid monthly rent which had been earned at the time of termination, less the amounts paid by Lessee and credited by Lessor against the outstanding balance of unpaid Back Rent, and including interest at the maximum rate allowed by law;

12.2.1.2 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 the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided, including interest at the maximum rate allowed by law;

12.2.1.3 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 Lessee proves could be reasonably avoided; and

12.2.1.4 Any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease Agreement or which, in the ordinary course of things, would be likely to result therefrom.

12.2.2 "The worth at the time of the award," as used in Section 12.2.1 (i) and (ii) shall be computed by allowing interest at the maximum rate allowed by law. "The worth at the time of the award," as referred to in Section 12.2.1 (iii) shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank at the time of the award, plus one percent (1%).

12.2.3 Lessee shall be liable immediately to Lessor for all costs Lessor incurs in re-letting the Premises, including, without limitation, lost rents, eviction costs, attorney's fees, brokers' commissions, and like costs. Re-letting can be for a period shorter or longer than the remaining Term. Lessee shall pay to Lessor the rent due under this Lease Agreement on the dates the rent is due, unless Lessor notifies Lessee that Lessor elects to terminate this Lease Agreement. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the Premises, if Lessee obtains Lessor's consent, Lessee shall have the right to assign its interest in this Lease Agreement, or sublet all or a portion of the Premises, but Lessee shall not be released from liability or its obligations under this Lease Agreement. Lessor's consent to a proposed assignment or subletting shall be as required in Section 9.1

12.2.4 If Lessor elects to re-let the Premises, then any rent that Lessor receives from re-letting shall be applied to the payment of: (i) first, any indebtedness from Lessee to Lessor other than Rent due from Lessee; (ii) second, all costs incurred by Lessor in re-letting, including costs for maintenance; and (iii) third, Rent due and unpaid under this Lease Agreement.

12.2.5 After deducting the payments referred to in Section 12.2, any sum remaining from any rent that Lessor receives from re-letting shall be held by Lessor and applied in payment of future rent as rent becomes due under this Lease Agreement. In no event shall Lessee be entitled to

any excess rent received by Lessor. If, on the date rent is due under this Lease Agreement, the rent received from any re-letting is less than the rent due on that date, then Lessee shall pay to Lessor, in addition to the remaining rent due, all costs which Lessor incurred in re-letting, including without limitation maintenance, that remain after applying the rent received from the re-letting, as provided in Section 12.2.

12.3 Continuation after Default. Even though Lessee has breached this Lease Agreement and/or abandoned the Premises, this Lease Agreement shall continue in full force and effect for so long as Lessor does not terminate Lessee's right to possession as provided in Section 12.2 above, and Lessor may enforce all its rights and remedies under this Lease Agreement, including the right to recover rent as it becomes due under this Lease Agreement. In such event, Lessor may exercise all of the rights and remedies of a Lessor under California Civil Code Section 1951.4, or any successor statute. Acts of maintenance or preservation or efforts to re-let the Premises or the appointment of a receiver upon initiative of Lessor to protect Lessor's interest under this Lease Agreement shall not constitute a termination of Lessee's right to possession.

12.4 Other Relief. In the event of re-entry or taking possession of the Premises, Lessor shall have the right but not the obligation to remove all or any part of the trade fixtures, furnishings, equipment and personal property located in the Premises and to place the same in storage at a public warehouse at the expense and risk of Lessee or to sell such property in accordance with applicable law. The remedies provided for in this Lease Agreement are in addition to any other remedies available to Lessor at law or in equity, by statute or otherwise. Any amounts so expended by Lessor shall be immediately payable by Lessee and shall be deemed to be additional rent hereunder.

