

AMENDED AND RESTATED GROUND LEASE

by and between

CITY OF SAN MATEO

and

MP 2000 DELAWARE, LLC

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EXHIBITS

Exhibit A Description of the Property
Exhibit B Form of Memorandum of Lease

GROUND LEASE

THIS GROUND LEASE (the "Lease") is made and entered into this _____ day of _____, 2024, by and between the CITY OF SAN MATEO, a municipal corporation, AS SUCCESSOR TO THE HOUSING ASSETS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SAN MATEO PURSUANT TO PART 1.85 OF DIVISION 24 OF THE HEALTH AND SAFETY CODE, IN PARTICULAR, SECTION 34176 OF THE HEALTH AND SAFETY CODE (hereinafter called "Landlord"), and MP 2000 DELAWARE, LLC, A California limited liability company, (hereinafter called "Tenant"), who agree as follows:

WHEREAS, an Assignment and Amendment to Ground Lease ("Assignment and First Amendment") was executed on September 27, 2024 by and between 2000 Delaware San Mateo LLC, a California limited liability company, the Tenant, and the Landlord; and

WHEREAS, the Assignment and First Amendment assigned all of the Assignor's right, title, and interest in that certain unrecorded Amended and Restated Ground Lease dated February 29, 2016 (the "Ground Lease") by and between Assignor, as tenant, and the Landlord, as lessor, a memorandum of which was recorded with the recorder of the County of San Mateo on March 1, 2016 as Instrument Number 2016-017972 (the "Memorandum of Lease"), which Ground Lease pertains to that certain real property, together with all improvements thereon, located at 2000 S. Delaware Street, San Mateo, California, and more particularly described on Exhibit A attached hereto (the "Property"), in accordance with the terms of that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement") dated as of July 15, 2024, by and between Assignor and Assignee. Capitalized terms used herein and not defined herein shall have the meanings set forth in the Agreement; and

WHEREAS, the Assignment and First Amendment made certain modifications to the Ground Lease, namely, to deepen the affordability of the units located on the Property from moderate-income to low-income, re-start the 55-year rental restriction, and remove the option to purchase the Property; and

WHEREAS, Tenant and Landlord intended, upon execution of the Assignment and First Amendment, to execute an amended and restated Ground Lease in substantially the same form as the parties are currently under for the Delaware Pacific project located at 1990 S. Delaware Street in San Mateo, California, subject to Landlord's approval in its sole discretion; and

WHEREAS, this Lease amends, restates and supersedes in its entirety that certain Amended and Restated Ground Lease.

ARTICLE 1. PROPERTY AND BACKGROUND

1.01 Overview. The purpose of this Lease is to effectuate the Redevelopment Plans for the San Mateo Downtown Redevelopment Project and the San Mateo Shoreline Redevelopment Project through the leasing of the Property (defined in Section 1.02 hereof) for the operation thereon of affordable rental housing that will be made available to persons and families of Low Income (the "Project").

1.02. Property. Landlord owns the real property located in the County of San Mateo, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein, and which is hereinafter called the "Property."

1.03. Lease. For and in consideration of the payment of rentals and the performance of all the covenants and conditions of this Lease, Landlord hereby leases and demises to Tenant, and Tenant hereby leases and hires from Landlord, the Property, for the term and upon the covenants and conditions set forth herein.

ARTICLE 2. TERM

2.01. Term. Unless terminated earlier in accordance with the provisions of this Lease, the term of this Lease shall expire at 11:59 p.m. on May 2, 2111. (as defined in Section 2.02.).

2.02. Commencement. The term of this Lease shall commence upon the date of execution of this Lease (the "Commencement Date"). A "Lease Year" shall be the one-year period from the Commencement Date or anniversary thereof to 11:59 p.m. on the day immediately preceding the anniversary of the Commencement Date or an anniversary thereof.

The Commencement Date will be reflected in a memorandum of this Lease to be recorded in the office of the County Recorder of San Mateo County pursuant to Section 15.11 of this Lease.

ARTICLE 3. RENT

3.01 Base Rent. Commencing upon the Commencement Date, and thereafter annually, Tenant shall pay Landlord a base rental (the "Base Rent") in the amount of ONE DOLLAR (\$1.00).

3.02 Percentage Rent. Tenant shall pay to Landlord annually after repayment of the City Loan, Percentage Rent equal to twenty-five percent (25%) of Net Cash Flow as hereinafter defined.

- a. "City Loan" means the Loan totaling Five Hundred Thousand Dollars (\$500,000) from the City's General Fund ("City Loan") to the Development.
- b. "Net Cash Flow" means, in a particular calendar year, the amount by which Gross Revenue (defined below) exceeds Annual Operating Expenses (defined below).
- c. "Gross Revenue" with respect to a particular calendar year shall mean all revenue, income, receipts, and other consideration actually received from operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; net proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance not paid to senior lenders; the proceeds of casualty insurance not used to rebuild the Project and not paid to senior lenders; and condemnation awards for a taking of part or all of the Project

for a temporary period and not paid to senior lenders. Gross Revenue shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

- d. "Annual Operating Expenses" with respect to a particular calendar year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Project to the extent that they are consistent with an annual independent audit performed by a certified public accountant using generally accepted accounting principles: property taxes and assessments imposed on the Project; debt service (including principal, interest and any required fees) currently due on a non-optional basis on loans associated with development of the Project and approved by the Landlord; issuer fees; property management fees and reimbursements, not to exceed fees and reimbursements which are standard in the industry and pursuant to a management contract approved by the Landlord; premiums for property damage and liability insurance; utility services not paid for directly by tenants, including water, sewer, and trash collection; maintenance and repair; any annual license or certificate of occupancy fees required for operation of the Project; security services; advertising and marketing; cash deposited into reserves for capital replacements of the Project; cash deposited into an operating reserve in an amount not to exceed that approved by the Landlord) but with the operating reserve capped at six (6) months gross rent from the Project (as such rent may vary from time to time); tenant services in an amount approved by the Landlord; payment of any previously unpaid portion of the developer fee (without interest) not exceeding a cumulative developer fee in the maximum amount of \$600,000; extraordinary operating costs specifically approved by the Landlord; and other ordinary and reasonable operating expenses not listed above. Annual Operating Expenses shall not include the following: depreciation, depletion or other non-cash expenses; any amount expended from a reserve account; and any capital cost with respect to the Project, as determined by the accountant for the Project.
- e. Payment of Percentage Rent. Upon repayment of the City Loan and within forty-five (45) days of the close of each calendar year following the date (the "Percentage Rent Commencement Date") of the execution of the Lease, Tenant shall provide Landlord with annual statements certified by Tenant showing in detail the calculations of Net Cash Flow for each such calendar year. Concurrently with the submission of each annual report, Tenant shall pay to Landlord the Percentage Rent due for such calendar year. Payments of Percentage Rent for any partial year shall be prorated on a daily basis.
- f. For purposes of verifying payments due Landlord, representatives of Landlord shall have the right to inspect Tenant's books and records, and independently audit the results of Tenant's operations on seven (7) days written notice to Tenant. Books and records shall be maintained at the Property or at Tenant's principal place of business, unless Landlord shall approve a different location. Tenant shall keep all books and records for not less than five (5) years from the end of the fiscal year to which they pertain. If as a result of an independent audit of Tenant's books by an

independent certified public accountant hired by Landlord additional Percentage Rent is due Landlord for any calendar year which exceeds by five percent (5%) or Five Thousand Dollars (\$5,000), whichever is greater, the Percentage Rent actually paid for such calendar year, the reasonable cost of such audit shall be paid by Tenant, and the additional amount of Percentage Rent owed Landlord shall bear interest at the maximum rate permitted by law.

