



**COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS**



STAN WISNIEWSKI
DIRECTOR

KERRY GOTTLIEB
CHIEF DEPUTY

January 14, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO CONCESSION AGREEMENT -
SEA VIEW RESTAURANTS, INC.
(3rd DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to sign the attached Amendment (Exhibit A) to the existing Concession Agreement between the County and Sea View Restaurants, Inc., temporarily waiving the current letter of credit security requirement in favor of alternate security to the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County and Sea View Restaurants, Inc. (Gladstone's) entered into a 20-year Concession Agreement (Agreement) on November 1, 1997. The Agreement, among other provisions, requires Gladstone's to provide a \$2.7 million renovation of the Gladstone's 4 Fish Restaurant located at Pacific Coast Highway and Sunset Boulevard and for payment of annual minimum and percentage rents to the County. Gladstone's has completed the required renovation, continues to operate the restaurant facility and has, since inception of the Agreement, paid (with the exception of minimum rent payments due on December 1, 2002 and January 1, 2003, as herein later detailed) its minimum of rent of \$145,833 per month (\$1.75 million annually), having not yet reached the threshold for payment of additional percentage rent. The Agreement also requires that Gladstone's provide the County with a security deposit in the form of an irrevocable letter of credit (LC) in an

The Honorable Board of Supervisors
January 14, 2003
Page 2

amount equal to three months' minimum rent (\$437,500) to secure payment of all rent and other obligations due the County under the Agreement.

Gladstone's has indicated that due to recent events which have curtailed national travel, combined with the normal seasonal nature of its business (Gladstone's restaurant receipts have traditionally been much higher during summer months and have also been derived, in substantial part, from out-of-town visitors), it is temporarily unable to sustain the cash flow burden of providing both the LC (for which it must post the full cash equivalent) and monthly County rent (\$145,833). It has requested a temporary suspension of the LC security deposit requirement in exchange for providing alternate security to the County, while it takes steps to restructure its operations to provide increased financial stability.

The proposed amendment to the Agreement (Amendment) creates a temporary waiver, until October 1, 2003, of Gladstone's obligation to maintain the LC. This waiver may be extended at the discretion of the Board of Supervisors (Board) for an additional 12-month period if Gladstone's demonstrates material progress in attaining financial stability during the initial waiver period.

In consideration for the waiver, Gladstone's will grant the County: (1) a security interest in all trademark rights in and to the name "Gladstone's", including all rights to the use of the "Gladstone's" name throughout the United States (the Name Rights); (2) a security interest in all restaurant furniture, fixtures and equipment (FF&E), subject only to the existing lien or other interest that financed Gladstone's acquisition of the FF&E; and (3) a security interest in all current Royalties; (4) an irrevocable license to use the "Gladstone's" name and trademark at the current site and within a 15-mile radius thereof (excluding the area within the unincorporated boundaries of Marina del Rey) (the License); and, (5) Gladstone's will pay all delinquent rents, penalties and interest. The temporary waiver of the LC requirement is immediately revocable by the County if Gladstone's, at any time, fails to remain current on all payments due under the Agreement.

If Gladstone's reinstates the LC in conformance with the terms of the Agreement, the assignments and security interests granted to the County in the Name Rights and the Royalties will expire, however the security interest in the FF&E and the License will continue in perpetuity. The County's lien on the FF&E will be subject to an existing

The Honorable Board of Supervisors
January 14, 2003
Page 3

encumbrance in the approximate amount of \$150,000. However, if the County ultimately acquires the FF&E through foreclosure, it will be in position to re-lease the restaurant premises on a "turn-key" basis by virtue of having acquired the FF&E and the License.

Implementation of Strategic Plan Goals

This recommendation is consistent with the County's Strategic Plan Goal of Service Excellence, in that it accommodates the lessee's temporary economic needs and enables operational and management improvements to the leasehold while ensuring that the County's interests are protected.

FISCAL IMPACT/FINANCING

The Amendment will have no impact on the rents that the County receives from Gladstone's as it provides solely for a temporary alternative form of security.

As consideration for granting the waiver, the County gains control, in perpetuity, of the License, which would add significant value to this location upon the expiration of the current Agreement and/or in the event of failure of Gladstone's to restore the LC as agreed. Additionally, upon a default by Gladstone's, the County may enforce its security interests in, and acquire, the permanent right to the use of the Gladstone's Name Rights and trademark and will be entitled to any royalties derived from licensing thereof, throughout the United States and would also accede to rights to the FF& E, subject only to the existing lien thereon.

Gladstone's will pay or reimburse the County for all costs incurred in negotiating this Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under the existing Agreement, Gladstone's must maintain an LC in favor of the County in an amount equal to 3 months' minimum rent to secure Gladstone's obligation to the County. Gladstone's has not made its 12/1/02 or 1/1/03 minimum rent payments. A condition of the Amendment is that Gladstone's become and remain current on all

obligations to the County, including the aforementioned minimum rent payments. The Amendment effects a temporary waiver of Gladstone's obligation to maintain the required LC until October 1, 2003 (subject to County's right to revoke the waiver for not remaining current on all payments due to County as called for in the Concession Agreement). The waiver may be extended for an additional 12 months in the discretion of the Board if Gladstone's demonstrates material progress in attaining financial stability during the initial waiver period.

A more detailed outline of the terms and conditions for the granting of this waiver is as follows:

ISSUE	TERMS
(1) Waiver of Security Requirement	A waiver of the requirement to maintain the \$437,500 LC until October 1, 2003, which waiver may be extended at the discretion of the Board for an additional 12 months if material progress in attaining financial stability is demonstrated, and further contingent upon approval and acceptance of the substitution of the Alternative Security set forth below.
(2) Assignment of Gladstone's Trademark	Gladstone's to grant the County a security interest in the "Gladstone's" trademark, including all rights to the use of the "Gladstone's" name in connection with both the current restaurant site and elsewhere throughout the United States. Gladstone's is also to grant the County an irrevocable license to use the Gladstone's trademark and name rights at the current restaurant site, and within a 15-mile radius thereof (excluding the area within the unincorporated boundaries of Marina del Rey). The security interest shall expire upon Gladstone's restoration of the LC, but the License shall continue.
(3) Assignment of Security Interest	Gladstone's to grant to County a security interest in all current restaurant furniture, fixtures and equipment (FF&E), subject only to County assumption of regular payments on Gladstone's current obligation thereon.

(4) Assignment of Royalties	Gladstone's to convey an assignment to the County of all current and future royalties derived from the licensing of the "Gladstone's" name and/or trademark. Such assignment shall be triggered in the event Gladstone's does not reinstate the LC within the time period(s) prescribed in the Amendment.
(5) Rent and Other Payments	Gladstone's to become and remain current on payment to the County of all rental obligations. Any late payment shall trigger revocation of LC waiver.
(6) County Costs	Payment by Gladstone's of County costs to negotiate and develop an amendment to the Agreement reflecting above referenced alternative security deal points.

The Amendment will become effective only after Gladstone's has fulfilled the conditions set forth in items 2 through 6 above and set forth in more detail in paragraph 5 of the attached Exhibit A.

On the 14th day of January, 2003 the Los Angeles Beach Commission is scheduled to meet to consider the Director's recommendation to execute the Amendment. We will advise your Board of the Commission's recommendation prior to your consideration of the Amendment. The Amendment has been approved as to form by County Counsel.

ENVIRONMENTAL DECLARATION

The proposed Amendment of the financial provisions of the existing Agreement is not a "project" for the purposes of the California Environmental Quality Act, because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.

CONTRACTING PROCESS

Not applicable.

The Honorable Board of Supervisors
January 9, 2003
Page 6

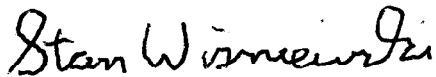
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send two copies of the executed Amendment to the Department of Beaches and Harbors.

Respectfully submitted,



Stan Wisniewski, Director

SW;rm
Attachment

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

EXHIBIT C

Description of FF&E

1. The items described on Schedule 1 attached to this Exhibit C and all replacements and substitutions therefor *[Schedule 1 should contain an inventory of the FF&E]*
2. Any and all other furniture, furnishings, fixtures, machinery, equipment and other tangible personal property now or hereafter located at the Premises that is used or useful in connection with the operation of a bar or restaurant, including, without limitation, the following: tables; chairs; barstools; table linens; towels; curtains, draperies, paintings, pictures, mirrors and other hangings; lamps and other lighting equipment; televisions, radios, satellite and stereo equipment; dishes and glassware; flatware and other dining utensils; stoves, ovens, refrigerators, freezers, ice machines, blenders, mixers, toasters, sinks, basins, trays, racks and other appliances and kitchen and bar equipment; pots, pans, kettles, skillets, bowls, cutlery and other cooking, kitchen and bar utensils.

SCHEDULE "A"

Master Security Agreement #30-00095

Schedule 0210-001

California Beach Restaurants, Inc., as Borrower
Lyon Credit Corporation, as Secured Party

Furniture, fixtures, equipment, point of sale systems, computer equipment, sound systems, phone systems, lobster tanks, signage and other tangible personal property including but not limited to those described below, now owned or hereafter acquired located at 17300 Pacific Coast Highway, Pacific Palisades, California 90272. In addition, all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof.

<u>QTY</u>	<u>DESCRIPTION</u>
------------	--------------------

14	Srealth Touch Terminals, Cryix GX 180 Pentium Class Processor Integrated with 12/1 Active Matrix Color Touchscreen LCD 800X600 Resolution, 2.5 Gig+ HDD, 16 MB RAM, 3 Serial Com Ports, 1 Parallel Port, 1 Ethernet Port, External Floppy Drive Port, External VGA Port, Mag Card Swipe, Windows 95, Charcoal Color
----	---

- | | |
|----|---|
| 1 | Customer Display |
| 7 | Cash Drawers |
| 7 | Cash Drawer Tills |
| 15 | Thermal Printers |
| 11 | Kitchen Printers, Epson TM-200 Printers |
| 2 | Back office Computer, IBM Compatible PC, Pentium II 450 MMX Microprocessor, 4.3 Gig Hard Disk Drive, 64 MB Ram, 3.5 1.44 FDD, 36X CD ROM, 17" Monitor Windows NT, Microsoft Office 97 |
| 1 | Front Office Computer, IBM Compatible, Pentium 350 MHZ 10.0 Gig Hard Drive, 64 MB RAM, 36X CD ROM, Windows 95 |

14	Srealth Touch Terminals, Cryix GX 180 Pentium Class Processor Integrated with 12/1 Active Matrix Color Touchscreen LCD 800X600 Resolution, 2.5 Gig+ HDD, 16 MB RAM, 3 Serial Com Ports, 1 Parallel Port, 1 Ethernet Port, External Floppy Drive Port, External VGA Port, Mag Card Swipe, Windows 95, Charcoal Color (cont.)
----	---

- | | |
|---|-----------------|
| 2 | Report Printers |
| 1 | Hub x24 |

SCHEDULE "A"

Master Security Agreement #30-00095

Schedule 0210-001

California Beach Restaurants, Inc., as Borrower

Lyon Credit Corporation, as Secured Party

<u>QTY</u>	<u>DESCRIPTION</u>
3	Modems, US Robotics, 56.6 Baud
2	U.P.S. Battery Backup Devices
14	POSitouch Fine Dining Software Module:
1	POSitouch Back office Software, Windows Version:
1	POSitouch Inventory Software Module
1	POSitouch Time and Attendance Software Module
1	POSitouch Electronic Credit Card Processing Software Module
1	POSitouch to ADP Interface Module
1	PC Anywhere Host/Remote 8.0 32 Bit Communications Software Module
	RES Plus Reservations Software Module
1	HP Laser 2100 Printer,
300	Magnetic Swipe Cards
1	Bravo Espresso Machine
1	HP NetServer LC3 PIII 500, 64MB, 512KB, 24XCD, 10/100 S/N US91900615
1	9.0GB Hot Swap Wide Ultra SCSI Hard Drive, S/N 000RE2E8348
1	HP 64MB ECC Dimm
1	HP 128MB ECC Dimm
1	14" SVGA Monitor, S/N 89185101131
1	APC Smart-UPS 1000VA, S/N GS9843868578
1	HP SureStore 24i Internal DAT Drive, S/N GB21134801
1	HP 4MM 125-Meter DDS-3 Cartridge
1	HP DDS Cleaning Cartridge, 2 pack
1	MS Windows NT Server V4.0 Competitive UPG w/10 CAL
1	Seagate Backup Exec V7.2 NT Single Server
1	Cisco 1924-24 Port 10MB Switch w/2 100 BTX Ports
5	HP Brio PIII 450 MT64MB, 13GB, 32XCD, Audio 51.2KB S/N: SUS91905500, SUS91807020, SUS91807022, SUS91807023, SUS91810194
5	CTX VL700 17" SVGA Monitor S/N: S1N890402308, S1N890402314, S1N890402310 S1N890402323, S1N890402321

SCHEDULE "A"**Master Security Agreement #30-00095****Schedule 0210-001****California Beach Restaurants, Inc., as Borrower****Lyon Credit Corporation, as Secured Party**

QTY	DESCRIPTION
5	Intel EtherExpress Pro/100+ PCI Network Adapter
1	Hp LaserJet 4050N Printer
5	Power Surge Protector
1	DAT Tape Organizer
1	AT Modem Cable, 6'
6	Stereo Amplifiers
46	Weather resistant loud speakers
9	Microphone preamplifiers, Zone Controllers, Graphic Equalizers
1	Outside switchable microphone
1	VB43030 Panasonic DBS 40 Cabinet
1	VB43412 CPC-A II Module Software
1	VB43420 SCC-a Module Software
2	VB43511A 8 Circuit Loop Start Trunk Cards
2	VB34511 8 Circuit Digital Station Cards
1	VB43621A 8 Circuit Analog Station Card
1	VB43431 DTMF Receiver
1	VB2089P Ring Voltage Unit
8	VB44220B 22 Button Sets (Black)
5	VB44223B 22 Button Display Sets w/speakerphone
1	2 Port 130 Hour VS225 Voice Mail system
1	Entry Arch Sign

together with all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto, and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof.

EXHIBIT D

Registration Information for Trademarks

CALIFORNIA BEACH RESTAURANTS, INC.

United States Trademark and Service Mark Portfolio (as of January 13, 2003)

Trademark	Goods/Services	Application No.	Registration No.	Comments
GLADSTONE'S (Stylized)	Restaurant services (Int. Class 42)	73/446,005	1,337,282	<ul style="list-style-type: none"> • REGISTERED on 5/21/1985 • Sections 8 & 9 Renewal/Declaration due 5/21/2005
G GLADSTONE'S 4 FISH and Design	Restaurant services (Int. Class 42)	73/566,483	1,426,956	<ul style="list-style-type: none"> • REGISTERED on 1/27/1987 • Sections 8 & 9 Renewal/Declaration due 1/27/2007
G and Design	Restaurant services (Int. Class 42)	73/665,240	1,477,188	<ul style="list-style-type: none"> • REGISTERED on 2/16/1988 • Sections 8 & 9 Renewal/Declaration due 2/16/2008
G GLADSTONE'S MALIBU and Design	Glass products, namely, mugs and drinking glasses (Class 21); Textile products, namely, beach towels (Int. Class 24); Clothing, namely, T- Shirts, and caps (Int. Class 25)	75/418,709	2,418,549	<ul style="list-style-type: none"> • REGISTERED on 1/9/2001 • Sections 8 & 15 Declaration due 1/9/2007

CALIFORNIA BEACH RESTAURANTS, INC.

United States Trademark and Service Mark Portfolio (as of January 13, 2003)

Trademark	Goods/Services	Application No.	Registration No.	Comments
G GLADSTONE'S MALIBU and Design	Providing restaurant services (Int. Class 42)	76/079,489	2,506,092	• REGISTERED on 11/13/2001 • Sections 8 & 15 Declaration due 11/13/2007
G GLADSTONE'S MALIBU and Design	Restaurant services (Int. Class 42)	75/418,701	N/A	• ABANDONED
GLADSTONE'S	Providing restaurant services (Int. Class 42)	73/674,837	1,514,059	• CANCELED
RJ'S (Stylized)	Restaurant services (Int. Class 42)	73/445,993	1,475,404	• CANCELED

EXHIBIT E

Matters Regarding Concessionaire

- (i) Concessionaire Legal Name: Sea View Restaurants, Inc., a California corporation
- (ii) Address of executive office: 17383 Sunset Boulevard, Suite 140, Pacific Palisades, California 90272.
- (iii) Mailing Address: same
- (iv) Names under which Concessionaire has conducted its' business: California Beach Restaurants, Inc., Gladstones 4 Fish, RJ's The Rib Joint, Natural Organics, Inc. and I.H.V. Corp.