12.5 Lessor's Right to Cure Default. All agreements and provisions to be performed by Lessee under any of the terms of this Lease Agreement shall be at its sole cost and expense and without abatement of rent. If Lessee shall fail to pay any sum of money, other than Rent, required to be paid by Lessee hereunder or shall fail to perform any other act on its part to be performed hereunder and such failure shall not be cured within the applicable cure period provided for herein, if any, Lessor may, but shall not be obligated so to do, and without waiving or releasing Lessee from any obligations of Lessee, make any such payment or perform any such other act on Lessee's part to be made or performed as provided in this Lease Agreement. All sums so paid by Lessor and all necessary incidental costs shall be on Lessee's account and shall be deemed additional rent hereunder and shall be payable to Lessor on demand.

ARTICLE XIII MORTGAGE PROTECTION PROVISIONS

13. Mortgagee Protection

13.1 Right to Encumber. Lessee and every successor and assign of Lessee (including, but not limited to, any sublessee of Lessee) is hereby given the express right, in addition to any other rights herein granted, with the Lessor's consent not to be unreasonably withheld, to mortgage its leasehold interest in the Premises and to assign its interest in this Lease Agreement as collateral security for the financing of the Lessee Work (Paragraph 7.5), upon the condition that all rights acquired under any mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease Agreement, and to all rights and interests of the Lessor herein, none of which covenants, conditions or restrictions is or shall be waived by the Lessor by reason of the

foregoing, except as expressly provided herein. In the event of any conflict between the provisions of this Lease Agreement, and the provisions of any mortgage, the provisions of this Lease Agreement shall control, except as herein specifically provided.

13.2 Lessor's Right to Cure. In the event of a default or breach by Lessee of any security instrument securing a mortgage, the Lessor shall have the right, but not the obligation, to cure the default provided such cure is completed at least five (5) business days before the date of foreclosure. In such event, the Lessor shall be entitled to reimbursement by Lessee of all costs and expenses incurred by the Lessor in curing the default, with interest at the highest rate permitted by law (collectively, "Lessor's Cure Payments"). In the event of a subsequent foreclosure of a mortgage, Lessee's successor interests shall be obligated to pay the Lessor any of the Lessor's Cure Payments.

13.3 Rights of Mortgagee. If Lessee and/or Lessee's successors and assigns shall mortgage its leasehold interest in the Property, the following provisions shall apply:

13.3.1 Right to Notice of Default. The Lessor shall, upon serving Lessee with any notice of default, simultaneously serve a copy of the notice upon any mortgagee.

13.3.2 Right to Cure. Any mortgagee shall have the right, but not the obligation, at any time prior to termination of this Lease Agreement, to pay all of sums due hereunder, to effect any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease Agreement. Any mortgagee and its agents and contractors shall have full access to the Premises for purposes of accomplishing any of the foregoing. Any of the foregoing done by any mortgagee shall be as effective to prevent a termination of this Lease Agreement as the same would have been if done by Lessee.

13.3.3 Condition of Termination. All rights of the Lessor to terminate this Lease Agreement as the result of the occurrence of any default shall be subject to, and conditioned upon, the Lessor having first given to each mortgagee written notice of the default as required under Section 13.3.2, above, and all mortgagees having failed to remedy such default or acquire Lessee's leasehold estate in the Property or commence foreclosure.

13.3.4 Loss Payable Endorsement. The Lessor and Lessee agree that the name(s) of the mortgagees shall, at such mortgagee's request, be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Lessee under this Lease Agreement on condition that the insurance proceeds are to be applied in the manner specified in this Lease Agreement, subject to mortgagee's right to hold such proceeds and disburse same as restoration progresses.

13.3.5 No Consent to Foreclosure. Foreclosure of any mortgage, whether by judicial proceedings or by virtue of any power contained in the mortgage, or any conveyance of the leasehold estate in the Premises from Lessee to any mortgagee or its designee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of the Lessor and upon such foreclosure, the Lessor shall recognize the transferee referred to in the preceding sentence in connection therewith as Developer hereunder. Following such foreclosure, any assignment or sale

by the transferee, including of the rights under this Lease Agreement, shall require the written consent of the Lessor, not to be unreasonably withheld.