3.02. Additional Rent. In addition to and not by way of limitation of Landlord's rights under specific provisions of this Lease, Landlord shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Tenant any amount payable under the terms hereof by Tenant, or to otherwise satisfy any of Tenant's obligations hereunder, provided that (except in case of emergency calling for immediate payment) Landlord shall first have given Tenant no less than ten (10) days advance written notice of Landlord's intent to advance such amounts on behalf of Tenant and shall only advance such funds if Tenant fails to do so within said 10-day period. Tenant shall have the right to contest any advance made by Landlord on behalf of Tenant pursuant to this section. In the event of such contest, the issue of whether such advance was for an amount payable by Tenant under this Lease shall be determined by an arbitrator mutually acceptable to the parties. The costs of the arbitration shall be borne by the unsuccessful party. No advance by Landlord shall operate as a waiver of any of Landlord's rights under this Lease and Tenant shall remain fully responsible for the performance of its obligations under this Lease. All amounts advanced by Landlord shall constitute Additional Rent under this Lease, shall be immediately due and payable by Tenant to Landlord, and shall bear interest at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution from the date of advance until paid in full.

3.03. Net Lease. This Lease is a net lease, and Base Rent, Additional Rent and other payments due and payable hereunder to or on behalf of Landlord shall be paid without notice or demand and without offset, counterclaim, abatement, suspension, deferment, deduction or defense.

ARTICLE 4. TAXES AND ASSESSMENTS

4.01. Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees and other charges ("taxes") that are levied and assessed against Tenant's personal property installed or located in or on the Property which become payable during the term. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments.

4.02. Real Property Taxes. Tenant acknowledges and agrees that this Lease will create a possessory interest subject to property taxation. As provided in Section 33673 of the California Health and Safety Code and/or Section 107.6 of the California Revenue and Taxation Code, as applicable, Tenant shall pay taxes upon the assessed value of the entire Property and any improvements thereon and not merely upon the assessed value of its leasehold interest. Tenant shall pay all real property taxes and general and special taxes ("real property taxes") levied and assessed against the Property and all real property taxes levied against Tenant's improvements in the Property; provided that Tenant may seek and obtain a "welfare exemption" or other applicable exemptions from the payment of such assessments. Each year Landlord shall notify Tenant of the real property taxes, and immediately on receipt of the tax bill, shall furnish Tenant with a copy of

the tax bill. Tenant shall, semi-annually, pay the real property taxes not later than the taxing authority's delinquency date. If at any time during the term of this Lease any authority having the power to tax, including, without limitation, any federal, state, county or city government or any political subdivision thereof (collectively, "taxing authority"), shall alter the methods and/or standards of taxation and assessment against the legal or equitable interests of Landlord in the Property or the improvements located or constructed thereon, in whole or in part, so as to impose a monetary obligation on Landlord in lieu of or in addition to the taxes and assessments in existence as of the date of this Lease, such taxes or assessments based thereon, including, without limitation, (a) a tax, assessment, excise, surcharge, fee, levy, penalty, bond or similar imposition (collectively, "impositions"), on Landlord's right to rental or other income from the Property or as against Landlord's leasing of the Property, (b) any impositions in substitution or in lieu, partially or totally, of any impositions assessed upon real property prior to any such alteration, (c) any impositions allocable to or measured by the area of the Property or the rental payable hereunder, including, without limitation, any impositions levied by any taxing authority with respect to the receipt of such rental or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant or any subtenant of the Property or any portion thereof, (d) any impositions upon this lease transaction or any document to which Tenant is a party which creates or transfers any interest or estate in or to the Property (other than any transfer tax which may be due upon recordation of the Memorandum of Lease described in Section 15.11), or (e) any special, unforeseen or extraordinary impositions which, although not specifically described above, can fairly be characterized as a real property tax or a substitute for real property tax, shall be considered as "real property taxes" for the purposes of this Lease. "Real property taxes" shall exclude, however, all general income taxes, gift taxes, inheritance taxes and estate taxes owed by Landlord.

4.03. New Assessments. If any general or special assessment is levied against the Property, Landlord shall elect to pay such assessments in installments, rather than in full, and Tenant shall promptly pay the installments when due.

4.04. Tenant's Tax Liability Prorated. Tenant's liability to pay real property taxes and new assessments shall be prorated on the basis of a 365-day year to account for any fractional portion of a fiscal tax year included in the lease term at its inception and expiration or earlier termination in accordance with this Lease.

4.05. Permitted Contests. Tenant, at its cost, shall have the right at any time to seek a reduction in the assessed valuation of the Property or to contest any real property taxes that are to be paid by Tenant. If Tenant seeks a reduction or contests the real property taxes, the failure on Tenant's part to pay the real property taxes shall not constitute a default as long as Tenant complies with the provisions of this paragraph.

Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Property. In that case Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name as long as Landlord is not required to bear any cost. Tenant, on final determination of the proceeding or contest, shall immediately pay or discharge any decision or judgment rendered, together with all costs, charges,

interest and penalties incidental to the decision or judgment. If Tenant does not pay the real property taxes when due and Tenant seeks a reduction or contests them as provided in this paragraph, before the commencement of the proceeding or contest Tenant shall furnish to Landlord a surety bond issued by an insurance company qualified to do business in California. The amount of the bond shall equal one hundred percent (100%) of the total amount of real property taxes in dispute. The bond shall hold Landlord and the Property harmless from any damage arising out of the proceeding or contest and shall insure the payment of any judgment that may be rendered.

ARTICLE 5. USE, CHARACTER, OPERATION AND MAINTENANCE OF IMPROVEMENTS

5.01. General. Tenant shall use the Property and the improvements thereon only for the Project as specified herein. Tenant shall use the Property and the improvements thereon for no other purpose without the prior written consent of Landlord. As set forth in Section 1.01 hereof, Tenant covenants and agrees that the improvements constructed on the Property shall not be modified, altered or demolished if the modification, alteration or demolition would cause the improvements constructed as part of the Project to be in violation of any applicable land use or building code or requirement.

5.02. Use Obligations.

a. Affordable Housing Covenants.

With the exception of one (1) unrestricted manager unit and for all tenants whose leases were signed prior to Tenant's acquisition of the Property on September 27, 2024, all of the units leased at the Property from September 27, 2024 onward shall be rent-restricted for occupancy by households whose gross income does not exceed one hundred percent (100%) of Area Median Income as adjusted by household size for San Mateo County (the "Eligible Households"), and at least forty-nine percent (49%) of those units shall be further rent-restricted for occupancy by low income households whose gross income does not exceed eighty percent (80%) of Area Median Income as adjusted by household size for San Mateo County ("Low-Income Households"). Rent for the shall be no greater than that considered to be "affordable rent" for Median or Low Income households, as applicable, adjusted for family size appropriate to the unit, as published annually by the California Tax Credit Allocation Committee ("TCAC"). "Area Median Income" means the median household income adjusted for household size, as published by CTCAC. "Adjusted for family size appropriate to the unit" shall mean multiplying 1.5 by the number of bedrooms in the unit.

Tenant shall select Eligible Households on a non-discriminatory basis, consistent with the provisions of subdivision b. below. Tenant shall annually review the income qualifications submitted by tenants occupying rental units in the Property to ascertain whether that tenant still qualifies as an Eligible Household, and each rental agreement between Tenant and a tenant occupying a rental unit in the Property shall provide for such annual review. Not later than sixty (60) days from the end of each Lease Year (defined in Section 2.02 hereof), the Tenant shall prepare and submit to the Landlord a report that contains the following information:

- (1) The number of persons per rental unit;

- (2) Tenant name(s) and age(s) (if not prohibited under any applicable privacy laws);
- (3) Initial occupancy date;
- (4) Rent paid per month, including any applicable utility allowance;
- (5) Gross income per year as of the last annual income recertification; and
- (6) Percent of rent paid in relation to income.

Annual income recertifications shall also contain those documents used to certify eligibility. Landlord may, from time to time during the term of this Agreement, reasonably request additional or different information and the Tenant shall promptly supply such information in the reports required hereunder. Tenant shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements prescribed by the Landlord with respect to all matters covered by this Section 5.02.a. Tenant, at such time and in such forms as Landlord may reasonably require, shall furnish to Landlord statements, records, reports, data and information pertaining to matters covered by this Section 5.02.a. Upon request for examination by Landlord, the Tenant, at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Section 5.02.a. Tenant shall permit the Landlord to audit, examine and make excerpts or transcripts from these records.

b. Nondiscrimination and Nonsegregation.