EXHIBIT F

Matters Relating to Representations and Warranties

Lyon Credit Corporation, a Delaware corporation, has been granted a security interest in the FF&E. See Security Agreement dated March 15, 1999 attached hereto.

MCA Development Venture Two has been licensed the Name Rights pursuant to License Agreement dated April 21, 1992, a copy of which is attached hereto.

Concessionaire is in advanced negotiations with Pendragon Partners, LLC for the license of the Name Rights to Pendragon Partners for a single restaurant site in Long Beach, California and up to two (2) additional restaurant sites not within a twenty (20) mile radius of the Premises.

LICENSE AGREEMENT

This License Agreement ("Agreement") is entered into as of April 21, 1992 by and between **SEA VIEW RESTAURANTS, INC.**, a California corporation ("Licensor"), and **MCA DEVELOPMENT VENTURE TWO**, a California corporation ("Licensee"). For purposes of this Agreement, certain terms used herein shall have the meanings set forth on Exhibit 1 attached hereto.

BACKGROUND FACTS

Licensor is the owner and operator of a seafood restaurant operated under the "Gladstone's" and "Gladstone's 4 Fish" names. Licensee is the Restaurant Owner of the Restaurant and Units which will be managed on behalf of Licensee by CB Universal Corporation pursuant to the Management Agreement. In order to facilitate the operation of the Restaurant and Units, Licensee desires to obtain the license granted herein for use of the Licensed Property in connection with the operation of the Restaurant and Units on the terms and conditions set forth herein. In order to accomplish the foregoing, the parties hereto agree as hereinafter set forth.

ARTICLE I TERM OF AGREEMENT

This Agreement shall be effective for the period commencing on the date hereof and ending on the Termination Date.

ARTICLE II GRANT OF LICENSE

2.1 License Grant. Except as otherwise provided herein, Licensor hereby grants to Licensee a license to use the Licensed Property solely in connection with the operation of the Restaurant and Units. The foregoing license rights may only be assigned or transferred in accordance with Section 7.11 and, except as provided in Section 7.16, such license rights are granted on a nonexclusive basis. The foregoing license rights are limited to use of the Licensed Property solely on signage and supplies (such as napkins, menus, matchbooks, and food and beverage cartons and containers) located at the Restaurant and Units, on merchandise sold in or from the Restaurant and Units and for marketing, advertising, and promotional materials associated solely with the Restaurant and Units; provided, however, that use of the Licensed Property shall be permitted at locations other than the Restaurant and Units if such use is in connection with the provision of Licensed Off-Site Catering. The Licensed Property is licensed for use in connection with the operation of the Units as described in the Management Agreement, that is, as a sushi bar, a bar selling non-alcoholic and alcoholic beverages and a food facility featuring tempura food items; if the particular use of any such Unit is changed, the Licensed Property shall not be used in connection with such Unit unless approved by Licensor, which approval shall not be unreasonably withheld. Notwithstanding anything to the contrary set forth in this Agreement, Licensee shall be under no obligation to use the Licensed Property in connection with any Unit, and if so used Licensee shall be under no obligation to continue such use.

2.2 No Right to Sublicense. The Licensee shall have no right to grant sublicenses of the Licensed Property to third parties.

2.3 Certain License Obligations.

(a) Licensee shall use commercially reasonable efforts to operate, or cause to be operated, the Restaurant in accordance with the standards of quality and professionalism associated with the operation of Gladstone's/SM at the time and to provide all services and food and beverages related thereto. The parties acknowledge that the Licensed Property and the goodwill associated therewith has great value, that the consuming public and the restaurant industry associate the Licensed Property with service and food and beverages of consistently high quality, and that the terms and conditions of this Agreement are necessary and reasonable to assure the consuming public and the restaurant industry that the service and food and beverages provided at the Restaurant are of the same consistently high quality as Gladstone's/SM.

(b) Subject to the rights of Licensor in this Agreement which are solely for the protection of Licensor's rights and value in the Licensed Property, Licensor shall neither have nor exercise any control over Licensee's method of operating the Restaurant, and Licensee is under no obligation to adhere to any specified scheme or plan for operating the Restaurant. Licensor has no obligation to advertise, market or promote the Licensed Property on behalf of Licensee or the Restaurant; and Licensor agrees that Licensor will not advertise, market or promote the Restaurant without Licensee's prior consent.

2.4 Restrictions on Display of Licensed Property. All signage, advertising, marketing and promotional materials bearing the Licensed Property (collectively, the "Materials") shall bear the trademark and copyright notice designated by Licensor in Exhibit 3. Licensor shall provide Licensee with appropriate artwork depicting such trademark and copyright notices. The Materials shall not make reference to any other restaurant operated or licensed by Licensor. Licensee shall submit to Licensor, at the address set forth in Section 7.1, a sample of any such proposed Materials not less than three (3) business days in advance of use of such proposed Materials, and Licensor agrees, upon request of Licensor, to meet and confer with Licensor to discuss such proposed Materials if Licensor reasonably believes, and advises Licensee as to the specific reasons, that the use of such proposed Materials could jeopardize, limit, impair or interfere in any manner with Licensor's ownership of and right to use and exploit the Licensed Property or the goodwill associated therewith or depreciate the value thereof. Notwithstanding anything to the contrary in this Agreement, neither Licensor nor Licensee shall copy or otherwise appropriate for its own use the graphics, promotional ideas or any other elements set forth in advertising, marketing and promotional materials bearing the Licensed Property that are developed by the other party.

2.5 Ownership of Licensed Property. All Licensed Property and the goodwill associated therewith is and shall remain the sole and exclusive property of Licensor. Licensee shall not directly or indirectly obtain or attempt to obtain during the term of this Agreement or at any time thereafter, any right, title, or interest in or to any Licensed Property or in the goodwill associated therewith. Licensee shall not take any actions and will not use or display the Licensed Property in any manner which could

jeopardize, limit, impair or interfere in any manner with Licensor's ownership of and right to use and exploit the Licensed Property or the goodwill associated therewith or depreciate the value thereof. Licensor shall at its own expense challenge all unauthorized uses or infringements on the Licensed Property and Licensor shall prosecute any person or firm that unlawfully uses or attempts to use the Licensed Property.

2.6 Materials. Licensor will make available to Licensee at Licensor's expense all photographic material and artwork with respect to the Licensed Property including any logo which Licensor has available and which Licensee may require to fulfill its obligations hereunder.

2.7. Warranties and Covenants.

(a) Licensor hereby represents, warrants and agrees to the following:

(i) That Licensor is the sole and absolute owner of the Licensed Property, including the copyrights and trademarks in connection therewith;

(ii) That neither the Licensed Property nor the exercise by Licensee of the rights granted herein with respect to the Licensed Property does or will infringe upon the rights of any third party under (A) any contract or agreement; or (B) any rights of or laws governing copyrights, trademarks, privacy, libel or slander; or (C) any other literary, artistic or property right;

(iii) That the Licensed Property and all rights, licenses and privileges granted to Licensee hereunder are free and clear of all liens, charges or encumbrances of any kind and character, except for the security interests granted to Security Pacific National Bank and The Restaurant Enterprises Group, Inc., respectively.

(iv) That the Licensor has the right and power to enter into this Agreement and grant all of the rights, licenses and privileges granted to Licensee hereunder;

(v) That, to the best of Licensor's knowledge, there are no litigation proceedings or claims pending or threatened against Licensor, Licensor's predecessors-in-interest or any other party which may adversely affect the rights, licenses and privileges granted to Licensee hereunder; and

(vi) That, to the best of Licensor's knowledge, neither Licensor nor its predecessors-in-interest has done anything heretofore, nor will any such party do anything hereafter, that is inconsistent with or in derogation of the obligations of Licensor hereunder or any of the rights, licenses and privileges granted to Licensee hereunder.

(b) Licensee hereby represents, warrants and agrees that Licensee has the right and power to enter into this Agreement and perform all of its obligations hereunder.

ARTICLE III ROYALTIES AND PAYMENT TERMS

3.1 Royalty Fee. Licensee shall pay to Licensors a royalty in an amount equal to eight-tenths of one percent (0.8%) of the Gross Receipts of the Restaurant plus eight-tenths of one percent (0.8%) of the Gross Receipts of the Units; provided, however, the Gross Receipts of a Unit shall cease to be included in the calculation of the Royalty Fee if (a) the Unit is not using the Licensed Property, (b) the Unit is then managed by a person or entity other than the person or entity then managing the Restaurant, and (c) the Unit facility is reconfigured or reconstructed in such a manner that there is no direct access to the Unit from the Restaurant.

3.2 Payment of Royalty. The Royalty Fee shall be paid on a monthly basis within twenty (20) calendar days after the end of each calendar month. In the event Licensee fails to make payments when due, a late payment charge may be assessed by Licensors equal to the maximum interest rate allowed by applicable law for each day payment is not received by Licensors. If no maximum rate is established by applicable law, the late payment charge shall be twelve percent (12%) per annum.

ARTICLE IV REPORTS, AUDITS, AND INSPECTION

4.1 Licensee Reports.

(a) Licensee shall maintain, or cause to be maintained, complete and accurate accounting and other records to substantiate the calculation of Gross Receipts for purposes of determining the Royalty Fee.

(b) Not later than twenty-five (25) calendar days after the end of each calendar month, Licensee shall submit, or cause to be submitted, to Licensors a schedule setting forth in reasonable detail the calculation of the Gross Receipts upon which Licensee has calculated the monthly Royalty Fee.

(c) Licensee shall furnish to Licensors upon the request of Licensors copies of the preliminary and approved annual advertising, marketing and public relations plans required to be delivered by Manager to Licensee under the Management Agreement.

4.2 Audit Rights. For a period of thirty (30) months after Licensee's payment of any Royalty Fee, Licensee shall upon reasonable advance notice and during normal business hours permit Licensors and any representative or agent thereof, at the Licensors' expense, to examine Licensee's books and records, and to make copies thereof, for the purpose of verifying Licensee's Gross Receipts and calculation of the Royalty Fee.

4.3 Inspection Rights. Licensors and any representative or agent thereof shall be permitted to visit and inspect the Restaurant facilities and Unit facilities at such reasonable times and as often as may be reasonably requested by Licensors.

ARTICLE V
DEFAULT, TERMINATION, AND EXPIRATION

5.1 Events of Termination.

(a) Either party ("Terminating Party") may terminate this Agreement at any time upon thirty (30) days notice to the other party ("Non-Terminating Party") upon the occurrence of any of the following:

(i) If the Non-Terminating Party breaches any term or condition of this Agreement and such breach is not cured within the foregoing thirty (30) day notice period; provided, however, that if such breach cannot be cured within said time period, the Non-Terminating Party shall be deemed to have cured such breach if the Non-Terminating Party commences cure of the breach within said time period, and thereafter diligently and in good faith continues with and actually completes said cure.

(ii) If at any time the Non-Terminating Party shall generally not pay the Non-Terminating Party's debts as they become due or shall admit in writing the Non-Terminating Party's inability to pay the Non-Terminating Party's debts, or shall make a general assignment for the benefit of creditors; or

(iii) If the Non-Terminating Party shall commence any case, proceeding or other actions seeking to have an order to relief entered on the Non-Terminating Party's behalf as debtor or to adjudicate the Non-Terminating Party as bankrupt or insolvent, or seeking the reorganization, arrangement, adjustment, liquidation, dissolution, or composition of the Non-Terminating Party or the Non-Terminating Party's debts under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or seeking appointment of a receiver, trustee, custodian, or other similar official for the Non-Terminating Party, and such case, proceeding, or other action (A) results in the entry of an order for relief against the Non-Terminating Party which is not fully stayed within thirty (30) business days after entry thereof, or (B) shall remain undismissed for a period of ninety (90) calendar days.

(b) Notwithstanding the provisions of Section 5.1 (a), Licensor, in Licensor's sole discretion, may terminate this Agreement at any time upon any default by Licensee in the payment of any amounts owing Licensor under this Agreement, if such payment default is not cured (including the payment of interest due thereon under Section 3.2) within the ten (10) day period following the date on which Licensor gives notice to Licensee of its delinquency.

(c) Licensee, in Licensee's sole discretion, may terminate this Agreement at any time with respect to any of the Units or in its entirety, effective upon six (6) months prior written notice to Licensor, provided, however, that Licensee may cease using the Licensed Property immediately after giving such notice.

5.2 Effect On Rights. Termination of this Agreement by either party shall not act as a waiver of any prior breaches of this Agreement and shall not act as a release of either party from any liability for prior breaches of this Agreement.

5.3 Prohibition on Further Use. Upon the expiration or termination of this Agreement, Licensee shall immediately discontinue the use of the Licensed Property, which actions shall include, without limitation, removal of all signs and other items displaying the Licensed Property and the discontinuance of all use of the Licensed Property in all advertising, promotional, and marketing materials and activities. Notwithstanding the foregoing, Licensee shall be entitled to continue to use supplies then on hand displaying the Licensed Property for a period not to exceed sixty (60) days after the date of expiration or termination of this Agreement, but shall not order new quantities of such supplies after such expiration or termination.

5.4 Survival of Provisions. The provisions of Section 2.5, 4.2, and 7.6 and of Article VI and this Article V shall survive termination or expiration of this Agreement.

ARTICLE VI SETTLEMENT OF DISPUTES

6.1 Arbitration. Any dispute arising under this Agreement shall be submitted to arbitration by a panel of three arbitrators, unless the parties otherwise agree on the number of members on the panel. The panel shall be chosen pursuant to the procedures of the American Arbitration Association, unless the parties otherwise agree on the method of selection. Unless the parties otherwise agree, the foregoing disputes under this Agreement shall be governed by the Commercial Arbitration Rules of the American Arbitration Association then in effect insofar as such rules are not inconsistent with the provisions set forth herein. All proceedings before the arbitrators shall be held in the state and county where Licensor maintains its principal executive offices.

6.2 Fees. Each of the parties will share equally in the costs and expenses of arbitration unless the arbitrators find that the position of the non-prevailing party in such arbitration was without substantial justification or was frivolous, in which event the arbitrator may assess all of such costs and expenses together with reasonable attorneys' fees against the non-prevailing party.

6.3 Discovery Rights. Each of the parties shall be entitled to pre-hearing discovery rights in accordance with the Federal Rules of Civil Procedure. This entitlement shall not limit the power of the arbitrators to accord the parties greater rights of inspection and discovery that they would have in a suit at law; provided, however, that matters which would be privileged in a suit at law shall be privileged in such arbitration.

6.4 Jurisdiction of Arbitrators. The jurisdiction of the arbitrators is limited to adjudication of the specific issues presented to them for adjudication, and such jurisdiction shall not give the arbitrators authority to supplement, modify, add to, subtract from, change or amend any of the terms of this Agreement.

6.5 Binding Decisions. The decision of the arbitrators pursuant to this Article VI shall be conclusive and binding upon both parties except to the extent the arbitrators exceed their jurisdiction or authority under this Agreement, the decision of the arbitrator is not supported by substantial evidence, or the decision of the arbitrators is based upon an error of law. Except as provided in this Section 6.5, any determination by the arbitrators of an award may be filed with the clerk of a court of competent jurisdiction

as a final adjudication of the claim involved, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be.

ARTICLE VII GENERAL PROVISIONS

7.1 Notices. All notices, demands, requests, consents, approvals or other communications (collectively "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be deemed duly served or given (i) when actually delivered, if delivered by overnight or other courier or delivery service which confirms delivery in writing, or (ii) within five (5) business days after deposit in the U.S. Mail, if sent by certified mail, postage prepaid, return receipt requested. Such notices shall be addressed as set forth below or such other address as such party shall have specified most recently by written notice.

To Licensor: Sea View Restaurant, Inc.
17351 Sunset Boulevard, Suite 404
Pacific Palisades, CA 90272
Facsimile No.: (310)459-9356
Attention: President

To Licensee: MCA Development Venture Two
10 Universal City Plaza, Suite 2000
Universal City, CA 91608
Facsimile No.: (818)777-0660
Attention: Legal Affairs

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

7.3 Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California. In the event a judicial or other proceeding is necessary to resolve any dispute hereunder, the sole forum for resolving disputes arising under or relating to this Agreement shall be the Municipal and Superior Courts for the County of Los Angeles, State of California, or the federal district court for the district of California associated with such county and all related appellate courts and the parties hereby consent to the jurisdiction of such courts, and that venue shall be in such county.