13.3.6 Proceeds of Insurance and Condemnation. The proceeds from any insurance policies or arising from a condemnation award to Lessee shall be paid to and held by the mortgagee of highest priority and distributed pursuant to the provisions of this Lease Agreement (provided, mortgagee shall disburse proceeds to be used for restoration as the restoration progresses and in a manner consistent with an institutional lender's procedures for disbursement of construction loan funds), except that the mortgagees shall apply to the mortgage debt (in the order of priority) all of the proceeds not used to repair or restore the Property and the improvements located thereon. The balance of any proceeds after such application shall be paid directly to Lessee.

13.3.7 Notice of Proceedings. The parties hereto shall give all mortgagees notice of any arbitration proceedings or condemnation proceedings involving Lessee's interest in the Premises, or of any pending adjustment of insurance claims, and any mortgagee shall have the right to intervene therein and shall be made a party to such proceedings. The parties hereto do hereby consent to such intervention. In the event that any mortgagee shall not elect to intervene or become a party to the proceedings, that mortgagee shall receive notice and a copy of any award or decision made in connection therewith.

13.3.9 Further Protections. The Lessor and Lessee shall cooperate in considering for inclusion in this Lease Agreement, by acceptable amendment from time to time, any provision which may be reasonably requested by any proposed mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Section 13 and allowing that mortgagee reasonable means to protect or preserve the lien of its mortgage upon the occurrence of a default under the terms of this Lease Agreement. The Lessor and Lessee each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement approved by the authorized bodies to effect any such amendment; provided, however, that no such amendment shall in any way affect the term or material obligations under this Lease Agreement, nor otherwise in any material respect adversely affect any rights of the Lessor under this Lease Agreement, and Lessee shall pay the Lessor's reasonable costs in connection with such amendment.

13.4 **Mortgage Notification.** If Lessee shall mortgage its leasehold interest in the Premises, or any part or parts thereof, Lessee shall send to the Lessor a true copy thereof, together with written notice specifying the name and address of the mortgagee and the pertinent recording data with respect to such Mortgage. Should Lessee default under any provisions of a mortgage, mortgagee shall provide notice to Lessor such default.

13.5 **Mortgagee's Liability.** In the event any mortgagee or any designee of it becomes the Lessee under this Lease Agreement pursuant to Section 13, above, the mortgagee or its designee shall be personally liable for the obligations of Lessee under this Lease Agreement only for the period of time that the mortgagee or its designee remains the actual beneficial holder of the leasehold estate of

the Premises. Mortgagee may assign the Lease Agreement with the consent of the Lessor, not to be unreasonably withheld.

ARTICLE IX GENERAL PROVISIONS

14.1 Venue; Choice of Law, Jurisdiction. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Lease Agreement. All claims, disputes and other matters in question arising out of or relating to this Lease Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of Riverside, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

14.2 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, return receipt requested, telegraphed, delivered or sent by telex, telecopy or cable and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if mailed, three (3) business calendar days after the date of posting by the United States post office, (iii) if given by telegraph or cable, one (1) business calendar day after the date delivered to the telegraph company with charges prepaid.

To Lessor: City of Riverside
 3900 Main Street
 City Clerk
 Riverside, CA 92522
 Attention: Parks, Recreation and Community Services
 Department Director

To Lessee: Thompson Brewing Co. LLC
 9900 Indiana Ave., Suite 7
 Riverside, CA 92503

To Lender: (to be determined)

Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice was given, shall be deemed to constitute receipt of the notice, demand, request or communication sent.

Lessee hereby agrees that service of notice in accordance with the terms of this Lease Agreement shall be in lieu of the methods of service specified in Section 1161 of the California Code of Civil Procedure Section 1161. The provisions of California Code of Civil Procedure Section 1013(a), extending the time within which a right may be exercised or an act may be done, shall not apply to a notice given pursuant to this Lease Agreement.

14.4 **Counterparts.** This Lease Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

14.5 **Captions.** Any captions to, or headings of, the sections or subsections of this Lease Agreement are solely for the convenience of the parties hereto, are not a part of this Lease Agreement, and shall not be used for the interpretation or determination of the validity of this Lease Agreement or any provision hereof.