Tenant covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property.

Tenant shall refrain from restricting the rental, sale or lease of the Property on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein

conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein leased."

(3) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

5.03. Use Prohibitions. Tenant agrees that in connection with the use and operation of the Property it will not:

a. Use or permit the use of any objectionable advertising medium such as, without limitation, loudspeakers, phonographs, public address systems, sound amplifiers, radio or broadcast within the improvements in such manner that any sounds reproduced, transmitted or produced shall be directed primarily beyond the interior of the improvements or common areas (provided, however, that nothing herein shall be deemed to prohibit the installation and use of a public address system for security purposes), and will keep all mechanical apparatus free of vibration and noise which may be transmitted beyond the interior of the improvements or common areas; or

b. Cause or permit obnoxious odors to emanate or be dispelled from the improvements; or

- or
 - c. Permit undue accumulations of garbage, trash, rubbish or any other refuse;
- or
 - d. Create, cause, maintain or permit any nuisance in, on or about the Property;
- or
 - e. Commit or suffer to be committed any waste in, on or about the Property;
- f. Use or allow the Property to be used for any improper, immoral or unlawful purpose, or for any purpose which violates the terms of any recorded instrument affecting the Property; or
- g. Do or permit to be done anything which in any way unreasonably disturbs the occupants of neighboring property; or
- h. Cause or permit any insurance coverage on the Property or the improvements thereon to become void or voidable or make it impossible to obtain any required insurance at commercially feasible rates; or
- i. Cause or permit any structural damage to the Property or the improvements thereon or to any adjacent public or private property, subject to acts of nature; or
- j. Violate any law, ordinance or regulation applicable to the Property and the improvements thereon.

5.04. General Standards of Maintenance. Tenant shall be fully responsible for the operation and maintenance of all of Tenant's improvements on the Property, and any open space and common areas on the Property, and shall operate and maintain, or cause to be operated and maintained, such improvements and open space and common areas in good order, condition and repair subject only to normal wear and tear customary in the shopping center industry.

Without limiting the generality of the foregoing, Tenant shall observe the following standards:

- a. Maintain the surface of all pedestrian areas level, smooth and evenly covered with the type of surfacing material originally installed thereon or such substitute thereof as shall be in all respects equal thereto or better in quality, appearance and durability;
- b. Remove all papers, debris, filth and refuse, and sweep, wash down and/or clean all hard surfaces, including brick, metal, concrete, glass, wood and other permanent poles, walls or structural members as required;
- c. Maintain such appropriate entrance, exit and directional signs, markers and lights as shall be reasonably required and which are in accordance with the practices prevailing in the operation of similar developments;

- d. Clean lighting fixtures and relamp and/or reballast as needed;
- e. Repaint striping, markers, directional signs, etc., as necessary to maintain in first-class condition;
- f. Maintain landscaping as necessary to keep in a first-class, thriving condition;
- g. Maintain signs, including relamping and/or reballasting and/or repairing as required;
- h. Maintain and keep in good condition and repair all benches, shelters, planters, mall coverings, banners, furniture, trash containers, sculptures and other exterior elements;
- i. Maintain and keep in a sanitary condition public restrooms and other common-use facilities;
- j. Clean, repair and maintain all common utility systems to the extent that the same are not cleaned, repaired and maintained by public utilities;
- k. Maintain all fountains and associated structures, drinking fountains, pumps and associated plumbing;
- l. Provide adequate security lighting in all areas during periods of unrestricted public access, and maintain all security and decorative light fixtures and associated wiring systems;
- m. Maintain all surface and storm lateral drainage systems; and
- n. Maintain all sanitary sewer lateral connections.

5.05. Governmental Requirements. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with, any and all laws, statutes, ordinances, rules and regulations ("laws") which apply to the operation and use of the Property, including those requiring alterations or additions to be made to, or safety appliances and devices to be maintained or installed in, on or about the Property under any laws now or hereafter adopted, enacted or made and applicable to the Property, and payment of any fees, charges or assessments arising out of or in any way related to the Property as a source of adverse environmental impacts or effects.

ARTICLE 6. CONSTRUCTION AND LIENS

6.01. Additional Construction on Property.

a. Construction Standards. Any additional building erected on any portion of the Property as permitted under this Lease, any remodeling or reconstruction work undertaken on or within any existing building on any portion of the Property, and any alteration of or addition to open spaces or common area, shall at all times be substantially in accordance with plans therefor submitted to and approved by Landlord in accordance with subsection b. of this Section 6.01. Any such development or construction of additional buildings, remodeling or reconstruction of any building on any portion of the Property, or alteration of or addition to open spaces or common area, shall at all times conform in all material respects to the approved design concepts, so that the exterior of all such buildings, including, without limitation, exterior elevations and color thereof, and all such other improvements, will be architecturally and aesthetically compatible and harmonious with the other buildings and improvements on the Property to create a uniform general plan for the Property. All construction shall be diligently prosecuted and accomplished without cost or expense to Landlord, and in a good and workmanlike manner.

b. Landlord's Approval of Plans. Any construction, reconstruction or remodeling undertaken by Tenant on the Property shall be governed by the following:

(1) Tenant shall have the right, without Landlord's consent (but subject to all other provisions of this Lease), to undertake any interior, nonstructural remodeling of the Tenant's improvements not visible from the outside or affecting exterior appearance and not altering the pre-existing location of the improvements on the Property;

(2) If Tenant at any time desires to undertake any construction, reconstruction, demolition or remodeling on the Property which is not exempt from Landlord's approval as provided in subsection 6.01.b.(1), above, Tenant shall, prior to the commencement of such work, prepare or cause to be prepared, at its sole expense, and shall submit to Landlord for its review and written approval, plans and specifications for such work, showing, without limitation, scaled elevations, scaled floor plans, design concepts, dimensions, material selection, colors, signing (if any) and such additional information as is reasonably necessary for Landlord to make an informed decision on such submission. Landlord shall approve or disapprove such submitted plans within thirty (30) days of receipt of complete plans and specifications meeting the requirements of this subsection. Failure of the Landlord to specify any objection to such plans and specifications or make a proposal that would add to or change the plans and specifications within such 30-day period shall be deemed to be an approval. The plans and specifications shall comply with this Lease and shall be in compliance with existing building codes and other laws, regulations and ordinances; and

(3) No material changes to the approved plans and specifications shall be made without the prior written approval of Landlord, which approval shall not be unreasonably withheld or delayed.

6.02. Protection of Landlord. Nothing in this Lease shall be construed as constituting the consent of Landlord, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Property or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving Tenant or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering

of, any services, or the furnishing of any materials, in such manner as would give rise to the filing of mechanics' liens or other claims against the fee of the Property or the improvements thereon. Landlord shall have the right at all reasonable times to post, and keep posted, on the Property any notices which Landlord may deem necessary for the protection of Landlord and of the Property and the improvements thereon from mechanics' liens or other claims. Tenant shall give Landlord ten (10) days prior written notice of the commencement of any work to be done on the Property to enable Landlord to post such notices. In addition, Tenant shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Property and the improvements thereon, subject to Tenant's right to contest same.

Tenant shall keep the Property and such improvements free and clear of all mechanics' liens and other liens on account of work done for Tenant or persons claiming under it. Tenant agrees to and shall indemnify and save Landlord harmless against liability, loss, damages, costs, reasonable attorneys' fees, and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it.

In the event any lien is recorded and not expunged within sixty (60) days of recording, Tenant shall, upon demand, furnish the bond described in California Civil Code Section 3143, or successor statute, which results in the removal of such lien from the Property.

6.03. Notice. Should any claims of lien be filed against the Property or the improvements thereon, or any action affecting the title to such Property be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

ARTICLE 7. OWNERSHIP OF IMPROVEMENTS AND PERSONAL PROPERTY

7.01. Ownership of Improvements During Term. All improvements constructed on the Property by Tenant as permitted or required by this Lease shall, during the term of this Lease, be and remain the property of Tenant; provided, however, that Tenant's rights and powers with respect to the improvements are subject to the terms and limitations of this Lease and Tenant's interest in such improvements shall terminate upon the expiration or sooner termination of this Lease. Landlord and Tenant covenant for themselves and all persons claiming under or through them that the improvements are real property.