7.4 Entire Agreement. The terms of this Agreement are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Agreement and may not be contradicted by evidence of any prior or contemporaneous agreement, all of which are hereby superseded and shall have no further force or effect. The parties further intend that this Agreement constitutes the complete and exclusive statement to this terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding, if any, involving this Agreement.

7.5 Modifications, Amendments, Waivers, and Extensions. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other agreement or provision herein contained. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

7.6 Attorney's Fees.

(a) Subject to the provisions of Section 6.2, in the event any party to this Agreement initiates any judicial or arbitration action, suit or other proceeding which concerns that interpretation or enforcement of this Agreement, the prevailing party in such action, suit, motion, application or proceeding, or judgment creditor, shall be entitled to recover its costs and attorney's fees from the non-prevailing party or judgment debtor, including costs and fees on appeal, if any.

(b) Attorneys' fees and costs incurred by a prevailing party in enforcing and collecting a judgment resulting from an action, suit or other proceeding concerning this Agreement are also recoverable from the judgment debtor as a separate item of recovery. Such post-judgment debtor as a separate item of recovery. Such post-judgment attorneys' fees are a separate and distinct item of recovery, severable from all other provisions of this Agreement, including the right to prejudgment attorneys' fees as provided above in this Agreement, and this provision shall survive any judgment and not be deemed merged into any judgment.

7.7 Titles and Headings. Titles and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of the Agreement.

7.8 Exhibits. Each of the Exhibits referred to herein and attached hereto is an integral part of this Agreement and is incorporated herein by this reference.

7.9 Consents and Approvals. Whenever the consent or approval of either party is provided for in this Agreement, such consent or approval shall be given in writing to the requesting party.

7.10 United States Currency. All references to dollar amounts herein shall mean United States dollars and all payments required under this Agreement shall be made in United States dollars.

7.11 Assignments. In granting the foregoing license rights, Licensor is relying on the restaurant-operating capabilities of the Manager and on Licensee's expertise in developing and marketing a retail/entertainment project like CityWalk. As a result, this Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by Licensee without the prior written consent of Licensor, which consent shall not be unreasonably withheld. Any assignment of rights or delegation of

duties or obligations under this Agreement by Licensee made without the prior written consent of Licenser shall be void and of no effect. Licenser may freely assign or delegate this Agreement or any rights, duties or obligations of Licenser hereunder without the consent of Licensee. Licensee acknowledges that Licenser has granted to Security Pacific National Bank a security interest in this Agreement and that Security Pacific National Bank is a collateral assignee with respect to this Agreement.

7.12 Successors and Permitted Assigns. This Agreement and the provisions hereof shall be binding upon each of the parties, their successors and permitted assigns.

7.13 Partial Invalidity. If any provision of this Agreement is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof.

7.14 Indemnification.

(a) Licenser shall defend (with counsel reasonably satisfactory to Licensee), indemnify, protect and hold harmless Licensee, its directors, officers, employees, licensees, agents, successors and assigns, and each of the foregoing, against and from any and all claims, suits, demands, causes of action, judgments, liabilities, losses, costs and expenses (including, without limitation, actual attorneys' fees and disbursements and court costs) that arise out of or result from (i) the breach of any of Licenser's warranties and representations herein contained or (ii) the breach by Licenser of any of its other obligations under this Agreement. Any of the indemnified parties hereinabove named may waive their respective rights of defense, in which case, notwithstanding anything to the contrary in this Agreement, Licenser shall not be responsible for the costs or expenses of any such waiving party's defense. Any costs incurred by any of the indemnified parties which are the responsibility of Licenser under these indemnity provisions, shall be promptly reimbursed by Licenser to the party incurring such expense, or, alternatively, at Licensee's election, may be deducted by Licensee from any amounts owed to Licenser under this Agreement. Notwithstanding the foregoing, neither an indemnified party hereinabove set forth nor Licenser may settle or compromise any claim, suit, etc. arising under this Section 7.14(a) without the consent of the other, provided, however, that such consent shall not be unreasonably withheld.

(b) Licensee shall defend (with counsel reasonably satisfactory to Licenser), indemnify, protect and hold harmless Licenser, its directors, officers, employees, licensees, agents, successors and assigns, and each of the foregoing, against and from any and all claims, suits, demands, causes of action, judgments, liabilities, losses, costs and expenses (including, without limitation, actual attorneys' fees and disbursements and court costs) that arise out of or result from (i) the breach of any of Licensee's warranties and representations herein contained or (ii) the breach by Licensee of any of its other obligations under this Agreement. Any of the indemnified parties hereinabove named may waive their respective rights of defense, in which case, notwithstanding anything to the contrary in this Agreement, Licensee shall not be responsible for the costs or expenses of any such waiving party's defense. Any costs incurred by any of the indemnified parties which are the responsibility of Licensee under these indemnity provisions, shall be promptly reimbursed by Licensee to the party

incurring such expense. Notwithstanding the foregoing, neither an Indemnified party hereinabove set forth nor Licensee may settle or compromise any claim, suit, etc. arising under this Section 7.14(b) without the consent of the other, provided, however, that such consent shall not be unreasonably withheld.

7.15 Authority and Capacity. Neither party is an agent, partner, franchisor, franchisee or joint venturer of or with the other party, and neither party is authorized to waive any right or to incur, assume or create any debt, obligation, contract or release of any kind whatsoever in the name of or on behalf of the other party. Neither party shall hold such party out as such as agent, partner, franchisor, franchisee or joint venturer of the other party or to make any statement or representation that the first party has any such authority or relationship.

7.16 Competition. Until the Termination Date, neither Licensor nor any entity affiliated with Licensor shall own, operate or otherwise directly or indirectly engage in the seafood restaurant business or license or otherwise permit the use of the Licensed Property in connection with any restaurant anywhere within a radius of ten (10) miles measured from the Restaurant. Subject to the foregoing, Licensor and such affiliated entities may own operate, lease, license, franchise or otherwise be affiliated with other restaurants or store facilities in Los Angeles, California or elsewhere. Until the Termination Date, neither Licensee nor any entity affiliated with Licensee shall own, operate or permit others to operate a restaurant serving primarily seafood with menu items similar to Gladstone's/SM within University City. Subject to the foregoing, Licensee and such affiliated entities may own operate, lease, franchise or otherwise be affiliated with other restaurant facilities in Universal city, California or elsewhere. Licensee also agrees that any new Manager under the Management Agreement or any other operator of the Restaurant pursuant to any other agreement or arrangement with Licensee shall enter into an agreement with Licensor in form and substance satisfactory to Licensor that such new Manager or operator will not compete or bid against Licensor or otherwise attempt to obtain any lease or concession rights with respect to the location at which Gladstone's/SM is currently operated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first written above.

SEA VIEW RESTAURANT, INC.,
a California corporation

MCA DEVELOPMENT VENTURE TWO,
a California corporation

By: _____

Printed Name: ROBERT W. SCHULZ
and Title: PRESIDENT

By: _____

Printed Name: Lawrence D. Spungin, President

THE RESTAURANT ENTERPRISES GROUP, INC., as a secured party of Licensor, hereby consents to and acknowledges the terms of this License Agreement and agrees that so long as Licensee is not in default under the terms of this License Agreement (beyond any period given Licensee to cure such default, by law, in equity or by the terms of this License Agreement), Licensee's rights under this License Agreement shall not be affected

GLADSTONE'S, LLC (04/16/92-6)

or disturbed by it in the exercise of any of its rights and remedies under its security agreement and other documents related to its security interest granted by Licensor.

THE RESTAURANT ENTERPRISES GROUP, INC.

By: _____
Printed Name
and Title: _____



CERTAIN DEFINITIONS

For purposes of this Agreement, the following terms shall be defined as follows:

CityWalk means CityWalk as defined in the Management Agreement.

Gross Receipts means Gross Receipts as defined in the Management Agreement.

Gladstone's/SM means Gladstone's/SM as defined in the Management Agreement.

Licensed Property means the trade names, trademarks, service marks, and trade styles listed on Exhibit 2 attached hereto.

Licensed Off-Site Catering means the catering of events as permitted by the Management Agreement.

Management Agreement means the Restated Management Agreement dated as of March 5, 1992, by and between CB Universal Corporation, a California corporation, and Licensee, a copy of which is attached hereto as Exhibit 4.

Manager means the Manager under the Management Agreement.

Restaurant means the seafood restaurant generally of a type, style and standard similar to Gladstone's/SM to be located at CityWalk and to be operated under the "Gladstone's 4 Fish" name pursuant to the Management Agreement.

Restaurant Owner means the Owner under the Management Agreement.

Royalty Fee means the license royalty provided for in Article III of this Agreement.

Termination Date means the earlier of (i) December 1, 1993 if the Restaurant has not opened for business by such date; (ii) the date Licensee ceases to operate the Restaurant for any reason for more than 180 consecutive days; (iii) termination of this Agreement pursuant to Article V hereof, and (iv) November 30, 2017.

Units means the Units as defined in the Management Agreement.

EXHIBIT 2

LICENSED PROPERTY

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Jurisdiction</u>
Gladstone's	1,337,282 (script)	5/21/85	Federal
	1,514,059 (block print)	11/22/88	Federal
	21915	1/10/85	California
Gladstone's 4 Fish	1,426,956	1/27/87	Federal
	24923	11/7/85	California
G (stylized)	1,477,188	2/16/88	U.S.



APR 15 '92 23:58 PETTIS, TESTER, KRUSE & KRINSKY

P.2

Exhibit 3

TRADEMARK NOTICE

® Registered trademark of Sea View Restaurants, Inc.

NO. 475-15
11615-15
04-15-92

JAN. 14. 2003 2:46PM CBR

RESTATED MANAGEMENT AGREEMENT

THIS AGREEMENT made as of this ^{5th} day of March, 1992, by and between MCA DEVELOPMENT VENTURE TWO, hereinafter called "Owner" and CB UNIVERSAL CORPORATION, hereinafter called "Manager".

WHEREAS, Owner is developing a retail/entertainment project in Universal City, California known as "CityWalk" containing approximately 200,000 square feet of gross leasable space;

WHEREAS, an affiliate of Manager is presently the owner and operator of a seafood restaurant in Santa Monica, California known as "Gladstone's 4 Fish" and hereinafter referred to as "Gladstone's/SM";

WHEREAS, Owner is desirous of engaging the Manager to manage a "Gladstone's 4 Fish" Restaurant (the "Restaurant") to be designed, constructed, furnished and equipped by Owner within CityWalk and Manager is desirous of accepting such engagement;

WHEREAS, in addition to managing the Restaurant, Owner is desirous of engaging the Manager to manage additional food and beverage units (the "Units") adjacent to the Restaurant and Manager is desirous of accepting such engagement; and

WHEREAS, Owner and Manager are desirous of amending the Management Agreement dated February 7, 1991 executed in the names of their respective affiliates, MCA Development Company and California Beach Palm, Inc., by substituting this Restated Management Agreement therefor.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants, terms and conditions hereinafter set forth and the sum of One Dollar (\$1.00) paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Location and Improvement of Restaurant Premises.

(a) Location of Premises. Owner will construct a restaurant facility of approximately 13,210 square feet on the ground floor of CityWalk in Space 112 and the basement below such Space (the "Restaurant Premises"), and other food and beverage units of approximately 2,315 square feet adjacent thereto in Spaces 102, 104, 106 and 108 (hereinafter collectively referred to as the "Unit Premises"), all as indicated on the space plan attached hereto as Exhibit A-4 (Revised 2/28/92). The Unit Premises shall include (i) a sushi bar, (ii) a bar selling non-alcoholic and alcoholic beverages, (iii) a food facility featuring tempura food items, and (iv) such other ancillary and complementary use(s) as determined by Manager and approved by Owner. The Restaurant Premises and the Unit Premises shall hereinafter be collectively referred to as the "Total Premises."

In addition, Owner shall provide for exclusive use in connection with the Total Premises of (i) an exterior beach area consisting of approximately 2,400 square feet adjacent to Space 102 and (ii) patio space of approximately 2,000 square feet for additional seating on the ground floor adjacent to Space 112, all as indicated on the space plan attached hereto as Exhibit A-4.

Manager, its employees, invitees and customers shall be entitled to use all of the common areas and parking areas of CityWalk (as indicated on the Plot Plan attached hereto as Exhibit A-2) to the same extent and subject to the terms and conditions applicable to CityWalk tenants which are set forth in Exhibit C."

(b) Improvement of Total Premises. Owner will complete all improvements at the Restaurant Premises and Unit Premises specified as being "Landlord's Work" in Exhibit B attached hereto ("Basic Shell") and thereafter all improvements necessary to convert the Basic Shell at the Restaurant Premises into a fully operational restaurant facility (the "Restaurant Improvements") and at the Unit Premises into fully operational facilities for the uses hereinabove set forth (the "Unit Improvements"), including but not limited to the design,

construction and installation of the storefronts, exterior signs, interior finishes, furnishings and equipment, HVAC package units and utility distribution lines within the respective Premises, all in accordance with plans and specifications approved by Manager and by Owner, which approval shall not unreasonably be withheld or delayed. Manager shall select the architect and consultants, subject to Owner's prior approval, and Owner shall retain the mutually approved architect and consultants to work with Manager on designing both the Restaurant Premises and Unit Premises. Owner is currently scheduled to complete the Basic Shell and Restaurant Improvements and Unit Improvements on or before December 1, 1992. In the event that the Basic Shell and the Restaurant Improvements and Unit Improvements are not completed on or before December 1, 1993 (subject to any delays due to the circumstances set forth in Paragraph 24), then Manager may elect, by notice in writing to Owner, to terminate this Agreement.

(c) Parking. Owner shall provide parking for employees and customers of the Restaurant and Units on a non-exclusive basis in common with customers and employees of other occupants and tenants of CityWalk within the parking areas designated on Exhibit A-2. Owner may establish from time to time specific areas for employee parking. Owner shall have the right to charge all users for parking at the rates then prevailing in the parking areas for employee parking and restaurant and store customer parking. Notwithstanding anything to the contrary contained herein, Owner shall not establish any fee or other charge for parking payable by employees and/or customers of the Restaurant and Units in excess of those charged to employees and/or customers of any other restaurant in CityWalk (including without limitation any such restaurant and stores which may be owned or managed by Owner or an affiliate of Owner). In addition, if Owner establishes specific areas for parking by Manager's employees, then such specific areas shall be in reasonably convenient proximity to the Restaurant and Units.

2. Term of Agreement. The term of this Agreement shall commence as of the date hereof (the "Commencement Date") and shall continue until the earlier of (a) the date which is fifteen (15) years following the opening of the Restaurant for business or (b) the 30th day of November, 2007 (the "Term"); unless extended by Manager or earlier terminated by Owner, as follows:

(a) Manager's Option to Extend. Provided Manager is not then in default, Manager shall have an option to extend the Term for two (2) additional five (5) year periods upon all the same terms and conditions as contained herein. To exercise each option, Manager must give Owner written notice of its intention not earlier than twenty-four months (24) months prior to expiration of the then current Term and not later than twelve (12) months prior to the expiration of the then current Term. If Manager fails to exercise the first such option, Manager shall be deemed to have waived its rights with respect to the second such option.

(b) Owner's Right to Terminate. In addition to any remedies Owner may have in the event of Manager's default, Owner shall have the right to terminate this Agreement, effective upon six (6) months prior written notice in the following instances:

(i) If Gross Receipts (as hereinafter defined in Paragraph 7) of the Restaurant Premises shall in any calendar year (after the initial twenty-four (24) months of operation) be less than Four Million Dollars (\$4,000,000) (the "Base Amount"), as such Base Amount is increased annually by a percentage equal to the percentage increase in the Consumer Price Index for all Urban Consumers, Los Angeles-Anaheim-Riverside, California, Sub Group All Groups (1982-84 equals 100), which is hereinafter referred to as "CPI/LA", for the each successive anniversary of the Rent Commencement Date as compared to the CPI/LA for the prior anniversary of the Rent Commencement Date, provided that if the full service restaurant facilities on Owner's property within a radius of one thousand (1000) feet of the Restaurant exceed 2,000 seats (in excess of those existing as of the date of this Agreement), then the Base Amount shall be ratably reduced by an amount determined by multiplying the Base Amount by a fraction, the numerator of which is the then-current additional full service restaurant seats (as described above) less 2,000 and the denominator of which is 2,000.