14.6 **Amendment of Lease Agreement.** The terms of this Lease Agreement may not be modified or amended except by an instrument in writing executed by each of the Parties hereto.

14.7 **Waiver.** The waiver by Lessor or Lessee of any agreement, condition or provision herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision herein contained, nor shall any custom or practice which may grow up between the Parties in the administration of the terms hereof be construed to waive or to lessen the right of Lessor or Lessee to insist upon the performance by Lessee or Lessor in strict accordance with said terms. The subsequent acceptance of any payment hereunder by Lessor shall not be deemed to be a waiver of any breach by Lessee of any agreement, condition or provision of this Lease Agreement, other than the failure of Lessee to pay the particular amount so accepted. Specifically Lessor may accept any payment from Lessee and apply same to any amount owing hereunder notwithstanding any stated intent or instruction on the part of Lessee to the contrary and without waiving or compromising any claim that such payment was less than the payment actually due from Lessee.

14.8 **No Merger.** The voluntary or other surrender of this Lease Agreement by Lessee, or a mutual cancellation thereof, shall not work as a merger, and shall, at the option of Lessor, terminate all or any existing subleases or sub-tenancies, or may, at the option of Lessor, operate as an assignment to it of any or all such subleases or sub-tenancies.

14.9 **Fees and Other Expenses.** Each Party represents that they are not represented by a Broker. Except as otherwise provided herein, each of the Parties shall pay their own fees and expenses in connection with this Lease Agreement, including any permit or license fees which Lessee may be required to obtain pursuant to its occupancy.

14.10 **Authority to Execute Lease Agreement.** Lessor and Lessee represent and warrant that the individuals who have signed this Lease Agreement have the legal power, right and authority to enter into this Lease Agreement so as to bind each Party for whom they sign to perform as provided herein.

14.11 **Successors and Assigns.** This Lease Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto. Lessee shall be responsible for the acts or omissions of its sub-lessee(s), if any.

14.12 **Force Majeure.** If Lessor cannot perform any of Lessor's obligations under this Lease Agreement due to events beyond Lessor's control, the time provided for Lessor performing such obligations shall be extended by a period of time provided for Lessor performing such obligations shall be extended by a period of time equal to the delay caused by such events. Events beyond

Lessor's control include, but are not limited to, acts of Lessee which directly cause Lessor's delayed performance, strikes, threats of strikes, blackouts, war, threats of war, bombing, labor disputes, shortages of labor or material, insurrection, invasion, acts of god, calamities, civil commotions, weather conditions, fire, flood or other casualty, action or regulation of any governmental authority, state law or ordinances, and impossibility of obtaining materials.

14.13 Loss and Damage. Lessor shall not be liable for any damage to the property of Lessee or of others located on the Premises, nor for the loss of, or damage to, any property of Lessee or of others whether by theft, or otherwise. Lessor shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the Premises or from any other place, or by dampness, or by any other cause. Lessor shall not be liable for any such damage caused by other lessees or persons in the Premises, occupants of the Premises or of any property adjacent thereto, or the public, or caused by operations in construction of any private, public or quasi-public work. Lessor shall not be liable for any latent or patent defect in the Premises, the building in which the Premises are located, or in any other portion of the Premises. All property of Lessee kept or stored on the Premises shall be so kept or stored at the risk of the Lessee.

14.14 Attorneys' Fees. Should any action or proceeding be commenced to enforce the provisions provided in this Lease, each party shall bear their own attorneys' fees and costs at all times.

14.15 Consent. Whenever Lessee's or Lessor's consent is required under any provision of this Lease, it shall not be unreasonably withheld, conditioned or delayed.

14.16 Use and Quiet Enjoyment. Lessee is entitled to quiet enjoyment of the Premises throughout this Lease so long as it complies with its covenants.