7.02. Landlord's Right on Default by Tenant. In the event of any default on the part of Tenant in performing the terms and provisions of this Lease entitling Landlord to possession of the Property and after the expiration of any applicable cure period, Landlord shall have the immediate right of possession of all personal property and the right to assume any ownership or leasehold interest of Tenant in any financed or leased personal property, subject to the rights of third-party lenders and equipment lessors.

7.03. Removal and Ownership at Termination. At the expiration or sooner termination of the term of this Lease, Landlord may, at Landlord's election, require the removal from the Property, at Tenant's sole cost and expense, of all personal property (other than fixtures), or of certain personal property (other than fixtures), as specified in the notice provided for below. A

request to take effect at the normal expiration of the term shall be effected by notice given at least one hundred twenty (120) days before the expiration date. A demand to take effect on any other termination of this lease term shall be effectuated by notice given concurrently with notice of such termination or within ten (10) days after such termination. Tenant shall be liable to Landlord for costs incurred by Landlord in effecting the removal of personal property which Tenant has failed to remove after demand pursuant to this Section.

Tenant may remove any personal property from time to time, during the term of this Lease, and within forty-five (45) days of the expiration of the term of this Lease, that may be removed without damage to the structural integrity of the Property and the improvements thereon. Tenant shall repair all damage caused by any such removal.

Any personal property not removed by Tenant within forty-five (45) days following expiration of the term shall be deemed to be abandoned by Tenant and shall, without compensation to Tenant, then become the Landlord's property, free and clear of all claims to or against it by Tenant or any other person.

ARTICLE 8. UTILITIES

Tenant shall pay when due and shall hold Landlord harmless from any liability for all charges for water, gas, sewage, electricity, telephone and other utility service supplied to the Property.

ARTICLE 9. INSURANCE AND INDEMNITY

9.01. Indemnity. Tenant agrees to protect and does hereby indemnify and hold Landlord harmless from all demands, claims, actions and damages to any person or property (including reasonable attorneys' fees) arising out of or connected with the use or occupancy of the Property by Tenant other than those attributable to the negligence or willful misconduct of Landlord.

9.02. Insurance.

a. General. Without limiting the Tenant's indemnification of the Landlord, the Tenant shall provide and maintain at its own expense during the term of this Lease the following programs of insurance covering its operations hereunder. Such insurance shall be provided by insurer(s) satisfactory to the Landlord (as determined by the Landlord's Risk Manager) and evidence of such programs satisfactory to the Landlord shall be delivered to the Landlord on or before the Commencement Date of this Lease. Such evidence shall specifically identify this Lease and shall contain express conditions that the Landlord is to be given written notice at least thirty (30) days in advance of any modification or termination of any program of insurance.

b. During the term of this Lease, Tenant shall provide the following forms and amounts of insurance with respect to the Property. Such insurance shall be primary to and not contributing with any other insurance maintained by the Landlord, shall name the Landlord as an additional insured, and shall include, but not be limited to:

(1) Fire and Extended Coverage Insurance in All-Risk form, with vandalism and malicious mischief endorsements and an earthquake endorsement (if obtainable at

commercially reasonable rates) covering all improvements against loss or damage in an amount equal to not less than 100% of the replacement cost, with such deductible as shall be reasonable in comparison with similar properties. Landlord shall be made an additional insured on any policy of insurance required by any permanent or construction lender.

(2) Rental Income Protection Insurance covering loss due to the above perils, with a period of indemnity not less than six (6) months.

(3) Comprehensive General Liability Insurance endorsed for premises-operation, products/completed operations, contractual and broad form property damage with a combined single limit of not less than Five Million Dollars (\$5,000,000) per occurrence.

9.03. Review. The liability insurance requirements may be reviewed by Landlord and Tenant every five (5) years for the purpose of mutually increasing (in consultation with their respective insurance advisors) the minimum limits of such insurance from time to time to limits which shall be reasonable and customary for similar facilities of like size and operation in accordance with generally accepted insurance industry standards. If the parties are unable to mutually agree upon such new limits within thirty (30) days of a written demand by one party upon the other, the determination of an independent insurance advisor selected by the parties' insurance advisors shall be binding upon the parties.

9.04. Proof of Coverage. All policies required hereunder shall be with companies having a Best's AA rating (and if Best's no longer exists, an equivalent rating). Executed copies of all policies of insurance or certificates thereof shall be delivered to Landlord. All insurance policies required by this Article 9 shall name Landlord as an additional insured. As often as any such policies shall expire or terminate, renewal or additional policies shall be procured and maintained in like manner and to like extent. All policies of insurance must contain a provision that the company writing such policy will give both parties thirty (30) days advance written notice of any cancellation or lapse of the effective date or any reduction in the amounts of insurance. If Tenant fails to purchase, renew or maintain any insurance policies required herein, Landlord shall have the right to so purchase any such insurance and the amount of any such advance by Landlord shall constitute Additional Rent as defined in Section 3.02.

Nothing in this Article 9 shall prevent Tenant from carrying insurance of the kind required of Tenant under a blanket insurance policy or policies which cover other properties owned or operated by Tenant. Tenant shall provide Landlord with certificates of insurance naming Landlord as an additional insured and setting forth the required coverage.

ARTICLE 10. DAMAGE OR DESTRUCTION

10.01. Restoration. No loss or damage by fire or any other cause resulting in either partial or total destruction of any improvements now or hereafter located on the Property, or any fixtures, equipment or machinery used or intended to be used in connection with the Property or the improvements thereon, shall (except as otherwise provided in Section 10.02 and 10.06, below) operate to terminate this Lease or to relieve or discharge Tenant from the payment of any rent, or other amounts payable hereunder, as and when they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained

to be performed and observed by Tenant. Except as otherwise provided in Sections 10.02 and 10.06, and subject to lenders' rights with respect to casualty insurance proceeds, Tenant covenants to repair or cause to be repaired and/or reconstruct or cause to be reconstructed any improvements so damaged or destroyed to the extent, condition and value of such improvements immediately prior (or if Tenant was in default of its maintenance and repair obligations at the time of such damage or destruction, to the condition and value which would have existed if Tenant had not been in default) to such damage or destruction, assuming full compliance with this Lease. Tenant's failure to make such full repair and restoration under any conditions in which it has elected or is required so to do shall constitute a default hereunder.

10.02. Right to Terminate Upon Destruction During Final Years of Lease Term. If, during the last ten (10) years of the term, the improvements on the Property are totally or partially destroyed, and if the cost of restoration exceeds ten percent (10%) of the replacement cost of the improvements on the Property immediately before the damage or destruction, Tenant may elect to terminate this Lease, provided that Tenant complies with all of the following conditions:

- a. Tenant gives Landlord written notice of the damage or destruction within ten(10) days after the event causing such damage or destruction;
- b. Tenant is not in default under any provision or condition of this Lease;
- c. Tenant gives Landlord written notice of the estimated cost of repairing or restoring such damage or destruction, together with notice of its election to terminate this Lease pursuant to this Section 10.02 within ninety (90) days of the event causing the damage or destruction; and
- d. Tenant delivers possession of the Property and improvements thereon to Landlord and quitclaims to Landlord all right, title and interest in the Property and the improvements thereon.

If Tenant so elects to terminate this Lease under this Section, then Tenant shall, at its expense, promptly remove all debris and put the Property in a safe condition. Thereupon, this Lease shall terminate and the parties shall have no further obligations to each other excepting those previously accrued but theretofore unsatisfied.

10.03. Waiver. The provisions of this Article 10 shall govern the rights of the parties in the event of any full or partial destruction of the Property. Tenant hereby waives the provisions of Civil Code Section 1932(2) and Civil Code Section 1933(4) and any similar successor statute or law with respect to any destruction of the Property or the improvements thereon.