(ii) If Gross Receipts decrease during two (2) successive calendar years (i.e. a decrease followed by a further decrease) and both such decreases were not reflected in the composite average of other full service restaurants in Universal City having in excess of 250 seats (Manager, at its sole cost and expense, may cause such composite average to be verified by a certified public accountant mutually acceptable to Manager and Owner, provided that such accountant shall be required not to reveal to Manager or any third party the specific information used to calculate such composite average).

(iii) If Cash Flow (as hereinafter defined in Paragraph 7) in any calendar year is negative, and Manager does not elect to fund the deficit.

(iv) If Robert Morris, personally, is not available on a reasonable basis to consult with Owner and oversee the concept development, design, construction, menu development, pre-opening training, operations and management of the Restaurant and Units from Commencement Date through the initial three (3) years of operation; provided, however, that in the event Robert Morris is unavailable to perform the aforementioned responsibilities due to his death or incapacity, Owner shall not have the right to terminate this Agreement if the Gross Receipts of the Restaurant Premises shall equal or exceed Eight Million Dollars (\$8,000,000) for the twelve (12) months prior to Robert Morris' death or incapacity or (if Robert Morris' death or incapacity occurs prior to the end of the first twelve (12) months of operation) for the first twelve (12) months of operation. If Owner shall have terminated this Agreement due to Mr. Morris' death or incapacity during the initial three years of operation, Owner shall refund to Manager an amount equal to the amount of the capital contribution made by Manager pursuant to Paragraph 5. Notwithstanding anything to the contrary contained in the foregoing, in the event that Owner believes that any default of the provisions of this Paragraph 2(b)(iv) has occurred, Owner shall give Manager notice thereof, and Manager shall not be in violation of its obligations hereunder if such default is cured on or before thirty (30) days following Manager's receipt of such notice.

(c) Destruction or Condemnation. Either Owner or Manager may terminate this Agreement, upon thirty (30) days prior written notice to the other party, if (i) at any time during the Term, all or a material part of the Total Premises is damaged or destroyed to the extent that the Total Premises cannot be reconstructed within 180 days, or (ii) all of the Total Premises is taken by condemnation or eminent domain by any public or quasi-public body, or so much of the Premises is taken that the remaining portion cannot be profitably managed or operated as a restaurant in accordance with the terms of this Agreement.

Upon expiration or earlier termination of this Agreement, Manager shall deliver to Owner copies of all books, records and accounting systems relating to the Restaurant and Units and all funds belonging to Owner and shall assign to Owner all Restaurant and Unit contracts and licenses in the name of Manager and put Owner in possession of all personal property relating to the Restaurant and Units.

3. Duties of Manager. Owner hereby engages Manager and Manager hereby accepts such engagement as Manager of the Restaurant and Units utilizing the trade name "Gladstone's" or such trade names as Owner shall reasonably approved. During the period from the Commencement Date through the third year of operations of the Restaurant, Manager shall make available the services of Robert Morris to perform the duties hereinafter set forth, and Robert Morris, personally, agrees to perform such duties during such period and that the performance of such duties shall constitute his primary business activity during such period. Manager shall diligently consult and advise Owner on the design, construction, and equipping of the Restaurant and Units and thereafter shall use its best professional efforts to manage and operate the Restaurant and Units profitably in full compliance with all applicable laws, codes, ordinances and regulations imposed by governmental authorities. Manager will open the Restaurant and Units for business with the public on or before thirty (30) days after the date on which the Total Premises are delivered to Manager, following completion of the Basic Shell and the Restaurant Improvements. Subject to Paragraph 24 ("Force Majeure"), at all times from and after such opening date,

Manager shall keep the Restaurant and Units continuously open for business during all regular customary hours as is reasonably determined by Owner, but shall not be less than from 11:00 am to 11:00 pm, every day of the calendar year; provided, however, that the Units shall only be required to be open at such times as are commercially reasonable. Manager shall at all times act in accordance with the highest professional standards respecting the management and operation of a restaurant and stores similar to the Restaurant and Units. Notwithstanding anything specified to the contrary in this Agreement, Owner may reasonably request Manager to take or refrain from taking any action with respect to operating or managing the Restaurant and Units and Manager shall take or refrain from taking such action provided it is not injurious to Manager's reputation or the reputation of "Gladstone's," it does not cause Manager to breach any provisions of this Agreement, and Manager incurs no direct financial hardship in connection with, or as a result of complying with, Owner's request. The duties of Manager shall include, without limitation, the following:

(a) Rendering and performing all necessary services in connection with the operation of the Restaurant Premises as a seafood restaurant and of the Unit Premises, at a standard at least equivalent to the standard of quality and performance of Gladstone's/SM or other restaurants with a similar market orientation that are located within the Project as of the time such services are rendered or performed, whichever standard is higher (the "Comparison Standard");

(b) Collecting of all Gross Receipts for the account of Owner;

(c) Making of necessary repairs, replacement of worn-out, defective or obsolete furniture, fixtures and equipment and generally maintaining the Total Premises in good order and repair equivalent to the Comparison Standard. Prior to the incurring of any costs for repairs, replacements or maintenance costs in excess of the approved annual budget, or for any single item not specified in the approved annual budget if such item is over Ten Thousand Dollars (\$10,000) (increased each year during the term hereof in proportion to the increases for such periods of the CPI/IA), Manager shall obtain Owner's prior written approval, such approval not to be unreasonably withheld or delayed;

(d) Employing, training and supervising (and discharging when required) of all necessary Restaurant and Units personnel, which personnel shall be employees of Manager, (including, but not limited to, managers, waiters, waitresses, busboys/girls, bartenders, chefs, cashiers, dishwashers, maitre d's, kitchen staff, sales and security personnel), upon terms and conditions, and at staffing levels and at compensation rates reasonably comparable to those then prevailing at Gladstone's/SM and other comparable restaurants and stores in the Los Angeles area;

(e) Following the initial stocking of the Restaurant and Units pursuant to Paragraph 5 of this Agreement, purchasing and maintaining adequate stock of food, beverage and merchandise inventories and supplies for consumption and sales at the Restaurant and Units and effecting all settlements therefor as agent for Owner on terms consistent with the then prevailing terms for Gladstone's/SM and other comparable restaurants and stores in the Los Angeles area;

(f) Providing Owner, by the twentieth (20th) day of each month, financial statements on the Restaurant and Units for the preceding month and calendar year to date, which statements shall include a balance sheet, profit and loss statement, and supporting schedule setting forth comparisons of current accounts with both the annual budget and the prior year, together with a reasonably detailed explanation of variances ("Financial Statements");

(g) Advertising, in mass media, the Restaurant as a Gladstone's 4 Fish Restaurant and the Units in a manner and at a cost consistent with the budget and advertising plan approved by Manager and Owner pursuant to Subparagraph 3(h) below;

(h) Preparing in a form reasonably acceptable to Owner and submitting for approval by Owner by October 1 of each year: (i) an annual operating budget for the Restaurant and Units detailing projected Gross Receipts, Expenses, Reserve Funds, and Cash Flow for the next calendar year; (ii) a capital budget projecting capital expenditures expected to be incurred in each of the next ensuing three (3) calendar years of operations; (iii) a repair and maintenance budget for the next ensuing calendar year; (iv) proposed menu and merchandise prices for the next ensuing calendar year; and (v) advertising, marketing and public relations plan for the next ensuing year. Manager shall use its good faith effort to make each such document as accurate as is reasonably possible; nevertheless, the parties acknowledge that variances may occur due to unforeseeable events or changed circumstances.

If any annual budget is not approved, one hundred five percent (105%) of the approved budget for the prior year shall apply and be deemed to be the approved annual budget until a budget for the year in question is approved. Manager shall not exceed any approved budget expense line item or change prices without Owner's prior written consent, which Owner shall not unreasonably withhold or delay.

(i) Delivering to Owner copies of all material contracts pertaining to the Restaurant and Units within two (2) weeks of execution thereof, and any other documents reasonably requested by Owner, provided that Manager's inadvertent failure to deliver any such contract shall not be deemed a breach of this Agreement;

(j) Meeting with Owner monthly or more frequently as reasonably requested by Owner in order to discuss the ongoing design, construction, operation and/or management of the Restaurant and Units, including comparison of the past month's performance with budget, projection of performance for the balance of the calendar year, explanation of variances from budget as well as obtaining Owner's approval of such variances. Robert Morris shall personally be in attendance for the majority of such meetings during the period from the Commencement Date through the third year of operation of the Restaurant;

(k) Obtaining all necessary permits and licenses which are required to operate the Restaurant and the Units; provided, however, that Owner shall obtain the certificate of occupancy therefor. Upon request of Manager, Owner shall assist Manager in obtaining any permits and licenses which Manager is required to obtain pursuant hereto. Notwithstanding the foregoing, Owner and Manager shall work cooperatively to obtain a full-service liquor license with respect to the Restaurant and the Units, which license shall be issued jointly to Manager and Owner. Owner shall pay the cost of applying for and purchasing such license. Upon expiration of earlier termination of the Agreement, Owner shall be deemed owner of such license and Manager shall take all commercially reasonable steps necessary to transfer its interest to Owner;

(l) Any other duties required in the managing and operating of the Restaurant and Units as currently performed by Manager at Gladstone's/SM; and

(m) Obtaining and at all times maintaining (i) comprehensive commercial general liability insurance written on an occurrence basis for bodily injury and property damage with coverage limits of not less than Ten Million Dollars (\$10,000,000) combined single-limit per occurrence in the aggregate, insuring against any and all liability of Manager for risks typically covered by an "ISO-type" policy with respect to the Total Premises or arising out of the maintenance, use or occupancy thereof; (ii) worker's compensation insurance required by the State of California for the benefit of Manager's employees (Manager shall waive and cause its worker's compensation carrier to waive their respective rights of subrogation against Owner, MCA Inc., and MCA Inc.'s parent, subsidiary and affiliated companies, and such additional individuals or entities as Owner shall from time to time reasonably designate); (iii) dram shop insurance naming Owner and Manager as co-insureds; and (iv) a blanket fidelity bond with coverage limits of not less than One Million Dollars (\$1,000,000) covering all operating personnel. Both the insurance companies and the insurance policies shall be subject to Owner's prior written approval. Manager's obligation to carry the insurance provided for above may be satisfied by inclusion of the Total

Premises within the coverage of a so-called "blanket" policy or policies of insurance carried or maintained by Manager; provided, however, that Owner (and others reasonably designated by Owner) shall be named as additional insureds thereunder as their interests may appear and that the coverage afforded to Owner shall not be reduced or diminished by reason of the use of such blanket policies of insurance and that the requirements set forth herein are otherwise satisfied.

4. Matters Requiring Owner's Written Approval. In addition to matters requiring Owner's approval as set forth elsewhere in this Agreement, the following matters (to the extent they are not otherwise approved by Owner pursuant to Subparagraph 3(h)) shall require Owner's prior written approval, which shall not be unreasonably withheld or delayed:

(a) The hiring and replacement of the general manager of the Restaurant and the salary and compensation package to be offered to each job classification of Restaurant and Unit employees; provided, however, that (except in situations in which the incumbent general manager's conduct is imminently deleterious to the operation of the Restaurant or Unit such that Manager believes it is necessary to fire such incumbent general manager immediately and obtaining Owner's prior written consent to such immediate firing is not possible or practical) Manager may not fire any general manager of the Restaurant without the prior written consent of Owner until and unless Owner has previously approved of the replacement for such general manager;

(b) Any capital expenditures after the Restaurant opens for business;

(c) Any contracts pertaining to the Restaurant and/or Units with any affiliate of Manager of any duration; any other contract pertaining to the Restaurant or Units extending for a period in excess of one (1) year or requiring aggregate payments in excess of Five Thousand Dollars (\$5,000) (increased each year in proportion to increases in the CPI/LA); any transaction involving the Restaurant or Units that is not in the ordinary course of business; and any action pertaining to or involving the Restaurant or Units that is not intended for the sole benefit of the Restaurant and Units;

(d) Any promotions, sponsorships, advertising, or tradeouts in and/or for the Restaurant or Units;

(e) Any policy of Manager with regard to complimentary and promotional sales and discounting prices to employees and others for food, beverage and merchandise at the Restaurant or Units; and

(f) Any change in personnel levels which could reasonably be expected to impact Restaurant and Units labor costs as approved in the annual budget by more than five percent (5%);

(g) Manager's accounting policies, procedures, internal controls and accounting systems used in and for the Restaurant and Units.

5. Funding Obligations; Capital Contributions. Except as noted below, Owner shall fund all of the costs relating to the Basic Shell and Restaurant Improvements and Unit Improvements as well as the cost of moveable furniture, furnishings and equipment ("Furnishings") and the cost of operating supplies, food, beverage and merchandise inventories, pre-opening expenses, and all other items required to open the Restaurant and Units for business to the general public ("Inventories"). The total cost of Restaurant Improvements, Unit Improvements and Furnishings is currently estimated to be approximately Four Million Dollars (\$4,000,000). Notwithstanding anything in this Agreement to the contrary, Owner shall not be obligated to expend more than \$4,100,000 for the Restaurant Improvements, Unit Improvements and Furnishings, and Manager shall use its best efforts to insure that such total cost does not exceed such amount. The actual cost of Restaurant Improvements, Unit Improvements, Furnishings and Inventories actually funded by Owner is hereinafter referred to as "Owner's Capital Investment."

Manager hereby agrees to contribute to the total cost of Restaurant Improvements, Unit Improvements, Furnishings and Inventories the sum of Three Hundred Fifty Thousand Dollars (\$350,000). Manager shall make its contribution to Owner as follows: Owner hereby acknowledges receipt of One Hundred Thousand Dollars (\$100,000) paid by Manager; Manager shall pay to Owner One Hundred Thousand Dollars (\$100,000) on or before March 15, 1992, and Manager shall pay to Owner One Hundred Fifty Thousand Dollars (\$150,000) within three days after "Substantial Completion" (defined below) of the Basic Shell and Restaurant and Unit Improvements have occurred and Owner has notified Manager, in writing, of such occurrence. The term "Substantial Completion" shall mean the first date on which all of the following shall have occurred: (i) Manager has received a written statement signed by Owner's architect, certifying (to the reasonable satisfaction of Manager) that all of the Restaurant Improvements and Unit Improvements and the Basic Shell are complete, except for "punch list" items and those portions which cannot be completed until after Furnishings and Inventories are complete (any such punch list items shall be completed by Owner promptly, in any event in not more than thirty (30) days following the date of Substantial Completion); and (ii) Manager has received a copy of the certificates of occupancy issued with respect to the Total Premises by the appropriate governmental entity having jurisdiction thereover.

Notwithstanding the foregoing, Manager may retain, from the amount otherwise payable as its final One Hundred Fifty Thousand Dollars (\$150,000) payment due hereunder, an amount not to exceed Twenty-Five Thousand Dollars (\$25,000). Such amount may be used by Manager to pay a project coordinator, mutually agreeable to both Owner and Manager, a salary, not to exceed Two Thousand Five Hundred Dollars (\$2,500) per month, for the full-time services rendered in connection with the development of the Premises. In the event the aggregate salary paid to such project coordinator, as described above, does not equal or exceed Twenty-Five Thousand Dollars (\$25,000), then on the day on which the Manager opens the Restaurant and Units for business with the public, Manager shall pay to Owner the sum equal to (i) Twenty-Five Thousand Dollars (\$25,000) minus (ii) the aggregate salary so paid to such project coordinator. Such project coordinator shall be employed by Manager in such capacity beginning on the date on which thirty (30) days prior to the start of construction of the Restaurant and Unit Improvements through and including the date on which the Manager opens the Restaurant and Units for business with the public.

6. Compensation of Manager. For the services to be rendered hereunder by Manager, Manager shall be paid the following:

(f) Basic Management Fee -- An amount equal to four five percent (4½) ~~(5%)~~ of the Gross Receipts (as hereinafter defined in Paragraph 7) of the Restaurant and Units in each calendar year during the term hereof, less any amount paid by Owner on behalf of Manager as a license fee for use of the "Gladstone's" name, logo, etc. that exceeds the one percent (1%) license fee otherwise payable by Owner pursuant to the License Agreement between Owner and Sea View Restaurants, Inc. ~~which amount shall include any license fee Manager and/or Owner are obligated to pay others for use of the "Gladstone's" name, logo, etc.; plus~~

(g) Incentive Management Fee -- After Owner has recouped from the Cash Flow (as hereinafter defined in Paragraph 7) the amount of Owner's Capital Investment in excess of \$2,350,000 (provided that such amount so recouped shall not exceed \$1,400,000) plus interest thereon accruing monthly from the date of disbursement at the Prime Rate (as hereinafter defined in Paragraph 7), Manager shall receive (i) an amount equal to twenty-five per cent (25%) of the Cash Flow of the Restaurant and Units in each calendar year (or portion thereof) during the Term until such time as Owner has recouped an additional \$2,000,000 plus interest thereon accruing monthly from the date of disbursement at the Prime Rate, and thereafter (ii) an amount equal to fifty per cent (50%) of the Cash Flow of the Restaurant and Units in each remaining calendar year (or portion thereof) during the Term.