14.17 Fees and Other Expenses. Except as otherwise provided herein, each of the Parties shall pay its own fees and expenses in connection with this Lease, including any permit or license fees for any permit or license which Lessee may be required to obtain pursuant to its occupancy.

14.18 Entire Agreement. This Lease Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Lessee and Lessor as to the subject matter hereof. No subsequent agreement, representation, or promise made by either Party hereto, or by or to any employees or agents of either Party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

14.19 Exhibits. The following exhibits attached hereto are incorporated herein to this Lease Agreement by this reference:

- Exhibit A: Premises Map
- Exhibit B: Schedule of Performance
- Exhibit C: Commencement Date Memorandum
- Exhibit D: Shell Work and Lessee TI Work

14.20 Digital and Counterpart Signatures. Each party to this Lease intends and agrees to the use of digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), California Government Code § 16.5, and California

Code of Regulations Title 2 Division 7 Chapter 10, to execute this Lease. The parties further agree that the digital signatures of the parties included in this Lease are intended to authenticate this writing and to have the same force and effect as manual signatures for purposes of validity, enforceability, and admissibility. For purposes of this section, a “digital signature” is defined in subdivision (d) of Section 16.5 of the Government Code and is a type of “electronic signature” as defined in subdivision (h) of Section 1633.2 of the Civil Code. This Lease may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each certified or authenticated electronic copy of an encrypted digital signature shall be deemed a duplicate original, constituting one and the same instrument and shall be binding on the parties hereto.

[signatures on next page]

IN WITNESS WHEREOF, the Parties hereto have executed this Commercial Lease Agreement as of the calendar day and year written below.

LESSOR:

CITY OF RIVERSIDE, a California charter city and a municipal corporation

By: _____
City Manager

Date: _____

ATTEST:

By: _____
City Clerk

Date: _____

LESSEE:

THOMPSON BREWING CO. LLC, a California limited liability company

By: *Brian Thompson*
Printed Name: Brian Thompson
Title: President

Date: 15/11/25

By: _____
Printed Name:
Title:

Date: _____

APPROVED AS TO FORM:

By: *Susan Wilson*
Susan Wilson (Nov 18, 2025 13:55:24 PST)
Assistant City Attorney

311608 sw 10/3/25

EXHIBIT A

[DRAFT] PREMISES MAP AND LEGAL DESCRIPTION



EXHIBIT A
Legal Description

Project: Thompson Brewery
Location: Fairmount Park -

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 311 as shown on Corrected Map of Additions to Maps of the Riverside Land and Irrigating Company on file in Book 4, page 75 of Maps, Records of Riverside County, and that portion of Fairmount Park Lake as recorded in Book 4, Page 82 of Maps, Records of Riverside County, described as follows;

Commencing at the intersection of the centerline of Fairmount Boulevard (Designated as North Almond Street on the map of Fairmount Park Lake) and the Southerly line of Crestmore Avenue (Designated as the most Northeasterly course of said Fairmount Park Lake and recorded thereon as bearing South 60°50' East, a distance of 500 feet);

Thence North 60°50' West, along said Southerly line, a distance of 25 feet to a point on the Northwesterly line of said North Almond Street;

Thence South 29°10' West along said Northwesterly line a distance of 248.97 feet;

Thence continuing South 29°10' West, along said Northwesterly line, a distance of 400.49 feet;

Thence North 32°28'50" West a distance of 339.13 feet;

Thence continuing North 32°28'50" West a distance of 307.00 feet;

Thence North 57°31'10" East a distance of 220.00 feet;

Thence South 32°28'50 East, a distance of 307.00 feet to the **Point of Beginning**;

Thence South 57°31'10" West, a distance of 90.30 feet;

Thence South 32°40'36" East, a distance of 309.20 feet;

Thence North 29°10'00" East, a distance of 156.72 feet to a non-tangent curve, concave Westerly, with a radius of 540.00 feet and initial radial bearing of South 83°57'28" East;

Thence along said curve through a central angle of 10°14'31" an arc length of 96.53 feet;