10.04. Determination of Extent of Destruction; Interference with Use. For the purposes of Section 10.02, the extent of destruction of the improvements shall be determined by dividing the estimated cost of replacement or restoration as evidenced by estimates prepared by licensed general contractors acceptable to Landlord by the full replacement cost of the improvements, applying thereto the percentage change in construction cost for the applicable period based upon the Engineering News Record average construction cost index for such period, applicable to the

San Francisco-Oakland Area, or in the absence of such index, a similar index prepared for such area.

10.05. Procedures for Repair and Restoration. In the event of any damage or destruction, Tenant shall promptly give Landlord written notice of such damage or destruction and the date on which such damage or destruction occurred. Tenant shall promptly make proof of loss and shall proceed promptly to collect, or cause to be collected, all valid claims which Tenant may have against insurers or others based upon any such damage or destruction. Except as otherwise provided below, amounts received on account of any losses pursuant to insurance policies shall, to the extent made available by Tenant's lenders, be used and expended for the purpose of fully repairing or reconstructing the portions of the improvements on the Property which have been destroyed or damaged.

Tenant shall commence and complete or cause to be commenced and completed, in a good and workmanlike manner and in accordance with Sections 6.01 through 6.03, the reconstruction or repair of any part of the improvements on the Property damaged or destroyed, after Landlord and Tenant's lenders, to the extent applicable, have approved Tenant's plans, drawings, specifications and construction schedule for such reconstruction or repair.

10.06. Right to Terminate Upon Destruction By Uninsured Casualty or Where Insufficient Insurance Proceeds.

a. If the improvements on the Property are damaged or destroyed by any casualty where the casualty causing such damage or destruction is not required to be insured against under the terms of this Lease, then Tenant shall have the right, at its election, to (1) terminate this Lease in accordance with the provisions of Section 10.07, or (2) to make full repair of such damage and to restore the improvements in accordance with the provisions of Sections 10.01 and 10.05, or (3) repair such damage or restore the improvements to the extent necessary to preserve them and make them safe, and, in addition, to the extent of the insurance proceeds available unless Landlord has elected to terminate this Lease under subsection c. of Section 10.07 below.

b. If the improvements on the Property are damaged or destroyed by any casualty where the casualty causing such damage or destruction is required to be insured against under the terms of this Lease and Tenant is not in default of its obligation to maintain insurance against the casualty, but the insurance proceeds available are in an amount that is less than ninety percent (90%) of the amount necessary to repair and restore such improvements, then Tenant shall have the right, at its election, to (1) terminate this Lease in accordance with the provisions of Section 10.07, or (2) to make full repair of such damage and to restore the improvements in accordance with the provisions of Sections 10.01 and 10.05, or (3) repair such damage or restore the improvements to the extent necessary to preserve them and make them safe, and, in addition, to the extent of the insurance proceeds available unless Landlord has elected to terminate this Lease under subsection c. of Section 10.07 below.

10.07. Procedures For Certain Permitted Terminations and Election of Landlord to Contribute. The provisions of this Section 10.07 shall apply if the Lease may be terminated pursuant to an election of Tenant under Section 10.06.

a. Whenever damage or destruction of the improvements shall have occurred which would entitle Tenant to terminate under Section 10.06, Tenant shall immediately give Landlord written notice of such damage or destruction. Tenant shall promptly make proof of loss and shall proceed promptly to collect, or cause to be collected, all valid claims which Tenant may have against insurers or others based upon any such damage or destruction. Subject to the rights of Tenant's lenders, sums of money received as payments for any losses pursuant to said insurance policies shall be promptly paid to Landlord to be used and expended as set forth in subsection d., below.

b. Within forty-five (45) days of the date of such damage or destruction, Tenant shall notify Landlord in writing of the amount or extent of insurance proceeds available, the policies under which such proceeds are available, and the estimated cost of repairing or restoring such damaged or destroyed improvements. Tenant shall also, if entitled to do so, notify Landlord as to whether it elects to (1) terminate; or (2) repair and restore; or (3) repair and restore to the extent of insurance proceeds available, all as provided in Section 10.06. If Tenant is not entitled so to terminate thereunder, no such notice or attempted notice shall be effective and this Lease shall continue in full force and effect and repair and restoration in full of the improvements shall be required. Tenant's determination that the extent of the damage or destruction that has occurred would entitle Tenant to terminate this Lease under Section 10.06 shall not be binding upon Landlord.

c. If Tenant shall have notified Landlord pursuant to the provisions of Section 10.06 that it elects not to terminate this Lease and to repair and restore only to the extent of insurance proceeds available, then Landlord may elect to terminate this Lease by written notice to Tenant of its election, given within forty-five (45) days after receipt of the notice from Tenant referred to in subsection b. above, provided, however, that any termination by Landlord pursuant to this subsection c. shall not be effective as to any leasehold mortgagee identified in Section 14.01 hereof unless consented to in writing by such leasehold mortgagee.

d. Insurance proceeds not used in repair or restoration shall be distributed as follows:

(1) First, at the option of Landlord, in any amount necessary to raze remaining improvements, clear the Property and make it safe;

(2) Second, to mortgagees (in the order of their respective lien priority), in an amount equal to the unpaid balance secured by such mortgagees, the debt service on which is then a permitted expense; and

(3) Third, to Landlord.

e. Upon termination of this Lease pursuant to this Section 10.07, Tenant shall deliver possession of the Property and improvements thereon to Landlord and quitclaim to Landlord all right, title and interest in the Property and the improvements thereon.

ARTICLE 11. CONDEMNATION

11.01. Definitions.

a. "Condemnation" means (1) the exercise of any governmental power in eminent domain, whether by legal proceedings or otherwise, by a condemnor, and (2) a voluntary sale or transfer to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

b. "Date of taking" means the date the condemnor has the right to possession of the property being condemned.

c. "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

d. "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

11.02. Parties' Rights and Obligations to be Governed by Lease. If during the term there is any taking of all or any part of the Property, any improvements on the Property or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to the provisions of this Article 11.

11.03. Total Taking. If the Property is totally taken by condemnation, this Lease shall terminate on the date of taking.

11.04. Effect of Partial Taking. If any portion of the Property or the improvements thereon is taken by condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if the remaining portion of the Property is rendered unsuitable (as defined herein) for Tenant's continued use. The remaining portion of the Property shall be deemed unsuitable for Tenant's continued use if, in Tenant's reasonable business judgment, Tenant determines that following a reasonable amount of reconstruction Tenant's business on the Property could not be operated at an economically feasible level. Tenant must exercise its right to terminate by giving Landlord written notice of its election within ninety (90) days after the nature and extent of the taking have been finally determined. Such notice shall also specify the date of termination, which shall not be prior to the date of taking. Failure to properly exercise the election provided for in this paragraph will result in this Lease continuing in full force and effect.

In the event that a portion of the Property is taken by condemnation and the Tenant does not elect to terminate this Lease as set forth above, Base Rent shall continue without adjustment or abatement.

11.05. Restoration of the Property. If, in Tenant's judgment, it is reasonably possible and economically feasible to do so, Tenant shall be entitled to use so much of the award as is necessary to restore or to add on to the Property so that the area and approximate layout of the Property will be substantially the same after the date of taking as they were before the date of taking. If it is not reasonably possible and economically feasible to so restore the area and layout of the Property, the remaining provisions of this Article 11 shall govern the rights of the parties. If Tenant fails to promptly commence the repair, restoration or reconstruction of the Property and diligently prosecute such repair, restoration or reconstruction to completion upon receipt of the award, Tenant shall be in default under this Lease.

11.06. Waiver of CCP Section 1265.130. Each party waives the provisions of the Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the Property.

11.07. Allocation of Award. Subject to the provisions of Section 11.05, the award for the Property and for the improvements shall belong to Landlord, except as hereinafter provided. Any leasehold mortgagee (as defined in Article 14) shall be entitled to satisfy the debt secured by its leasehold mortgage, but in no event greater than the value of the improvements constructed on the Property. Tenant shall be entitled to the value of its interest in any personal property or fixtures which it has the right to remove and to any portion of the award specified to apply to Tenant's goodwill, or to be compensation for interruption of or damage to Tenant's business, or compensation based upon the then fair market value of Tenant's interest in this Lease ("bonus value").