If there is a Cash Flow deficit in one or both of the first two (2) years following the date on which Manager opens the Restaurant and Units for business with the public, and such Cash Flow deficit has been funded by Manager, then in addition to any other sum paid to Manager hereunder, the amount of the deficit so funded (with interest at the Prime Rate, calculated on the outstanding amount of such deficit from the date any portion of such deficit was funded by Manager until such amount has been repaid Manager) shall be repaid to Manager at the same

PLEASE INITIAL
[]

time as payment of the Basic Management Fee, commencing in the month following the first month in which Cash Flow is available, and continuing thereafter in any month following a month in which Cash Flow is available until Manager has been repaid the entire amount of Cash Flow deficit so funded by Manager. If there is negative Cash Flow in any calendar year (and/or any cumulative negative Cash Flow balance from prior calendar years) which has not been funded by Manager, the amount of negative Cash Flow shall be carried forward (with interest accruing monthly at the Prime Rate) to the next calendar year; and, if necessary, to subsequent calendar years and offset against positive Cash Flow for the purpose of the calculation set forth in the preceding paragraph.

The Basic Management Fee shall be paid on a monthly basis, within five (5) days after Owner's receipt of the Financial Statements for the preceding month and calculated upon Gross Receipts for such preceding month. The Incentive Management Fee shall be paid within thirty-five (35) days following the end of each calendar quarter.

Except as otherwise provided in the approved annual budget, Manager shall be entitled to no additional compensation or reimbursement for off-Premises costs, services or overhead other than as hereinabove set forth.

7. Definitions.

(c) The term "Gross Receipts" shall mean the gross selling price of all food, beverage and merchandise sold in or from the Restaurant and Units and any and all other receipts generated from any business done in or from the Restaurant and Unit Premises by Manager, whether for cash or on credit; including, without limitation, redemption at the Restaurant and Units of pre-sold gift certificates at face value, all proceeds from Catering Activities (as hereinafter defined in Paragraph 12), admission and/or cover charges, and promotional and advertising revenue, but shall not include (i) sales, excise and similar taxes imposed or levied by any governmental authority, (ii) credit card charges, (iii) tips or service charges to the extent paid directly to Restaurant and Unit employees, (iv) interest earned on Restaurant and Unit bank accounts, and (v) complimentary or promotional sales to customers or employees of the Restaurant and Units, provided that such sales shall not exceed the amount budgeted therefor in the approved annual operating budget (as set forth in Paragraph 3(h) or, if no amount is so budgeted, an amount equal to one half of one percent (0.5%) of Gross Receipts in any month. In addition, Manager may deduct from Gross Receipts the amount of any check or credit card charge which Manager is unable to collect, after using commercially reasonable efforts.

(d) The term "Cash Flow" shall mean Gross Receipts less the following expenses:

(i) operating expenses, including without limitation (aa) costs of food, beverage and merchandise, (bb) labor costs, (cc) utilities and telephone, (dd) insurance, (ee) advertising, (ff) supplies, (gg) security, (hh) janitorial services, (ii) personal property taxes, (jj) repairs and maintenance costs, (kk) amortization in accordance with generally accepted accounting principles of capital expenditures incurred after the Commencement Date, (ll) miscellaneous other reasonable, necessary and proper expenses and (mm) an amount equal to \$232,875.00 (adjusted annually per CPI/LA) to cover insurance, common area maintenance expenses and base year real property taxes;

(ii) imputed annual rent equal to the greater of fixed rent in the amount (to be adjusted annually per CPI/LA) of \$296,100 (i.e., \$30 per square foot) for the Restaurant Premises (excluding the basement portion thereof), plus \$50,100 (i.e., \$15 per square foot) for the basement portion of the Restaurant Premises, plus \$138,900 (i.e., \$60 per square foot) for the Unit Premises, or the sum total of the following percentage rents:

(A) eight per cent (8%) of all Gross Receipts derived from food and beverage sales in or from the Restaurant Premises, plus

(B) ten per cent (10%) of all Gross Receipts derived from food and beverage sales in or from the Unit Premises, plus

(C) ten percent (10%) of all Gross Receipts derived from merchandise sales and any other operations in or from either the Restaurant Premises or the Unit Premises;

(iii) a contribution to the CityWalk Marketing Fund in an annual amount equal to \$46,575.00 (adjusted annually per CPI/LA);

(iv) all other costs and charges reasonably paid by Owner in connection with the Restaurant and Units and not hereinbefore enumerated, including parking rebates or validation costs approved by Manager, (if any) and financial and operational audits;

(v) the Basic Management Fee specified in Paragraph 6(a) above and any other costs for which Manager seeks reimbursement and have been approved in writing by Owner;

(vi) reserve funds which Manager determines in its reasonable discretion to be required to meet anticipated or unanticipated costs or expenses of the Restaurant and Units ("Reserve Funds"). The Reserve Funds during the first calendar year (or portion thereof) shall be Ten Thousand Dollars (\$10,000) per month and thereafter in any calendar year shall be as determined by Manager in the annual budget, but shall not be more than three per cent (3%) of budgeted Gross Receipts or less than two per cent (2%) of budgeted Gross Receipts without Owner's prior written approval; and

(vii) the recoupment of the amount of any deficits funded by Manager during the first two (2) calendar years.

(e) The term "Prime Rate" shall mean the monthly rate of interest publicly announced from time to time by Bank of America, National Trust and Savings Association in San Francisco, California (or such other bank as Owner may from time to time specify) as its "reference rate" or its "prime rate" unless such rate exceeds the maximum lawful rate under usury or similar law in the state of California, in which case it shall be deemed to mean the maximum lawful rate.

8. Bank Account. Prior to the opening of the Restaurant and Units for business, in addition to Owner's other obligations hereunder (including without limitation those described in Paragraph 5), Owner shall deposit the sum of Twenty-Five Thousand Dollars (\$25,000) in Owner's designated bank account (the "Account"). All receipts from the operation of the Restaurant and Units shall also be deposited by Manager in the Account, and all payment of costs, expenses and charges pertaining to the Restaurant and Units, including the Basic Management Fee as set out in Paragraph 6, shall be paid by Manager out of such Account. Any checks written on the Account which are payable to Manager shall require Owner's signature which shall be given with reasonable promptness. Provided that sufficient funds are retained in the Account to enable Manager to continue to operate the Restaurant and Units in the ordinary course of business and to meet expected liabilities and Reserve Fund obligations as they become due in accordance with the approved annual budget, Owner shall have the right to transfer funds from the Account. Any deficiency in the Account resulting from approved actions or the transfer of funds from the Account by Owner shall be funded by Owner within forty-eight (48) hours of being advised thereof by Manager.

9. Books and Records/Confidentiality. Manager shall keep accurate books and records in accordance with generally accepted accounting principles showing in detail all receipts and disbursements of the Restaurant and Units, which books and records shall at all times be kept current. Owner and its employees and agents shall, upon not less than twenty-four (24) hours advance written notice, have access to such books, records, entries and accounting systems for the purposes of auditing same and examining vouchers and receipts for all payments made and/or moneys received, but such books, records and accounts shall be kept in the custody of Manager at its accounting office. Within ninety (90) days following the end of each calendar year, Manager shall, provide to Owner a profit and loss statement for the Restaurant and Units, which at Owner's option, duly shall be audited.

All books and records and all materials delivered by either Owner or Manager to the other party pursuant to the terms of this Agreement shall be kept confidential except as may be otherwise required by law.

10. Indemnity. Subject to Paragraph 4 hereof, Owner hereby authorizes Manager to enter into contracts, agreements, and commitments in the name of Owner and/or in the name of Manager which shall be necessary or desirable for the proper operation of the Restaurant and Units and consistent with the terms of this Agreement. Owner agrees to keep, abide by, perform and be bound by any and all agreements so made by Manager. Owner further agrees to indemnify and save and hold Manager harmless and does hereby indemnify and save and hold Manager harmless of and from all liabilities, damages, judgments, claims, payments and expenses, including all attorneys' fees and disbursements, arising out of claims in respect of any contract, agreement or commitment entered into in accordance with the terms of this Agreement. This indemnity shall not apply to any breach by Manager of its duty to Owner or any provisions of this Agreement, it being understood that any material and wilful fraud or gross negligence committed by Manager shall also be deemed to be a breach of this Agreement. Manager agrees to indemnify and save and hold Owner harmless and does hereby indemnify and save and hold Owner harmless of and from all liabilities, damages, judgments, claims, payments and expenses including all attorneys' fees and disbursements, arising out of claims in respect of any breach by Manager of its duty to Owner or any provision of this Agreement, or any wilful fraud or gross negligence committed by Manager.

11. Competition. During the Term, neither Manager nor any person or entity affiliated with and controlled by Manager shall own, operate or otherwise directly or indirectly engage in the seafood restaurant business anywhere within a radius of ten (10) miles measured from the Restaurant. Subject to the foregoing, Manager may own, operate, lease, franchise or otherwise be affiliated with other restaurant or store facilities in Los Angeles, California or elsewhere. During the Term, neither Owner nor any entity affiliated with Owner shall own, operate or permit others to operate a restaurant serving primarily seafood with menu items similar to Gladstone's within Universal City. Subject to the foregoing, Owner may own, operate lease, franchise or otherwise be affiliated with other restaurant facilities in Universal City, California or elsewhere. Owner understands that Manager and other entities affiliated with Manager are organized as corporations, and that Manager and/or such other affiliated entities may not have control over each person or entity which owns shares in Manager and/or such other affiliated entity. Accordingly, the foregoing terms in this Paragraph 11 shall not apply with respect to any shareholder of Manager other than Robert Morris or any shareholder of any other entity affiliated with Manager other than Robert Morris.

Further, Manager represents that the entity that owns the rights to the name "Gladstone's 4 Fish" ("Entity") shall enter into and deliver to Owner not later than March 15, 1992, a valid and binding agreement that (a) grants to Owner a license to use the name "Gladstone's" and any logo or printed matter containing such name in connection with the Total Premises and the general promotion and advertising of CityWalk and (b) restricts Entity from licensing or otherwise permitting the use of the name in connection with any restaurant or units within a radius of ten (10) miles measured from the Restaurant and Units.

12. Catering Activities. Subject to Owner's prior written consent in each instance and Manager obtaining the appropriate governmental permits and licenses, Manager will be permitted to engage in off-Premises catering activities serviced from the Restaurant and to otherwise cater events in other areas and facilities within Universal City ("Catering Activities"), if and when available for outside catering purposes. If and when such other Universal City areas and facilities are available, they shall be offered to Manager at prevailing Universal City market rates, terms and conditions. All gross revenues from such activities shall be included within Gross Receipts of the Restaurant.

13. Affiliated Transactions. If Manager acquires food, beverage, merchandise, supplies or other items from, or engages in any other transaction affecting the Restaurant or Units with, a subsidiary or an otherwise affiliated company of Manager, or itself provides any products or services in connection

with the Restaurant or Units, such transactions shall be conducted on a basis resulting in no profit to Manager or such subsidiary or affiliate, it being understood that the sole profit of Manager and any such subsidiaries and affiliates in connection with the Restaurant or Units shall be derived from the Basic and Incentive Management Fees.

14. Default. Except where longer notice periods are specifically provided for in this Agreement, in the event that either Owner or Manager (the "defaulting party") shall fail to perform any of its covenants and agreements hereunder, the other party (the "non-defaulting party") shall, prior to taking any other steps to enforce its rights under this Agreement, give notice in writing to the defaulting party of such failure, and the defaulting party shall have thirty (30) days (or such longer period as may be necessary in the event that thirty (30) days shall be insufficient to cure such failure to perform so long as the defaulting party is diligently proceeding to cure such failure) following receipt of said notice within which to cure the failure specified in such notice, and if such failure is not cured within such period, the non-defaulting party may terminate this Agreement and exercise its rights at law or in equity with respect to this Agreement. Furthermore, in the event that the defaulting party shall be declared or adjudged a bankrupt, and such declaration or judgment shall not have been set aside within sixty (60) days after notice to the defaulting party, the non-defaulting party may by notice in writing to the defaulting party terminate this Agreement forthwith.

15. Notices. All notices required under this Agreement shall be given in writing and shall be sent to the following:

Owner: MCA Development Venture Two
10 Universal City Plaza, Suite 2000
Universal City, California 91608
Attention: Lawrence D. Spungin, President

Manager: CB Universal Corporation
17300 Pacific Coast Highway
Santa Monica, California 90272
Attention: Robert J. Morris

All notices shall be delivered by registered mail (return receipt requested) or by an overnight courier service that obtains acknowledgment of receipt by the addressee. Notice shall be deemed given upon receipt. Owner or Manager may, from time to time by notice to the other, designate another place for receipt of future notices.

16. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. This Agreement is a contract for personal services and Manager may not assign this Agreement without the prior written consent of Owner, which Owner may grant or withhold in its sole discretion.

17. Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of California applicable to contracts made and wholly to be performed therein.

18. Time of Essence. Time is of the essence.

19. Consents and Approvals. Any consent or approval which either party is requested to make pursuant to this Agreement shall, unless expressly provided herein to the contrary, not be unreasonably withheld, delayed or conditioned.

20. Signage. Upon the expiration or other termination of this Agreement, Owner at its expense agrees immediately to take all steps necessary to change the name of the Restaurant to one which does not include the word "Gladstone's" and Owner shall remove any and all signs, promotional materials and any other materials located at the Restaurant containing those words or the Gladstone's logo. Notwithstanding the foregoing, Owner shall be entitled to continue to use any supplies then on hand bearing the Gladstone's name and/or

logo but shall not order any new supplies thereof. Notwithstanding anything to the contrary contained herein, Owner shall not at any time have a license to use the name "Gladstone's" or to any logo or printed matter containing such name except in connection with the general promotion and advertising of CityWalk. Further, notwithstanding anything to the contrary contained herein, Owner shall permit the installation of a signs on the exterior of the Restaurant Premises conspicuously identifying the Restaurant and on the exterior of the Unit Premises conspicuously identifying each of the Units, the exact size, lettering and other appearance characteristics of which signs shall be mutually approved by Manager and Owner.

21. Relationship of the Parties. Nothing contained herein is intended nor shall be construed as creating the relationship of employer and employee, or of a partnership or joint venture between the parties hereto, it being understood and agreed that Manager is an independent contractor who manages the Restaurant and Units as an agent of Owner.

22. Arbitration. Except with respect to Owner's right to terminate pursuant to Paragraph 2(b) of this Agreement, all claims or controversies arising between the parties under this Agreement shall be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then existing. Any arbitration shall be held in the City of Los Angeles, California. The award of such arbitration shall be final and binding upon all parties and may be enforced in any court of competent jurisdiction.

23. Attorney's Fees. If Owner or Manager institutes any action or proceeding against the other relating to the provisions of this Agreement, the non-prevailing party in such action or proceeding shall reimburse the prevailing party for the reasonable expenses of attorney's fees and all costs and disbursements incurred therein by the prevailing party, including any such fees, costs or disbursements incurred on any appeal from such action or proceedings. The prevailing party shall also be entitled to recover from the non-prevailing party reasonable attorney's fees and costs incurred in enforcing any judgment against the non-prevailing party. This provision is intended to be severable from all other provisions of this Agreement, and to survive any judgment against the non-prevailing party and shall not be deemed merged in any such judgment.

24. Hazardous Substances.

(a) From and after the date of this Agreement, Owner shall indemnify and hold Manager harmless from, and shall defend Manager against any and all liabilities, actions, proceedings, damages, judgments, claims, payments and expenses, including all attorney's and other consultants' fees and disbursements, arising from or connected in anyway with any action, order or decree, including any response cost, recovery or any action brought by a governmental or quasi-governmental entity, now or in the future, relating to the presence, generation, handling, release, removal, remediation, transportation, storage or disposal of any Hazardous Substance in any way located on, in, under, above or about the Restaurant or Units or any improvements thereon at any time prior to the date hereof, or at any time whatsoever to the extent related to any action or failure to act by Owner, its agents or employees.