Thence North 83°51'50" East, a distance 10.01 feet to the beginning of a non-tangent curve, concave Westerly, with a radius of 550.00 feet and initial radial bearing of North 85°45'55" East;

Thence along said curve through a central angle of 17°36'17" an arc length of 168.99 feet;

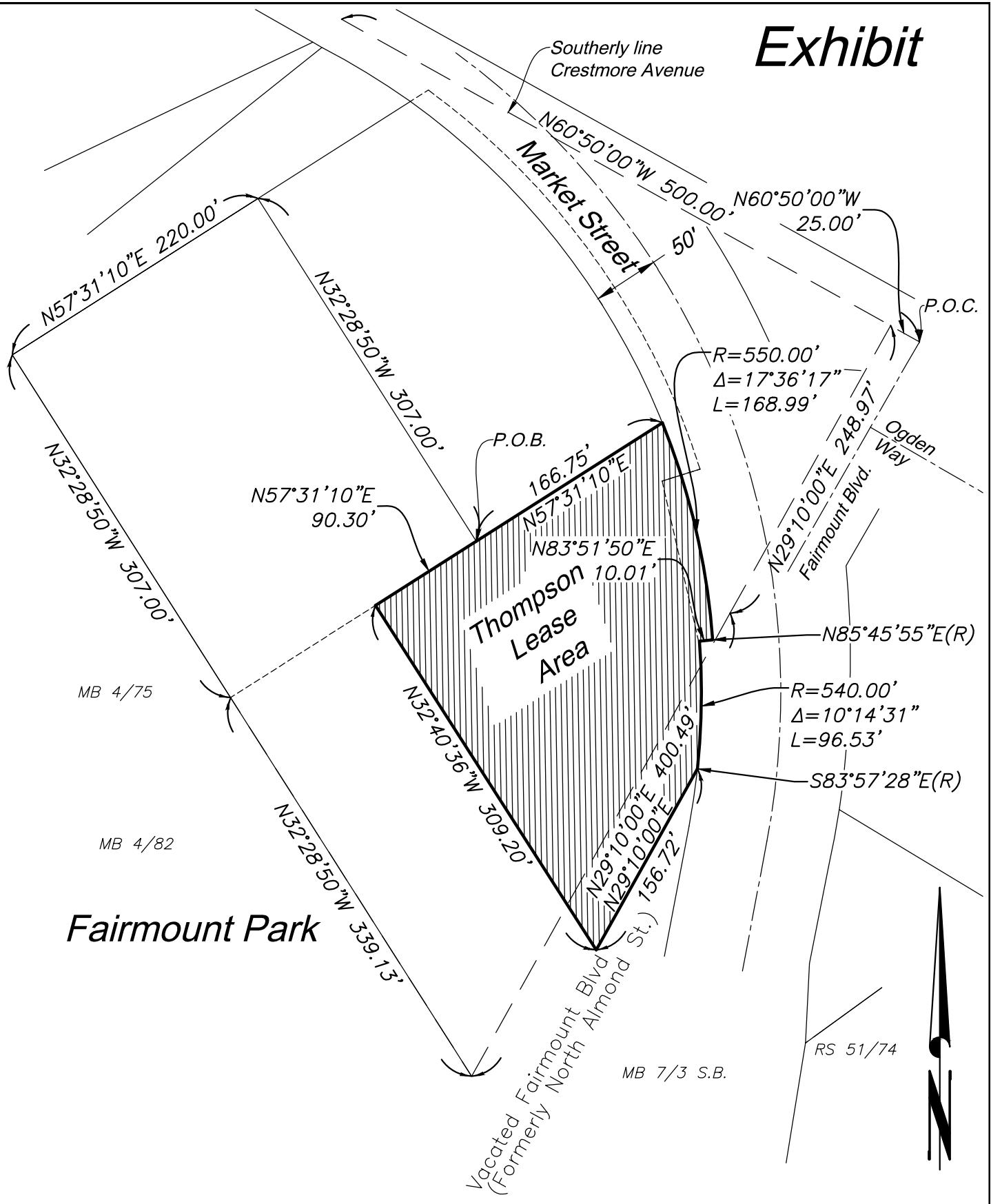
Thence South 57°31'10" West, a distance of 166.75 feet to the **Point of Beginning**.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Prep. dbw
Douglas B. Webber, L.S. 9477 Date