ARTICLE 12. ASSIGNMENT AND SUBLETTING

Tenant may not sell or assign its interest in this Lease and may not sublet all or any portion of the Property or improvements without Landlord's written consent, except to residential tenants in accordance with this Lease and except as otherwise hereinafter provided in this Article 12. When Landlord's consent is required, it shall not be unreasonably withheld. It shall not be unreasonable for Landlord to condition its approval, among other things, upon the proposed assignee having a financial net worth, which is sufficient to meet the Tenant's obligations under this Lease, upon the proposed assignee having a reputation for and experience and qualifications in operating rental housing, and upon the proposed assignee having a reputation in the community for integrity. In evaluating the acceptability of the net worth of a proposed assignee, Landlord may require that the purchaser's or assignee's net worth be sufficient to carry out Tenant's obligations under this Lease. Landlord's consent to any one sale, assignment or sublease shall not constitute consent to any other assignment or sublease, and shall not constitute a waiver of the right to give or withhold consent in accordance with this Article 12.

Except as expressly permitted herein, unless Landlord shall have given its prior written approval thereof, which approval shall be in the discretion of Landlord, Tenant represents and agrees that Tenant has not made or created, and will not make or create or suffer to be made or created, any assignment, either voluntarily or by operation of law. Notwithstanding the foregoing, Landlord's consent shall not be required in connection with an assignment to MidPen Housing Corporation or a wholly controlled affiliate thereof, or an assignment of, or a change in, any partnership interests in Tenant.

Any assignment made in contravention of this Article 12 shall be void and shall be deemed to be a default hereunder whether or not Tenant knew of or participated in such assignment.

No sale, assignment or other transfer of this Lease for which Landlord's consent is required shall be effective unless, at the time thereof, the entity to which such sale, assignment or transfer is made, by an instrument in writing reasonably satisfactory to Landlord and in form recordable among the land records, shall, for itself and its successors and assigns, and especially for the benefit of Landlord, expressly assume all of the obligations of Tenant under this Lease and shall agree to be subject to all conditions and restrictions to which Tenant is subject.

ARTICLE 13. TENANT DEFAULTS AND LANDLORD'S REMEDIES

13.01. Defaults by Tenant. Any of the following occurrences shall constitute a default under this Lease if:

a. Tenant shall at any time be in default in the payment of rent or any other monetary sum called for by this Lease for more than ten (10) days following written notice from Landlord to Tenant; or

b. Tenant shall at any time be in default in the keeping and performing of any of its other covenants or agreements herein contained, and should such other default continue for thirty (30) days after written notice thereof from Landlord to Tenant specifying the particulars of such default, or if such other default is of a nature that curing such default will take more than thirty (30) days and Tenant has failed to commence such cure within such thirty (30) days and to thereafter diligently pursue completion of such cure; or

c. Tenant assigns (whether or not such assignment is deemed to be effective) this Lease (or any rights therein or herein), or sells, transfers, conveys, assigns or leases the whole or any part of the Property or any improvement constructed thereon in violation of this Lease; or

d. There shall be in violation of this Lease due to any change in control of Tenant or of a part thereof, or any other act or transaction involving or resulting in a change in the identity of the parties in control of Tenant or the degree of such control; or

h. The Tenant (as Developer) defaults under the DDA, which default is not cured within any applicable cure period.

13.02. Landlord's Remedies. Subject to the rights of any leasehold mortgagees permitted under Article 14 of this Lease, upon the occurrence of any such default under Section 13.01, in addition to any and all other rights or remedies of Landlord hereunder, or by law or in equity provided, Landlord shall have the sole option to exercise the following rights and remedies:

a. Terminate this Lease by giving Tenant notice of termination. On the giving of the notice, all Tenant's rights in the Property and in all improvements shall terminate. Promptly after notice of termination, Tenant shall surrender and vacate the Property and all improvements in broom-clean condition; and, subject to the provisions in Section 13.02.b., below, respecting the

right of certain subtenants to remain, Landlord may reenter and take possession of the Property and all improvements and eject all parties in possession or eject some and not others, or eject none. Termination under this paragraph shall not relieve Tenant from the payment of any sum then due to Landlord or from any claim for damages previously accrued or then accruing against Tenant.

b. Without terminating this Lease, Landlord may at any time and from time to time relet the Property and improvements or any part or parts of them for the account and in the name of Tenant or otherwise. Landlord may at Landlord's election eject all persons or eject some and not others, or eject none; provided, however, that Landlord shall not have the right to eject any subtenant who is not in default under a sublease whose sublease has been duly submitted and approved (if required) in writing by Landlord pursuant to Article 12 of this Lease and is not then in default. Any reletting may be for the remainder of the term or for a longer or shorter period. Landlord may execute any leases made under this provision either in Landlord's name or in Tenant's name, and shall be entitled to all rents from the use, operation or occupancy of the Property or improvements, or both. Tenant hereby appoints Landlord its attorney-in-fact for the purpose of such leasing. Tenant shall nevertheless pay to Landlord on the due dates specified in this Lease the equivalent of all sums required of Tenant under this Lease, plus Landlord's expenses, less the avails of any reletting or attornment, including (by way of example), but not limited to, remodeling expenses, commissions and advertising costs. No act by or on behalf of Landlord under this provision shall constitute a termination of the Lease, unless Landlord gives Tenant notice of termination.

c. Even though it may have relet the Property, thereafter elect to terminate this Lease and all of Tenant's rights in or to the Property.

d. Upon the occurrence of the default specified in Section 13.01.h., above, this Lease shall be terminated concurrent with the date of the termination of the DDA with respect to the Property. All other rights of Landlord with respect to termination of this Lease shall be as set forth in subsections a., b. and c., above.

13.03. Default Not Susceptible to Cure Within Prescribed Period. Notwithstanding any other provisions of this Article, Landlord agrees that if the default complained of, other than for the payment of monies, is of such a nature that the same cannot be rectified or cured within the period requiring such rectification or curing as specified in the written notice relating thereto, then such default shall be deemed to be rectified or cured if Tenant within such period shall have commenced the rectification and curing thereof and shall continue thereafter with all due diligence to cause such rectification and curing and does so complete the same with the use of such diligence as aforesaid.

13.04. Damages. Should Landlord elect to terminate this Lease, Landlord shall be entitled to recover from Tenant, as damages:

a. The worth at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease;

b. The worth at the time of the award of the amount by which the unpaid rent that would have been earned by Landlord after the date of termination of this Lease until the time

of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

c. The worth at the time of the award of the amount by which the unpaid rent for the balance of the lease term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

d. Any other amount (and court costs) necessary to compensate Landlord for all detriment proximately caused by Tenant's default, including, without limitation, costs of alterations and commissions in connection with reletting, but less any increased rent realized as a result of such activity.

The "worth at the time of the award," as used in subsections a. and b. of this Section, is to be computed by allowing interest at the maximum rate allowed by law. The "worth at the time of the award," as referred to in subsection c. of this Section, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

13.05. Landlord's Right to Cure Tenant's Default. Landlord, at any time after Tenant commits a default which Tenant has failed to cure within the time established therefor, may cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date, shall bear interest at the maximum rate permitted under Section 1(2) of Article XV of the California Constitution from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be Additional Rent.

13.06. Defaults by Landlord. In the event Landlord shall neglect or fail to perform or observe any of the covenants, provisions or conditions contained in this Lease on its part to be performed or observed within thirty (30) days after written notice of default (or if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to proceed diligently to cure such default after written notice thereof), then in that event Landlord shall be liable to Tenant for any and all damages sustained by Tenant as a result of Landlord's breach. The provisions of this Section 13.06 are not intended to grant to the Tenant any right to offset or deduct any damages from any amounts due under this Lease.

ARTICLE 14. MORTGAGEE PROTECTION PROVISIONS

14.01. Leasehold Mortgage Authorized. Tenant may mortgage or otherwise encumber Tenant's leasehold estate to an institutional investor (as hereinafter defined) under one or more leasehold mortgage(s) and assign this Lease as security for such mortgage(s). Any mortgage(s) shall affect only Tenant's leasehold estate and shall be subject to all of the terms and provisions of this Lease.