(b) From and after the date of this Agreement, Manager shall indemnify and hold Owner harmless from, and shall defend Owner against any and all liabilities, actions, proceedings, damages, judgments, claims, payments and expenses, including all attorney's and other consultants' fees and disbursements, arising from or connected in anyway with any action, order or decree, including any response cost, recovery or any action brought by a governmental or quasi-governmental entity, now or in the future, relating to the presence, generation, handling, release, removal, remediation, transportation, storage or disposal of any Hazardous Substance in any way located on, in, under, above or about the Restaurant or Units or any improvements thereon at any time whatsoever to the extent related to any action or failure to act by Manager, its agents or employees.

(c) The term "Hazardous Substances" as used herein shall mean substances defined as "hazardous substances," "hazardous materials," or "toxic

substances" in: the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25315, 25501(k) and 25501.1 of the California Health and Safety Code; in the regulations adopted and publications promulgated pursuant to said laws; and in all similar laws promulgated in the future.

25. Force Majeure. The occurrence of any of the following events shall excuse such obligations of Owner or Manager as are thereby rendered impossible or reasonably impracticable for so long as such event continues: lockouts; labor disputes; acts of God; inability to obtain labor, materials, or reasonable substitutes therefor; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental action; civil commotion; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform.

26. Entire Agreement. This Agreement sets forth the entire understanding between the parties, and there are no terms, conditions, representations, warranties or covenants other than those contained herein.

27. Guarantee. Owner hereby acknowledges receipt of a guarantee executed on behalf of Manager's parent company, California Beach Restaurants, Inc., of Manager's obligations under this Agreement. Contemporaneous with the execution of this Agreement, Robert Morris shall deliver to Owner his personal guarantee, in form and substance satisfactory to Owner, of Manager's obligations under this Agreement, which guarantee shall not be effective unless and until Owner has released California Beach Restaurants, Inc. from its obligations under its aforementioned guarantee.

28. Preferred Products. Manager shall use its good faith efforts to utilize to the extent reasonably possible products manufactured by Matsushita Electrical Industrial Co., Ltd. and its affiliates if such products are of comparable cost, specification and quality to those manufactured by other parties. In addition, if Owner shall enter into a CityWalk sponsorship agreement with a soft drink and/or other product manufacturer or distributor (the "Sponsor") and if at the time Owner enters into such agreement or thereafter products of the type manufactured or distributed by the Sponsor are sold within the Premises, Owner may enter into a contract with the Sponsor to purchase the Sponsor's products for retail sale within the Premises, provided such products are comparable with such products that could otherwise be purchased in terms of quality, cost and promotional benefits."

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

MCA DEVELOPMENT VENTURE TWO

CB UNIVERSAL CORPORATION

By: [Signature]

By: [Signature]

Title: President

Title: Chairman of the Board

ROBERT MORRIS hereby acknowledges the personal undertakings and obligations hereinabove set forth and agrees to be personally bound hereby.

[Signature]
Robert Morris

EXHIBIT A-4
(Revised 2/28/92)

JAN. 14. 2003 2:53PM CBR

NO. 475

P. 29

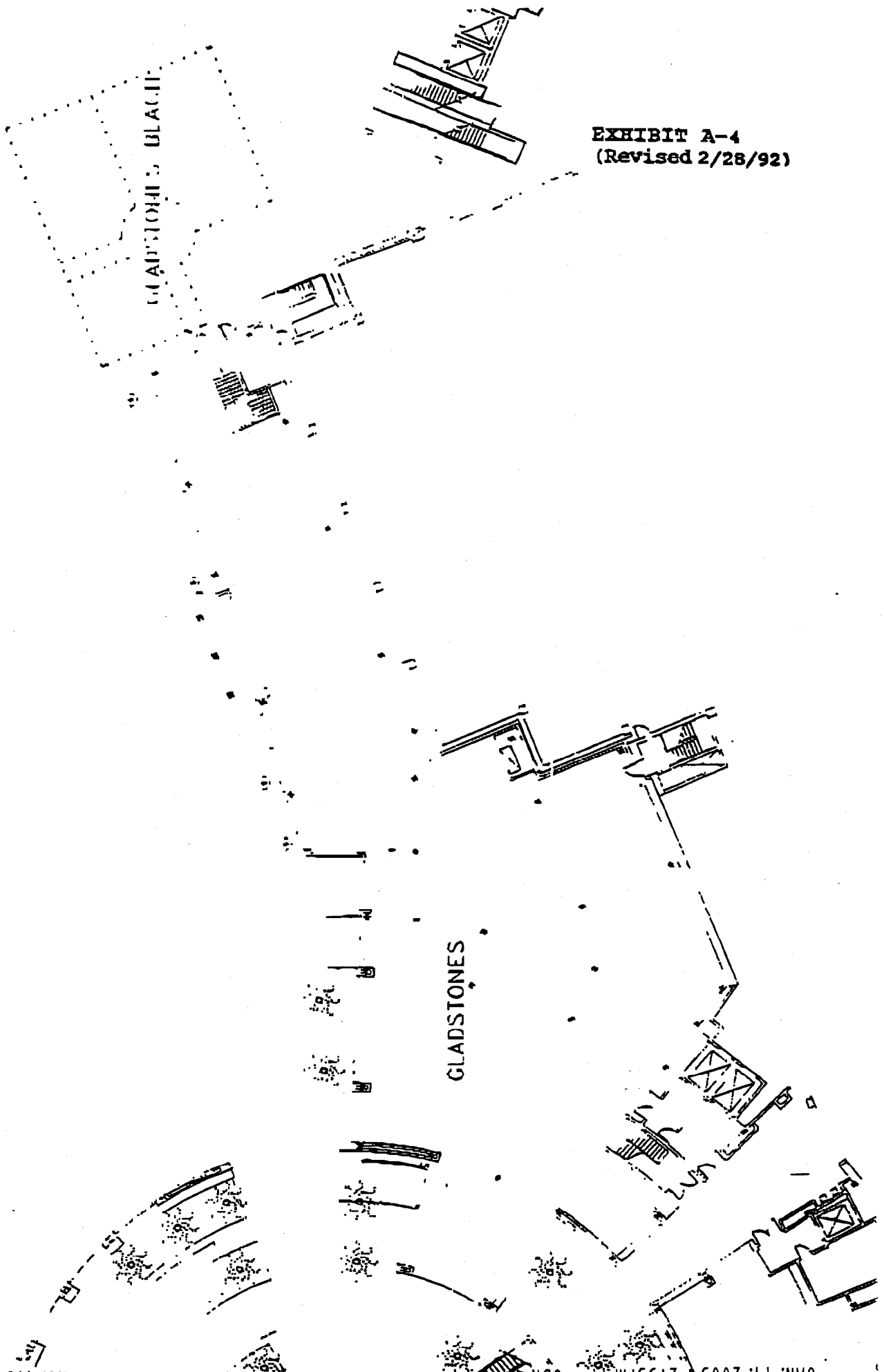


EXHIBIT B

**MANAGEMENT AGREEMENT BETWEEN MCA DEVELOPMENT VENTURE TWO
AND CH UNIVERSAL CORPORATION**

PROVISIONS RELATING TO CONSTRUCTION OF TENANT'S PREMISES

Except as otherwise provided in this Exhibit B, Landlord, at its own cost and expense, will construct the following, all of which are herein collectively referred to as "Landlord's Work."

A. Building of Which Premises Shall Form a Part. The building of which the Premises forms a part (herein referred to as the "Building") shall be constructed in accordance with the following criteria:

1. Structure. The structural frame including columns, beams, joists, and such other non-combustible materials as may be specified by Landlord.
2. Roof. The roof will be a metal standing seam roof with an inverted roof membrane insulated to provide an R value in accordance with applicable governmental requirements.
3. Exterior Walls. The exterior walls will be of masonry, precast fabricated panels, structural metal studs, exterior gypsum sheathing with cementitious-finished wall system or such other materials as may be specified by the Landlord and will have an R value in conformance with applicable governmental requirements.
4. Interior Walls. The exposed interior face of exterior facing walls will be exposed studs with exterior insulation only.

B. Common Areas and Parking Areas.

C. Heating, Air Conditioning and Ventilation. Equipment locations will be identified on the roof and/or mechanical wells for Tenant's packaged heat pumps and, as appropriate, kitchen make-up air units. Accessible chases will be provided for running refrigerant pipes and controls through other tenant spaces. Duct chases and/or exterior wall louvers will be provided for Tenant use for fresh air, return air and toilet exhaust.

D. Work Within Tenant's Premises. Landlord's Work within the Premises shall be limited to the following:

1. Demising Walls. The demising walls which separate the Premises from other tenant areas and Common Areas will extend from the finished floor to the underside of the structural beam or roof deck and will meet the requirements for a one (1) hour rating. Gypsum board will be affixed to the metal studs ready for tape and spackle.
2. Floors. For ground floor restaurant Premises, Landlord will furnish a gravel bed at four inches (4") below the finished floor elevation selected by Landlord; tenants of such Premises shall not install a floor slab thicker than four inches (4") or change the floor elevation without Landlord's approval. For all other Premises, Landlord will provide a concrete floor with a troweled finish installed at an elevation selected by Landlord.
3. Service doors. One service door, if required by applicable governmental requirements, will be provided at or about the location shown on the Lease Outline Drawing. While Landlord may elect to provide hardware for the service door; it is the Tenant's responsibility to provide hardware and locking devices adequate for Tenant's service and security requirements. Repair and replacement of the service door are the Tenant's responsibility.
4. Ceilings. The ceilings will be exposed structure with exposed plumbing, conduit and other building services as required.

E. Utility Services in the Premises.

1. **Electric Service.** Landlord will provide conduit from the meter base in the Project's main electrical room to the Premises. Electric service will be made available for the Premises at a location designated by Landlord in the Project's main electrical room and will be 277/480 volts, 3 phase, 60 cycle alternating current suitable for Tenant's lighting, power, heating, air conditioning and ventilation and adequate for a combined load of not more than 15 watts per square foot of Tenant's Floor Area.

2. **Water Service.** Landlord will provide a domestic cold water line with shut-off valve to a point in the Premises designated by Landlord. Such domestic cold water line shall have either a two inch (2") diameter if serving Premises to be used as a restaurant or a three-quarter inch (3/4") diameter for other Premises.

3. **Telephone Service.** Landlord will arrange with the telephone utility company to provide service at the Project's main telephone room with a one-inch conduit to the Premises.

4. **Gas service.** If the Premises are to be used as a restaurant, Landlord will provide interior three-inch (3") natural gas branches, valved and capped at locations selected by Landlord. For all other Premises, Landlord will provide valved and capped natural gas outlets at locations selected by Landlord in accordance with Landlord's working drawings.

5. **Sanitary Sewer Service.** If the Premises are to be used as a restaurant, Landlord will stub two plugged four-inch sanitary outlets (one for grease waste and one for regular waste) at locations selected by Landlord to which Tenant shall connect. Otherwise, Landlord will provide a four-inch (4") sanitary line under slab in the Premises to which Tenant shall connect.

6. **Sprinkler Service.** A fire protection sprinkler system including feed and/or cross mains and branch lines installed in a grid pattern will be located within the Premises at an elevation above the maximum ceiling height. Retail stores, restaurants, nightclubs, offices and classroom/meeting rooms are classified as "Light Hazard" occupancies, for which head coverage will not exceed 225 square feet in area. All other areas are classified as "Ordinary Hazard" occupancies, for which head coverage will not exceed 130 square feet in area.

MANAGEMENT AGREEMENT BETWEEN MCA DEVELOPMENT VENTURE TWO
AND CB UNIVERSAL CORPORATION

EXHIBIT C

PROVISIONS WITH RESPECT TO COMMON AREA

1. Common Area. The term "Common Area" refers to all improved and unimproved areas that are now or hereafter made available for the general use, convenience and benefit of Landlord, Manager, other persons entitled to occupy CityWalk and/or their customers, patrons, employees and invitees, including floors, ceilings, roofs, skylights, windows, driveways, open or enclosed malls, food court seating areas, service areas, loading docks, vertical circulation facilities (other than those stairways, escalators and elevators that exclusively serve a single tenant's premises), sidewalks, curbs and landscaped areas that are within CityWalk.
2. Use of Common Area. Manager and its employees and invitees are authorized, empowered and privileged to use the Common Area together with other persons after the Commencement Date. Manager and its employees shall have the right to use the Common Area for access to the Premises at all times and Manager's customers shall have such right during all hours that the Restaurant is open for the conduct of business. Owner agrees to construct, or cause to be constructed, the Common Area and shall maintain and operate, or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance), said Common Area at all times following completion thereof for the non-exclusive benefit and use of the customers and patrons of the Restaurant, and of other tenants, owners and occupants of CityWalk. All expenses in connection with the original construction and installation of the Common Area shall be at the sole cost and expense of Owner.
3. Control of Common Area. Owner shall at all times have the right of determining the nature and extent of the Common Area and parking areas, and of making such changes thereto from time to time which in its reasonable opinion are deemed to be desirable, including the location and relocation of driveways, entrances, exits, automobile parking spaces, the direction and flow of traffic, designation of prohibited areas, landscaped areas, utilities and all other facilities thereof, and the modification of the Common Area for the purpose of expanding and/or remodeling the Project. Notwithstanding the foregoing, Owner shall not, without Manager's consent, modify the Common Areas so as to interfere materially with the visibility of the Premises within the Project, the access of the Premises to the Common Areas or the flow of pedestrian traffic.

Except as otherwise specifically provided in this Lease, Owner shall at all times after the Commencement Date have the sole and exclusive control of the Common Area and parking areas, including the right to lease space within the Common Area to tenants for the sale of merchandise and/or services and the right to permit advertising displays, educational displays and entertainment in the Common Area. Owner shall also have the right at any time to exclude and restrain any person from use thereof, excepting, however, bona fide customers, patrons and service suppliers of Manager and other tenants of Owner who make use of said areas in accordance with the rules and regulations established by Owner from time to time with respect thereto.

The rights of Manager with respect to the Common Area and parking areas shall at all times be subject to the rights of Owner, the other tenants of Owner and the other owners of the Project to use the same in common with Manager. It shall be the duty of Manager to keep all of the Common Area free and clear of any obstructions created or permitted by Manager or resulting from Manager's operation and to permit the use of any of the parking areas only for normal parking and ingress and egress by the customers, patrons and service suppliers to and from the buildings of the Project.
4. Rules and Regulations. Manager acknowledges that it is aware that Owner and others are engaged in motion picture and television film production, motion picture exhibition, hotel, restaurant, bar, studio tour business and other businesses within Universal City (none of which they are obligated to continue),

and Owner may promulgate, amend and require the observance by Manager and Manager's customers, licensees, concessionaires and employees, of reasonable rules and regulations uniformly imposed and enforced in a non-discriminatory manner for the proper and efficient operation and/or maintenance of the Common Area and parking areas or any portion thereof and so as to preclude or minimize the possibility of disruption or conflict with the other activities in Universal City. In the event of a conflict between such rules and regulations and this lease, the provisions of this Lease shall prevail.

EXHIBIT G

Matters Relating to FF&E Loan

Lender:	Lyon Credit Corporation
Outstanding Principal Balance:	\$424,363.64
Other Amounts Outstanding:	\$2,311.18 (late charge)
Interest Rate:	See attached.
Monthly Payment Amount:	See attached.
Maturity Date:	See attached.

PROMISSORY NOTE

Exhibit A to

Security Agreement No. 30-00095

\$ 1,089,278.91

September 13, 1999

FOR VALUE RECEIVED, the undersigned, hereinafter called "Borrower", promises to pay to the order of Lyon Credit Corporation, hereinafter called "Payee", at its office located at 1266 East Main Street, Stamford, Connecticut 06902, or at such other place as Payee may from time to time designate, the principal sum of ONE MILLION EIGHTY NINE THOUSAND TWO HUNDRED SEVENTY EIGHT AND 91/100 Dollars (\$1,089,278.91), together with interest thereon at the rate of 10.0 % per annum, with principal and interest payable in Sixty (60) consecutive monthly installments, commencing 10/15/99 and continuing on the same date of each month thereafter until this Note is fully paid, the first Fifty-Nine (59) installments each in the amount of Twenty Three Thousand One Hundred Forty Three and 96/100 Dollars (\$ 23,143.96) and the Sixtieth and final installment being in the amount of Twenty Three Thousand One Hundred Forty Three and 96/100 Dollars (\$ 23,143.96).