Exhibit



• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

EXHIBIT B
SCHEDULE OF PERFORMANCE

Submittal of Exterior Design Review Plan to Planning	60 days from Effective Date
Submittal of Conditional Use Permit Application (if applicable)	60 days from Effective Date
City Approval of Conditional Use Permit (if applicable)	120 days from Submittal
City Approval of Design Review	120 days from Submittal
Submittal of Construction Documents for Plan Check	90 days from CUP/Design Review Approvals
Plan Check Approvals (Building Permit Issue Ready)	60 days from 1 st Plan Check Submittal
Permit Pulled/Start of Construction	30 days from Plan Check Approval
Completion of Construction/Issuance of Certificate of Occupancy	Two Years from Effective Date

EXHIBIT "C"

COMMENCEMENT DATE MEMORANDUM

Note: This form to be completed by the Parties after the Lease Agreement has been fully executed and the City has delivered possession.

Pursuant to the Lease Agreement dated _____, between the CITY OF RIVERSIDE and THOMPSON BREWING CO. LLC, the parties hereby agree, understand and acknowledge that pursuant to the Lease Agreement, the Commencement Date is _____.

LESSOR
CITY OF RIVERSIDE,

By: _____

Date: _____

THOMPSON BREWING CO. LLC

By: _____

Date: _____

EXHIBIT “D”

SHELL WORK AND LESSEE TI WORK

Shell Work:

The following items will be addressed in order of priority. Lessor is only responsible for costs up to \$2,500,000. Lessee is responsible for all costs exceeding this amount.

1. Abatement based on the phase 2 report
2. Fire suppression system, fire extinguishers, fire safety related signage, lights, etc.
2. Electrical panel, full rewire, outlets, LED interior lighting, Rab exterior lighting, data lines for point-of-sale equipment, internet service, audio sound system, television, public announcement system, and similar technology that will be provided by lessee.
3. Building preparation and coordination to accommodate future solar panels
4. HVAC system by Carrier (heat pump or similar resource conserving and efficient units)
5. Hood ventilation systems
6. Grease trap system
7. Floor drains and washable surfaces
8. Utility and infrastructure modifications to expand/relocate restrooms and kitchen and provide stub-outs in preparation for lessee to finish
9. Demolish interior nonload bearing walls
10. Remove extraneous equipment throughout building
11. Repair concrete flooring throughout to be level and free of any trip hazards approved by the Riverside County Department of Environmental Health for restaurant settings
12. Repair and paint interior and exterior walls, ceilings, and other surfaces
13. Roof repairs and adjustments needed to drain, repair of water damage
14. ADA compliance (doors, walkways, restrooms, etc.)
15. Replace windows and doors
17. Walkways and concrete pads for ADA accessibility
18. Foundation and structural repairs if needed
19. Structural reinforcement for roof signs and lights
20. ADA accessible restrooms, Men to include 4 stalls, 3 waterless urinals, and sinks. Women to include 6 stalls and sinks. Employee restrooms to include 2 stalls and sink for men and women.
21. Patio construction
22. Install rollup windows on the northside

Lessee TI Work

1. All fixtures and equipment needed for kitchen operations, including serving, and appropriate installation requirements as dictated by the health department, building and safety, and tenant's design

2. All fixtures and equipment needed for brewery operations, including serving, and appropriate installation requirements as dictated by the health department, building and safety, and tenant's design
3. Electrical, plumbing, and other utilities as needed per tenant's design
4. Overall design file indicating layout and use of space
5. All applicable licensing, permits, and certifications
6. Signage
7. Decorating/furnishing interior/exterior per tenant's design
8. Security system including cameras for interior and exterior