14.02. Notice to Landlord. If Tenant shall mortgage Tenant's leasehold estate to an institutional investor, and if the holder of such leasehold mortgage shall provide Landlord with notice of such leasehold mortgage, together with a true copy of such leasehold mortgage, the note and all other documents relating to such leasehold mortgage, and the name and address of the

mortgagee, Landlord and Tenant agree that, following receipt of such notice by Landlord, the provisions of this Article 14 shall apply with respect to such leasehold mortgage. In the event of any assignment of a leasehold mortgage or in the event of a change of address of a leasehold mortgagee or of an assignee of such mortgage, notice of the new name and address shall be provided to Landlord. Tenant shall thereafter also provide Landlord from time to time with a copy of each amendment or other modification or supplement to such instruments. All recorded documents shall be certified as true and correct copies of official records by the San Mateo County Recorder and all nonrecorded documents shall be accompanied by a certification by Tenant or the mortgagee that such documents are true and correct copies of the originals.

14.03. Definitions. As used in this Article 14:

a. The term "institutional investor" shall refer to a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance or pension fund, or public agency. The term "institutional investor" shall also include other lenders of substance which perform functions similar to any of the foregoing, and which have assets in excess of Fifty Million Dollars (\$50,000,000) at the time the leasehold mortgage loan is made.

b. The term "leasehold mortgage" shall include a mortgage, deed of trust or other security instrument by which Tenant's leasehold estate is mortgaged, conveyed, assigned or otherwise transferred to secure a debt or other obligation.

c. The term "leasehold mortgagee" or "mortgagee" shall refer to a holder of a leasehold mortgage with respect to which the notice provided for by Section 14.02 has been given and received and as to which the provisions of this Article 14 are applicable.

14.04. Consent of Leasehold Mortgagee Required. Notwithstanding anything to the contrary contained in this Lease, no cancellation, surrender, amendment or modification of this Lease shall be effective as to any leasehold mortgagee unless consented to in writing by such leasehold mortgagee.

14.05. Default Notice. Landlord, upon providing Tenant any notice of default under this Lease, shall at the same time provide a copy of such notice to the leasehold mortgagee and to Tenant's investor limited partner, if Tenant's investor limited partner has requested a copy of such notices and has provided Landlord with an address for service thereof. Notice by Landlord to Tenant shall be deemed to have been duly given even in the absence of notice to the mortgagee and investor limited partner; provided, however, that the time periods with respect to such mortgagee and investor limited partner shall not commence until notice is given to such mortgagee or investor limited partner. From and after such notice has been given to the leasehold mortgagee or investor limited partner, such leasehold mortgagee or investor limited partner shall have the same period, after the giving of such notice upon it, for remedying any default (or acts or omissions which are the subject matter of such notice) or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, the additional periods of time specified in Sections 14.06 and 14.07 to remedy, commence remedying or cause to be remedied the defaults (or acts or omissions which are the subject matter of such notice) specified in any such notice. Landlord shall accept such performance by or at the instigation of such leasehold

mortgagee or investor limited partner as if the same had been done by Tenant. Tenant authorizes the leasehold mortgagee or investor limited partner to take any such action at such leasehold mortgagee's or investor limited partner's option and does hereby authorize entry upon the Property by the leasehold mortgagee or investor limited partner for such purpose.

14.06. Notice to Leasehold Mortgagee. If any default shall occur which entitles Landlord to terminate this Lease, Landlord shall have no right to terminate this Lease unless, following the expiration of the period of time given Tenant to cure such default (or the act or omission which gave rise to such default), Landlord shall notify the leasehold mortgagee of Landlord's intent to so terminate at least sixty (60) days in advance of the proposed effective date of such termination if such default is capable of being cured by the payment of money, and at least one hundred twenty (120) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money. The provisions of Section 14.07 below shall apply if, during such 60-day or 120-day termination notice period, the leasehold mortgagee shall:

a. Notify Landlord of such leasehold mortgagee's desire to nullify such notice;
and

b. Pay or cause to be paid all Base Rent, Additional Rent and other payments then due and in arrears as specified in the termination notice to such leasehold mortgagee and which may become due during such 60-day or 120-day period; and

c. Comply, or in good faith, with diligence and continuity, commence to comply, with all nonmonetary requirements of this Lease then in default and reasonably susceptible of being complied with by such leasehold mortgagee; provided, however, that in the event such leasehold mortgagee shall commence foreclosure proceedings within such 120-day period, such leasehold mortgagee shall not be required during such 120-day period to cure or commence to cure any default consisting of Tenant's failure to satisfy and discharge any lien, charge or encumbrance against the Tenant's interest in this Lease or the Property junior in priority to the lien of the mortgage held by such leasehold mortgagee.

Any notice to be given by Landlord to a leasehold mortgagee pursuant to any provision of this Article 14 shall be deemed properly addressed if sent to the leasehold mortgagee who served the notice referred to in Section 14.02 at the address stated in such notice unless notice of a change of mortgage ownership has been given to Landlord pursuant to Section 14.02.

14.07. Mortgagee to Foreclose. If Landlord shall elect to terminate this Lease by reason of any default of Tenant and the leasehold mortgagee shall have proceeded in the manner provided for by Section 14.06, the specified date for the termination of this Lease, as fixed by Landlord in its termination notice, shall be extended for a period of six (6) months, provided that such leasehold mortgagee shall, during such 6-month period:

a. Pay, or cause to be paid, the Base Rent, Additional Rent and any other monetary obligations of Tenant under this Lease as the same become due, and continue its good faith efforts to perform all of Tenant's other obligations under this Lease; and

b. If not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the leasehold mortgage or other appropriate means and prosecute the same to completion with due diligence.

If at the end of such 6-month period such leasehold mortgagee is diligently complying with this Section 14.07, this Lease shall not then terminate, and the time for completion by such leasehold mortgagee of its proceedings shall continue so long as such leasehold mortgagee is enjoined or stayed and thereafter for so long as such leasehold mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Lease by foreclosure of the leasehold mortgage, assignment in lieu of foreclosure or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 14.07, however, shall be construed to extend this Lease beyond the original term hereof, nor to require a leasehold mortgagee to continue such foreclosure proceedings after the default has been cured. If the default shall be cured and the leasehold mortgagee shall discontinue foreclosure proceedings, this Lease shall remain in full force and effect as if Tenant had not defaulted under this Lease.

14.08. Purchase and Sale. If the leasehold mortgagee is complying with Section 14.07, upon the acquisition of Tenant's estate herein by such leasehold mortgagee or its designee or any other purchaser at a foreclosure sale, assignment in lieu of foreclosure or otherwise, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease. The purchaser at any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any leasehold mortgage, including such mortgagee, or the transferee under any instrument of assignment or transfer in lieu of the foreclosure of the leasehold mortgage shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase and assignment, provided, however, that any such purchaser or assignee shall not be subject to any further obligations of the Tenant, as Developer, under the DDA.

14.09. Mortgagee's Right to Sell. If such mortgagee acquires title to Tenant's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings, such mortgagee, upon acquiring Tenant's leasehold estate, may sell and assign the leasehold estate on such terms and to such persons and organizations as are acceptable to such mortgagee. If such mortgagee's proposed transferee is acceptable to Landlord, then the mortgagee shall thereafter be relieved of all obligations under this Lease if such assignee has delivered to Landlord its written agreement to be bound by all of the provisions of this Lease.

ARTICLE 15. MISCELLANEOUS

15.01. Holding Over. If Tenant shall hold over the Property after the expiration of the term hereof with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month to month, subject to all the covenants, conditions and obligations contained in this Lease. Tenant hereby agrees to pay to Landlord as monthly rental one-twelfth (1/12) of the other monetary sums (such as taxes, insurance, etc.) which are the Tenant's obligations to pay under this Lease and which are not passed on to subtenants through subleases.

15.02. Attorneys' Fees. In the event that any action or arbitration is brought by either party hereto as against the other party hereto for the enforcement or declaration of any right or remedies in or under this Lease or for the breach of any covenant or condition of this Lease, then and in that event the prevailing party shall be entitled to recover, and the other party agrees to pay, all fees and costs to be fixed by the court or arbitrator therein including, but not limited to, reasonable attorneys' fees.