The interest rate stated above is based on the average for the preceding week of the daily U.S. Treasury Note Rates for the corresponding term of this Note as determined for the week ending SEPTEMBER 03, 1999 (the "Effective Date"). Borrower and Payee agree that any change in the average weekly U.S. Treasury Note Rate from the Effective Date to the date of funding of the extension of credit evidenced by this Note, will result in a corresponding change in the interest rate for this Note.

This Note is referred to in and is entitled to the benefits of that certain Security Agreement No. 30-00095, dated as of March 15, 1999 (the "Security Agreement") and Schedule No. 0200-001 thereto, dated as of even date herewith (the "Schedule") by and between the Borrower and Payee, encumbering and granting a security interest in certain property and securing the indebtedness described herein.

All payments received in respect of this Note shall be applied, first, to accrued interest and then to principal. The acceptance by Payee or any holder hereof of any payment which is less than the full amount then due and owing shall not constitute a waiver of Payee's or such holder's right to receive payment in full at such time or at any prior or subsequent time.

Borrower shall, upon the occurrence of an "Event of Loss" (as that term is defined in the Security Agreement) with respect to any Item of Collateral described in the Schedule, prepay this Note by that amount and in the manner provided in the Security Agreement.

Borrower may, on any regular installment payment date, prepay in full, but not in part, the then entire unpaid principal balance hereof together with all accrued unpaid interest thereon to the date of such prepayment, provided that along with and in addition to such prepayment Borrower shall pay (i) a prepayment premium equal to two per cent (2%) of the principal balance prepaid for each full or partial year by which the prepayment date antedates the scheduled date of final installment of principal hereunder, and (ii) any and all other sums due hereunder and/or under the Security Agreement.

Time is of the essence hereof. If payment of any installment or any other sum due under this Note or Security Agreement is not paid within ten (10) days after its due date, Borrower agrees to pay a late charge of five cents (5¢) per dollar on, and in addition to, the amount of each such payment, but not exceeding the lawful maximum rate. In the event Borrower shall fail to make any payment under this Note within ten (10) days after its due date or if any other "Event of Default" (as that term is defined in the Security Agreement) shall occur, then, the entire unpaid principal balance hereof with accrued unpaid interest thereon together with all other sums payable under this Note or the Security Agreement, shall, at the option of Payee and without notice or demand to Borrower, become immediately due and payable, such accelerated balance bearing interest until paid at the default rate of fifteen percent (15%) per annum, or if prohibited by law, at such lesser rate that is not prohibited by law.

Notwithstanding the foregoing, if at any time implementation of any provision hereof shall cause any amount contracted for or charged herein or collectable hereunder to exceed any applicable lawful maximum rate, then the interest shall be limited to lawful maximum.

Borrower and all sureties, endorsers, guarantors and any others who may at any time become liable for the payment hereof hereby consent to any and all extensions of time, renewals, waivers, and modifications of, and substitutions or releases of security or of any party primarily or secondarily liable, on this Note or the Security Agreement or any of the terms and provisions of either that may be made, granted or consented to by Payee, and agree that suit may be brought and maintained against any one or more of them, at the election of Payee, without joinder of the others as parties thereto, and that Payee shall not be required to first foreclose, proceed against, or exhaust any security herefor in order to enforce payment by them, or any one or more of them, of this note. Borrower and all sureties, endorsers, guarantors or any others who may at any time become liable for the payment hereof hereby severally waive: presentment, notice of nonpayment, demand for payment, notice of dishonor, and all other notices in connection with this Note; filing of suit diligence in collecting on this Note or enforcing any of the security herefor; and all benefits of valuation, appraisal and exemption laws, and further severally agree to pay, if permitted by law, all expenses incurred in collection, including, without limitation, reasonable attorney's fees.

If Borrower is a corporation, it and the persons signing on its behalf represent and warrant that the execution and delivery of this Note has been authorized by its board of directors and by all other necessary and appropriate corporate and shareholder action.

This Note is transferable in accordance with the terms of the Security Agreement.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED IN VIOLATION OF SUCH ACT. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CONNECTICUT, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

Page 2 of 3

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first above written.

California Beach Restaurants, Inc.

As Borrower

By: Sam Chilik

Name: Samuel E. Chilikos

Title: Vice President, Finance

Attest: A. Safarians

Name: ALBERT SAFARIANS

Title: CONTROLLER

(Seal)

F:\SHARES\OPS\CONTRACT\CALBEACH\0095L.FIX 09/10/99 3:18

SCHEDULE NO. 0200-001 TO SECURITY AGREEMENT

Exhibit B to
Security Agreement No. 30-00095
Schedule No. 0200-001

Description of Collateral:

All furniture, equipment, fixtures, trade fixtures, furnishings, and all other tangible personal property, now owned or after acquired by Debtor, including but not limited to those described on Schedule "A" attached hereto and made a part hereof, together with all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto, and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof, including, but not limited to, any of the foregoing collateral used in or in connection with that certain restaurant entitled Gladstones 4 Fish, located at 17300 Pacific Coast Highway, Pacific Palisades, CA 90272.

Cost of Collateral \$ 1,089,278.91

Collateral to be located at:
17300 Pacific Coast Highway
Pacific Palisades, CA 90272

Reference is made to that certain Security Agreement No. 30-00095, dated as of March 15, 1999, 1999 (as it may be modified or amended, now or hereafter, called the "Security Agreement") between Lyon Credit Corporation ("Secured Party") and California Beach Restaurants, Inc. ("Borrower").

All of the terms and provisions of the Security Agreement are hereby incorporated by reference into and made part of this Schedule to the same extent as if fully set forth herein. Borrower and Secured Party hereby agree to be bound by the terms and provisions, and hereby make, as if made as of the date hereof, the representations and warranties contained in the Security Agreement as each relates to the Collateral described above.

Borrower and Secured Party hereby agree that upon delivery of the Collateral described herein, Borrower has caused an authorized representative of Borrower to inspect the Collateral and the Collateral has been found to be in proper operating order and appearance; conforming with the specifications and requirements of Borrower and Borrower confirms that such Collateral secures the Indebtedness by Borrower's acceptance of such Collateral by execution and delivery of a Delivery and Acceptance Certificate in the form annexed hereto as Appendix 1.

IN WITNESS WHEREOF, the parties hereto have executed this Schedule as of the
13th day of September, 1999.

California Beach Restaurants, Inc.
as Borrower

By: Sam Chilikos

Name: Samuel E. Chilikos

Title: Vice President, Finance

Attest/Witness

By: Name: ALBERT SAFARIANSTitle: CONTROLLER
(Corporate Seal)LYON CREDIT CORPORATION,
as Secured PartyBy: Name: Stephen B. PetersonTitle: Assistant Vice President

F:\SHARES\OPS\CONTRACT\CALBEACH\00951.S2S 09/10/99 3:16

SCHEDULE NO. 0200-001B TO SECURITY AGREEMENT

Exhibit B to
Security Agreement No. 30-00095
Schedule No. 0200-001B

Description of Collateral:

All furniture, equipment, fixtures, trade fixtures, furnishings, and all other tangible personal property, now owned or after acquired by Debtor, including but not limited to those described on Schedule "A" attached hereto and made a part hereof, together with all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto, and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof, including, but not limited to, any of the foregoing collateral used in or in connection with that certain restaurant entitled Gladstones 4 Fish, located at 17300 Pacific Coast Highway, Pacific Palisades, CA 90272.

Cost of Collateral \$ 136,040.10

Collateral to be located at
17300 Pacific Coast Highway
Pacific Palisades, CA 90272

Reference is made to that certain Security Agreement No. 30-00095, dated as of March 15, 1999, 1999 (as it may be modified or amended, now or hereafter, called the "Security Agreement") between Lyon Credit Corporation ("Secured Party") and California Beach Restaurants, Inc. ("Borrower").

All of the terms and provisions of the Security Agreement are hereby incorporated by reference into and made part of this Schedule to the same extent as if fully set forth herein. Borrower and Secured Party hereby agree to be bound by the terms and provisions, and hereby make, as if made as of the date hereof, the representations and warranties contained in the Security Agreement as each relates to the Collateral described above.

Borrower and Secured Party hereby agree that upon delivery of the Collateral described herein, Borrower has caused an authorized representative of Borrower to inspect the Collateral and the Collateral has been found to be in proper operating order and appearance conforming with the specifications and requirements of Borrower and Borrower confirms that such Collateral secures the Indebtedness by Borrower's acceptance of such Collateral by execution and delivery of a Delivery and Acceptance Certificate in the form annexed hereto as Appendix: 1.

IN WITNESS WHEREOF, the parties hereto have executed this Schedule as of the
day of , 1999.

California Beach Restaurants, Inc.
as Borrower

By: Sam Chilikas

Name: Samuel E. Chilikas

Title: Vice President, Finance

Attest/Witness

By: *[Signature]*

Name: MARTIN SPLEWELI

Title: A/P MANAGER
(Corporate Seal)

LYON CREDIT CORPORATION,
as Secured Party

By: _____

Name: _____

Title: _____

PROMISSORY NOTE

\$ 136,040.10

_____, 1999

THIS PROMISSORY NOTE is executed and delivered effective as of the date written above by the undersigned (collectively, the "Maker") to LYON CREDIT CORPORATION, a Delaware corporation ("Holder").

1. **Loan.** FOR VALUE RECEIVED, the Maker promises to pay to Holder, or order, the principal sum of ONE HUNDRED THIRTY SIX THOUSAND FORTY AND 10/100 (\$ 136,040.10), with interest on all unpaid principal from the date such principal sum is disbursed to or on behalf of Maker by Holder, at the rate of ONE percent (1.0 %) plus the prime lending rate published in The Wall Street Journal until maturity.

2. **Demand.** This note shall be due and payable, in full, upon demand by Holder. Payment shall include all principal together with all interest accrued thereon.

3. **Payments.** Payment shall be applied first to interest and the remainder to principal. Principal and interest shall be paid in lawful money of the United States of America. Payments shall be made at 1266 East Main Street, Stamford, Connecticut, or elsewhere as Holder may designate. Interest may be calculated on a daily basis using a 360-day year. Maker agrees that the rate of interest contracted for in this note shall, for purposes of applicable law, include the interest rates stated herein and any other charges, costs, fees and other expenses which are to be paid by Maker to or for the benefit of Holder to the extent that the same are deemed to be interest, all of which Maker hereby agrees to pay. In no event will the total of interest rates charged hereunder be greater than that permitted by applicable federal or state law.

4. **Defaults by Maker.** A default shall occur if: (i) Maker fails to pay this note when declared due by Holder or (ii) Maker or any of them becomes a bankrupt or debtor in or under any state or federal insolvency proceeding.

5. **Default Remedies.** If a default occurs, then without notice, at the election of Holder, the entire principal sum and all accrued interest which is unpaid shall immediately be due and payable. In any event, upon any default occurring or at maturity by acceleration or upon demand, all principal and accrued interest shall bear interest at the after-default rate of fifteen percent (15%) per annum from the date of default until this note is paid in full.

6. **Reservation of Rights.** Failure of Holder to exercise any election hereunder shall not constitute any waiver of any rights, remedies, options or elections of Holder in the event of any subsequent default or otherwise.

7. **Fees and Costs.** If any default shall occur, Maker promises to pay all of the following costs and fees if incurred by or on behalf of Holder: (i) reasonable attorneys' fees, (ii) all costs and expenses of collection, enforcement or interpretation, whether or not suit is filed, and (iii) all costs of suit, each of which are to be determined and awarded by a court and not by a jury. "Suit" includes proceedings in court of original, appellate and bankruptcy jurisdiction.

8. **Waivers by Maker.** To the maximum extent allowed by applicable law, Maker expressly waives: (i) diligence, demand, dishonor, protest, presentment, and grace of any kind, and any notice of the foregoing, and any notices of nonpayment, default or acceleration, (ii) any and all rights of homestead and exemption, and (iii) any release or discharge arising from any extension of time or change in terms of payment or otherwise in this note, or from any change, addition to or alteration of any instrument securing this note, or from any other cause whatsoever other than payment in full.

9. **Parties Bound.** "Maker" means the undersigned (individually or collectively and jointly and severally) and all co-makers, endorsers, payors, obligors, sureties and guarantors of this note and anyone who may become liable for payment or performance of the same, and their respective successors and assigns, jointly and severally, and if married, both as a community and as a sole and separate obligation. "Holder" means the original payee of this note and its successors and assigns as owners and holder of this note.

10. **Choice of Law.** This note shall be governed by and construed and enforced under applicable federal law and by the laws of the State of Connecticut.

11. **Security.** This note is secured by a security interest in certain collateral, and may be secured by other, additional security interests in other collateral or by a lien or liens on real property owned by Maker.

California Beach Restaurants, Inc.
as Maker

By: Sam Chih

Title: Vice President, Finance

Witness/Attest:

By: Martin Shien

Name: MARTIN SHIEN

Title: A/P MANAGER

SECURITY AGREEMENT

Security Agreement No. 30-00095

THIS SECURITY AGREEMENT (the "Security Agreement"), dated as of March 15, 1999 made by and between LYON CREDIT CORPORATION, a Delaware corporation, with an office address at 1266 East Main Street, Stamford, Connecticut 06902-3546 (together with its successors and assigns, if any, "Secured Party") and California Beach Restaurants, Inc., a California Corporation with its residence, mailing address and principal place of business at 17383 Sunset Blvd., Pacific Palisades, CA 90272 ("Borrower");

WITNESSETH:

1. **GRANT OF SECURITY INTEREST:** To secure payment on each Note made by Borrower in the form attached hereto as Exhibit "A" together with any extensions or renewals thereof, and any amendments or modifications thereto (each, a "Note", and collectively, the "Notes"), and also to secure any other indebtedness, obligation, or liability of the Borrower to the Secured Party, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and no matter how acquired by Secured Party, including, but not limited to, all future advances or loans which may be made at the option of the Secured Party to or on behalf of Borrower (all the foregoing hereinafter called the "Indebtedness"), Borrower hereby grants and conveys to the Secured Party a first security interest in, and mortgages to the Secured Party, each unit of property (such unit, an "Item") described in a Schedule in the form attached hereto as Exhibit "B" (a "Schedule") and accepted by Borrower in any Delivery and Acceptance Certificate in the form attached to such Schedule (a "Certificate"), all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof, including, but not limited to, every permitted lease or sublease, howsoever designated, covering all or any part thereof (all or any of the foregoing hereinafter collectively called the "Collateral").

TO HAVE AND TO HOLD the Collateral with the power and authority and subject to the terms and conditions set forth in this Security Agreement.

2. **REPAYMENT:** Borrower will duly and punctually pay the Indebtedness secured by this Security Agreement in accordance with the terms of the Notes and this Security Agreement. Payments of Indebtedness shall be made to Secured Party at its office address stated above, except as otherwise directed by Secured Party, and shall not be prorated for any cause or reason except as herein may be specifically provided. Payments shall be due periodically as specified in the applicable Note, except that in the event any month in which a payment is due does not contain a numbered day equal to such payment day specified, payment shall be made on the last day of such month. If any payment is not made within ten (10) days after due date, Borrower agrees to pay a late charge of five cents (5¢) per dollar on, and in addition to, the amount of such payment, but not exceeding the lawful maximum, if any.

3. **OBLIGATIONS ABSOLUTE:** The obligations of Borrower under this Security Agreement shall be absolute and unconditional under all circumstances whatsoever, including, but not limited to, the existence of any claim, set-off, defense, counterclaim or recoupment to any present or future claim of Borrower against Secured Party under this Security Agreement or otherwise, against the manufacturer or seller of any of the Collateral or against any other person or entity for whatever reason. This Security Agreement shall not terminate, nor shall the obligations of Borrower be affected, by reason of any defect in title to, damage to or any loss or destruction of, the Collateral from whatsoever cause, or the interference with the use thereof by any person or entity, or the invalidity or unenforceability or lack of due authorization in respect of this Security Agreement or any lack of right, power or authority of the Secured Party to enter into this Security Agreement, or any failure of Secured Party to perform any obligation of Secured Party or Borrower or any other person or entity under this Security Agreement or any instrument or document executed in connection herewith, or for any other cause, whether similar or

dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of Secured Party and Borrower that all payments by Borrower shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Security Agreement.