15.03. Quiet Possession. Landlord agrees that Tenant, so long as Tenant is not in default under this Lease and is paying the rent and performing the covenants and conditions of this Lease, shall quietly have, hold and enjoy the Property throughout the term hereof without interruption or disturbance from Landlord or any other persons claiming by, through or under Landlord; and Landlord warrants to Tenant that as of the Commencement Date of said lease term, there were no existing tenancies on the Property.

15.04. Force Majeure. Except as to the payment of rent, neither of the parties hereto shall be chargeable with, liable for, or responsible to, the other for anything or in any amount for any delay caused by fire, earthquake, explosion, flood, hurricane, the elements, acts of God or the public enemy, action or interference of governmental authorities or agents, war, invasion, insurrection, rebellion, riots, strikes or lockouts or any other cause whether similar or dissimilar to the foregoing which is beyond the control of such parties and any delay due to said causes or any of them shall not be deemed a breach of or default in the performance of this Lease.

15.05. Notices. Any notice to be given or other document to be delivered by either party to the other hereunder shall be in writing and delivered to either party by personal delivery or by depositing same in the United States mail, duly certified, with postage thereon fully prepaid and addressed to the party for whom intended, as follows:

To Landlord:	City of San Mateo 330 W. 20th Avenue San Mateo, California 94403 Attention: City Manager
To Tenant:	MP 2000 Delaware, LLC 303 Vintage Park Drive, Suite 250 Foster City, CA 94404
With a copy to:	Housing Trust Silicon Valley 75 E. Santa Clara Street, Suite 1350 San Jose, CA 95113

Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one above specified. Notices shall be effective when received. Any notice or other document sent by certified mail, as aforesaid, shall be deemed received seventy-two (72) hours after the mailing thereof, as above provided. Notices or other documents sent by personal delivery shall be deemed received on the date of such delivery.

15.06. Waiver. No waiver of any breach of any of the terms, covenants, agreements, restrictions or conditions of this Lease shall be construed to be a waiver of any succeeding breach of the same or other terms, covenants, agreements, restrictions and conditions hereof.

15.07. Surrender. Upon the expiration or sooner termination of the term of this Lease, and notwithstanding anything herein contained to the contrary, Tenant shall surrender to Landlord all and singular the Property, together with the improvements then situated thereon, in good condition and repair, except for reasonable wear and tear.

15.08. Binding. Subject to the restrictions set forth herein regarding assignment of the leasehold estate, each of the terms, covenants and conditions of this Lease shall extend to and be binding on and shall inure to the benefit of not only Landlord and Tenant, but to each of their respective heirs, administrators, executors, successors and assigns. Whenever in this Lease reference is made to either Landlord or Tenant, the reference shall be deemed to include, wherever applicable, the heirs, administrators, executors, successors and assigns of such parties, the same as if in every case expressed.

15.09. Landlord's Right to Enter Property. Landlord and its authorized representatives shall have the right to enter the Property at all reasonable times, after giving Tenant three (3) business days prior written notice, for any of the following purposes: to determine whether the Property is in good condition and whether Tenant is complying with its obligations under this Lease; to do any necessary maintenance and to make any restoration to the Property that Landlord has the right or obligation to perform; to serve, post or keep posted any notices required or allowed under the provisions of this Lease; to post "for rent" or "for lease" signs during the last one (1) year of the term, or during any period while Tenant is in default; to show the Property to prospective brokers, agents, buyers, tenants or persons interested in an exchange, at any time during the term; and to do any act or thing necessary for the safety or preservation of the Property if any excavation or other construction is undertaken or is about to be undertaken on any adjacent property or nearby street.

Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Landlord's entry on the Property as provided in this Section other than those caused by Landlord's negligence or willful misconduct.

Tenant shall not be entitled to an abatement or reduction of rent if Landlord exercises any rights reserved in this Section.

15.10. Disclaimer of Partnership. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise.

15.11. Memorandum. Landlord and Tenant shall execute a Memorandum of this Lease or any amendment or modification thereof for recordation in the Official Records of San Mateo County, California, in substantially the form attached hereto as Exhibit B.

15.12. Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within thirty (30) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

15.13. Interpretation. The titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

15.14. Covenants and Conditions. Each term and each provision, including, without limitation, the obligation for the payment of rent, to be performed by Tenant or Landlord, as the case may be, shall be construed to be both a covenant and a condition of this Lease.

15.15. Integration. This Lease, together with its exhibits and documents incorporated by reference, constitutes the entire agreement between the parties and there are no conditions, representations or agreements regarding the matters covered by this Lease which are not expressed herein.

15.16. Estoppel Certificate. If upon any sale, assignment or hypothecation of the Property or the land thereunder by Landlord an offset statement shall be required from Tenant, Tenant agrees to deliver, within thirty (30) days after written request therefor by Landlord, a statement in recordable form addressed to any such proposed mortgagee or purchaser, or to Landlord, in a form requested by Landlord's mortgagee or purchaser, certifying that this Lease is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the lease term, certifying that there has been no assignment or sublease of this Lease and that there are no defenses or offsets hereto (or stating those claimed by Tenant) and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event Tenant fails to deliver such offset statement to Landlord within the 30-day period provided above, it shall be deemed that this Lease is in full force and effect and that Tenant has no defenses or offsets against Landlord.

If upon any sale, assignment or other transfer of the Tenant's leasehold interest in the Property, an estoppel statement shall be required from Landlord, Landlord agrees to deliver within thirty (30) days after written request therefor by Tenant, a statement in recordable form addressed to any such proposed transferee, certifying that this Lease is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the lease term, certifying that there are no claims against Tenant under this Lease (or stating those claimed by Landlord) and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event Landlord fails to deliver such certificate to Tenant within the 30-day period provided above, it shall be deemed that this Lease is in full force and effect and that Landlord has no claims against Tenant under this Lease.

15.17. Landlord's Right to Sell. Landlord shall have the right to sell its fee estate in the Property and assign its interest in this Lease without limitation, provided, however, that any such sale shall be subject to this Lease. Upon any such conveyance, Landlord shall automatically be relieved of any obligations under this Lease other than those obligations which accrued prior to

the date of such conveyance. Landlord shall also have the right to mortgage, hypothecate or otherwise pledge its interest in the Property and this Lease, subject to this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first set forth above.

LANDLORD:

CITY OF SAN MATEO

By:_____

Alex Khojikian, City Manager

APPROVED AS TO FORM:

By:_____

Prasanna W. Rasiah, City Attorney

TENANT:

MP 2000 DELAWARE, LLC
a California limited liability company

By MID-PENINSULA GREENRIDGE,
INC., a California corporation, its
sole member/manager

By:_____

Matthew O. Franklin, Assistant Secretary

EXHIBIT A

DESCRIPTION OF THE PROPERTY

[TO BE INSERTED]

EXHIBIT B

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO

City of San Mateo
330 W. 20th Avenue
San Mateo, CA 94403
ATTN: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF LEASE

This Memorandum of Lease (hereinafter "Memorandum") is entered into this ____ day of _____, by and between the CITY OF SAN MATEO (hereinafter "Landlord"), a public body, corporate and politic, established and operating as successor to the Redevelopment Agency of the City of San Mateo pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*; the "CRL"), and MP 2000 DELAWARE, LLC, A California limited liability company (hereinafter "Tenant") with respect to that certain ground lease (the "Lease") dated December __, 2024, between Landlord and Tenant.

Pursuant to the Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the real property (the "Property") more particularly described in Exhibit A, attached hereto and incorporated herein by this reference. The Lease commences on _____ (the "Commencement Date"), and ends on May 12, 2111 (the "Termination Date").

Pursuant to the Lease, Tenant agrees to construct improvements on the Property within the time and manner required by the Lease.

This Memorandum shall incorporate herein all of the terms and provisions of the Lease as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum by proper persons thereunto duly authorized as of the first date hereinabove written.

LANDLORD:

CITY OF SAN MATEO

By_____

TENANT: MP 2000 DELAWARE, LLC

By_____