4. REPRESENTATIONS AND WARRANTIES: Borrower represents and warrants as of the date of this Security Agreement that:

- a) Borrower is a Corporation duly organized and validly existing in good standing under the laws of its state of organization and has the [Corporate, Partnership] power to enter into and perform its obligations under this Security Agreement,
- b) this Security Agreement has been duly authorized, executed and delivered by Borrower and, assuming due authorization, execution and delivery by Secured Party, is a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally, and general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law,
- c) the execution and delivery by Borrower of this Security Agreement is not, and the performance by it of its obligations hereunder will not be, inconsistent with Borrower's [articles or certificate of incorporation or by-laws] [partnership agreement], do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to Borrower, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which Borrower is a party or by which it is bound,
- d) no consent or approval of, giving of notice to, registration with, or taking of any other action in respect to or by, any federal, state or local governmental authority or agency or other entity is required with respect to the execution, delivery and performance by Borrower of this Security Agreement, or if any such approval, notice, registration or action is required, it has been duly given or obtained,
- e) there are no suits or proceedings pending or threatened in court or before any commission, board or other administrative agency against or affecting Borrower, which will have a material adverse effect on the ability of Borrower to fulfill its obligations under this Security Agreement,
- f) each financial statement and other related information furnished to Secured Party by Borrower has been prepared in accordance with generally accepted accounting principles and, since the date of the most recent financial statement so delivered, there has been no material adverse change (as that term is defined in paragraph 12 (k) below),
- g) this Security Agreement shall be effective against all creditors of Borrower under applicable law, including, without limitations, fraudulent conveyance and bulk transfer laws, and
- h) the Collateral will at all times be used solely in the conduct of the business of Borrower and be and remain in the possession and control of Borrower.
- i) Borrower shall be "Year 2000 Compliant" by January 1, 2000. For purposes of this paragraph, "Year 2000 Compliant" means that all software, embedded microchips and other processing capabilities utilized by, and material to the business operations or financial condition of Borrower are able to interpret, store, transmit, receive and manipulate data on and involving all calendar dates in and after the Year 2000. From time to time, at the request of the Lender, Borrower shall provide to Lender such

information as is requested regarding the status of its efforts to become Year 2000 compliant.

5. **LIENS:** Borrower is the lawful owner of the Collateral. Borrower shall keep the Collateral free and clear from all liens, charges, encumbrances and security interests of any kind ("Liens"), except for

- (i) the Lien of Secured Party, as provided in this Security Agreement,
- (ii) Liens for taxes either not yet due or being contested by Borrower in good faith with due diligence and by appropriate proceedings, so long as such proceedings do not, in the opinion of Secured Party, involve any material danger of sale, forfeiture or loss of Collateral or any part thereof or title thereto or interest therein,
- (iii) inchoate materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's or other like Liens arising in the ordinary course of business of Borrower and not delinquent and Borrower shall be maintaining adequate reserves therefor. Secured Party shall, at its own cost and expense, promptly take such action as may be necessary to discharge duly all Secured Party's Liens upon full payment and satisfaction of all indebtedness.

6. **USE AND OPERATION:**

- (a) Borrower shall not assign, sublet, mortgage, hypothecate or alter any of the Collateral or any interest in this Security Agreement, nor shall Borrower remove any of the Collateral from the specified place of Collateral location, without the prior written consent of Secured Party, and any attempt so to assign, sublet, mortgage, hypothecate, alter or remove any of the Collateral without the prior written consent of the Secured Party shall be void and without effect.
- (b) Borrower will not, without the prior written consent of Secured Party, affix or install any accessory, equipment, or device on any Collateral if such addition will impair the originally intended function or use of any such Collateral or its value in place. Borrower agrees that each Item of Collateral shall prior to its installation be personal property under applicable law. Borrower agrees to take such action as shall be required by Secured Party from time to time to protect the rights and interests of Secured Party in each such item. Borrower will not, without the prior written consent of Secured Party and subject to such conditions as Secured Party may impose for its protection, affix or install any Collateral to or in any other personal property. Secured Party and Borrower agree that each Item of Collateral and every part thereof is severed from any real property and, even if physically attached to any real property, it is the intention of Secured Party and Borrower that such Item
 - (i) shall retain the character of personal property,
 - (ii) shall be removable,
 - (iii) shall be treated as personal property with respect to the rights of all persons and entities,
 - (iv) shall not become part of any real property, and
 - (v) by virtue of its nature as personal property, shall not be affected in any way by any instrument dealing with any real property.

Borrower represents that it has not entered into, and agrees that it will not enter into, any agreement or other arrangement which prohibits or restricts in any manner the right of Secured Party or Borrower to sever Items of Collateral from the real property on which they are located, to sever Items of Collateral from any other equipment or personal property to which such Items are attached or to remove Items of Collateral from the place where they are then located.

7. MAINTENANCE AND SERVICE:

- (a) Items of Collateral shall be used only in the manner for which they were designed and intended and Borrower will at its sole expense at all times maintain Collateral in good operating order, repair, condition and appearance and keep Collateral protected from the elements, ordinary wear and tear excepted. Borrower will, at all times, operate and maintain each Item of Collateral in accordance with
 - (i) the standards applied by Borrower with respect to similar equipment owned or leased by it and
 - (ii) prudent operating and maintenance standards and manufacturer's requirements. Borrower will not use or operate any Item of Collateral in violation of applicable laws and regulations (including all applicable environmental and occupational safety laws).
- (b) Any alterations or modifications with respect to Collateral that may at any time prior to full repayment of the Indebtedness secured hereby be required to comply with any applicable law or any governmental rule or regulation shall be made by Borrower as required and at the sole expense of Borrower.

8. REPORTS:

- (i) Borrower agrees that Secured Party shall not be responsible for any loss or damage to Borrower, its customers or any other third parties caused by the Collateral, any failure thereof or defect therein, or otherwise. Nevertheless, Borrower will immediately notify Secured Party in reasonable detail of each accident arising out of any alleged or apparent improper manufacturing, functioning or operation of any Collateral;
- (ii) Borrower will notify Secured Party in writing within ten (10) days after any day in which any Lien shall attach to any Collateral not expressly permitted hereby of the full particulars thereof and of the then location of such Collateral on such day;
- (iii) Borrower will notify Secured Party forthwith in writing of the location of any Collateral moved by Borrower from the place where delivered to Borrower or from the location specified in this Security Agreement or any subsequent agreement executed by the parties and Borrower will not change or discontinue its place or places of business and/or residence and/or name;
- (iv) Borrower will within ninety (90) days of the close of each of its fiscal years deliver to Secured Party Borrower's balance sheet and profit and loss statement prepared in accordance with generally accepted accounting principles and, to the extent available, certified to by a recognized firm of certified public accountants. Borrower will deliver to Secured Party, within sixty (60) days of the close of each of its fiscal quarters, Borrower's quarterly financial report (which shall be in reasonable detail) prepared in accordance with generally accepted accounting principles and certified to by the chief financial officer of Borrower; and
- (v) Borrower will permit Secured Party to inspect and examine Collateral at such times and from time to time during normal business hours as Secured Party may wish (and at such other times as may be mutually agreeable) and without any requirement for advance notice, provided that such examination and inspection shall not unreasonably interfere with Borrower's normal business operations.

9. RISK OF LOSS:

- a) Borrower is solely responsible for the entire risk of use and operation, and for each and every cause or hazard, and all loss and damage to any and all Collateral whether arising through operation or otherwise. In the event of damage to any Item of Collateral, Borrower, at its cost and expense, shall promptly repair the Item, restoring it to its previous condition or the condition in which it was required to be assuming Borrower had met all its obligations for maintenance of the Collateral. Upon the occurrence of an Event of Loss (defined below) with respect to any Item, Borrower shall prepay to Secured Party an amount of Indebtedness under the Note relating to the Schedule hereto in which such Item is described equal to the sum of
- (i) all interest theretofore accruing, and unpaid thereon, with respect to such Item, plus
 - (ii) the unpaid principal balance of the Note with respect such item, plus
 - (iii) an amount equal to two (2%) percent of the unpaid principal balance of the Note with respect to such Item.

Provided Borrower is not in breach or default of this Security Agreement, any proceeds of insurance received by Secured Party with respect to any such loss shall be paid to Borrower to the extent necessary to reimburse Borrower costs incurred and paid by Borrower in repairing damaged Equipment or as a credit against total amount payable by Borrower with respect to the Collateral involved, as the case may be, all as provided in this Security Agreement.

- b) For the Purpose hereof "Event of Loss" shall mean, with respect to any Item of Collateral, if such Item is
- (i) destroyed, condemned, irreparably damaged or damaged beyond economic repair,
 - (ii) requisitioned for use by a governmental entity for an indefinite period or stated period extending beyond a period in excess of ninety (90) consecutive days or the final installment payment date stated on the applicable Note, whichever is earlier,
 - (iii) the subject of an insurance settlement with respect to such Item of Collateral on the basis of a constructive total loss,
 - (iv) stolen or lost and not recovered within thirty (30) days,
 - (v) the subject of a condemnation or requisition of title by a governmental entity, or
 - (vi) prohibited by applicable law from being used by Borrower for a period of ninety (90) consecutive days or the final installment payment date on the applicable Note, whichever is earlier.

10. INSURANCE:

- (a) Borrower, at its own cost and expense shall obtain, maintain and shall keep the Collateral insured against all risks of loss or damage from every cause whatsoever in an amount not less than the greater of actual cash value or the aggregate amount of all unpaid Indebtedness as at any time, without deductible and without co-insurance (except as Secured Party may approve in writing). Borrower shall also obtain and maintain, in accordance with industry standards, until repayment in full of the Indebtedness, public liability insurance covering liability for bodily injury, including death, and property damage resulting from the purchase, ownership, leasing, maintenance, use or operation of the Collateral in an amount of at least \$1,000,000 [with respect to each separate Schedule hereto], or in such greater amounts as Secured Party may from time to time

require. Secured Party shall be the sole named loss-payee with respect to damage or loss to the Collateral and shall be a named additional insured on the public liability insurance. All insurance shall be with insurers and in form satisfactory to Secured Party; shall provide for at least thirty (30) days advance written notice to Secured Party before any cancellation or material modification thereof; shall waive any claim for premium against Secured Party; and shall not be invalidated or the insurer's liability to or for or on behalf of Secured Party be diminished or affected by any breach of warranty or representation or other act or omission of the Borrower. Upon request, Borrower shall deliver to Secured Party the original policy or policies of insurance, certificates of insurance or other evidence satisfactory to Secured Party evidencing the insurance required hereby. Secured Party may, at its option, apply proceeds of insurance, in whole or in part, to

(A) repair or replace Collateral or any portion thereof, or (B) satisfy any obligation of Borrower to Secured Party hereunder.

- (b) Secured Party is authorized, but under no duty, to obtain such insurance upon failure of the Borrower to do so. Borrower shall give immediate written notice to the Secured Party and to insurers of loss or damage to the Collateral and shall promptly file proofs of loss with insurers. Borrower hereby irrevocably appoints the Secured Party as attorney-in-fact, coupled with an interest, for the Borrower in obtaining, adjusting and canceling any such insurance and endorsing settlement drafts and hereby assigns to the Secured Party all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the Indebtedness.

11. EXPENSES; INDEMNIFICATION:

- (a) Expenses. Borrower shall pay to Secured Party on demand any and all expenses, including reasonable attorneys' fees and legal expenses, which are incurred by Secured Party (i) in the prosecution or defense of any action arising out of or connected with the subject matter of this Security Agreement, the Indebtedness, the Collateral or any of Secured Party's rights therein, and (ii) in connection with the custody, preservation, protection, use, operation, preparation for sale or sale of any Collateral, the incurring of all of which are hereby authorized to the extent Secured Party deems the same advisable.
- (b) Indemnification. Borrower hereby agrees to indemnify Secured Party and its affiliates, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees and legal expenses, to an Indemnified Person, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of the Collateral, this Security Agreement or the transactions contemplated hereby or any action taken or omitted to be taken by it hereunder (the "Indemnified Liabilities"); provided that Borrower shall not be liable to a particular Indemnified Person for any portion of such Indemnified Liabilities to the extent such Indemnified Person is found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

12. **DEFAULT; REMEDIES:** If any of the following (herein an "Event of Default") shall occur:

- (a) Borrower shall default in the payment of Indebtedness to Secured Party or in making any other payment hereunder or under any Note when due, and such default shall continue for a period of ten (10) days without its cure by Borrower, or
- (b) Borrower shall default in the payment when due of any obligations of Borrower, whether or not to Secured Party, arising independently of this Security Agreement or any Note, and such default shall continue for a period of ten (10) days without its cure by Borrower, or
- (c) Borrower shall default in the performance of any other covenant contained herein (including any Schedule hereto), any Certificate in respect hereof or any Note or any other document entered into in connection with this Security Agreement and such default shall continue for fifteen (15) days after written notice thereof to Borrower by Secured Party, or
- (d) Borrower shall breach any of its insurance obligations under paragraph 10 hereof,
- (e) any representation or warranty made by Borrower in this Security Agreement or any other documents entered into in connection with this Security Agreement shall prove to be incorrect in any material respect when any such representation or warranty was made or given, or
- (f) Borrower shall become insolvent or make an assignment for the benefit of creditors, or
- (g) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator for a substantial part of its property or such receiver, trustee or liquidator is appointed without the application or consent of Borrower, or
- (h) a petition shall be filed by or against Borrower under the Federal bankruptcy laws (including, without limitation, a petition for reorganization, arrangement or extension) or under any other insolvency law or law providing for the relief of debtors, if such petition is not dismissed within thirty (30) days, or
- (i) there is, without the prior consent of Secured Party, a change in control (defined to be a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Borrower, whether through the ownership of voting securities, by contract or otherwise), or
- (j) there is a material adverse change (defined to be a decrease of at least one-third ($1/3$) of net worth, as determined in accordance with generally accepted accounting principles) in Borrower's or any guarantor's financial condition;

then, to or more the extent permitted by applicable law, Secured Party shall have the right to exercise any one of the following remedies one or more times:

- A) declare this Security Agreement in default, such declaration being applicable to all Schedules hereunder except as specifically excepted by Secured Party;
- B) declare the entire amount of unpaid total Indebtedness immediately due and payable;
- C) declare due and payable in addition to any unpaid Indebtedness due on or before Secured Party declares this Security Agreement in default, as liquidated damages for loss of a bargain and not as a penalty, an amount calculated in accordance with the provisions of paragraph 9 as though the Collateral had suffered an Event of Loss, as of the date that Secured Party declares this Security Agreement in default;
- D) declare due and payable the amount of any indemnification hereunder if then determinable, with interest as provided herein;

- E) upon notice to any lessees or sublessees permitted pursuant to paragraph 6(a) to obtain and retain all rentals thereafter due, paid and/or payable;
- F) without demand or legal process enter into premises where the Collateral may be found and take possession of and remove the same, whereupon all rights of Borrower in the Collateral shall terminate absolutely, and either
 - (i) retain all prior payments of Indebtedness and sell the Collateral at public or private sale, with or without having the Collateral at the sale, at which sale Secured Party may purchase all or any of the Collateral. the proceeds of such sale, less expenses of retaking, storage, repairing and reselling, and reasonable attorneys' fees incurred by Secured Party, to be applied to the payment of the unpaid total Indebtedness, Borrower remaining liable for the balance of said unpaid total Indebtedness, and any surplus thereafter remaining to be for the account of Borrower (except as otherwise provided under applicable law) or
 - (ii) retain the Collateral and all prior payments of Indebtedness, in satisfaction of the remaining unpaid Indebtedness;
- G) pursue any other remedy then available to Secured Party at law or in equity. Borrower hereby covenants and agrees to notify Secured Party immediately of the occurrence of any default specified in this paragraph 12.

13. **REMEDIES CUMULATIVE:** Time of performance of Borrower's obligations hereunder is of the essence. All remedies of Secured Party hereunder are cumulative, and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy to the exclusion of any other remedy or to preclude the exercise of any other remedy at any other time. Failure on the part of the Secured Party to exercise, or delay in exercising, any right or remedy hereunder or Secured Party's failure at any time to restrict performance by Borrower of any of the provisions hereof shall not operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any right or remedy hereunder preclude any other further exercise thereof or the exercise of any other right or remedy.

14. **ASSIGNMENT:** Borrower acknowledges, and understands that Secured Party may assign this Security Agreement, any Schedule or Certificate or any Note to a bank or any other lending institution or any other person, organization or agency, and Borrower shall

- (a) recognize any such assignment,
- (b) accept the lawful demands of such assignee,
- (c) surrender assigned Collateral only to such assignee,
- (d) pay all Indebtedness payable hereunder and do any and all things required of Borrower hereunder, notwithstanding any default of the Secured Party or the existence of any claim, defense or offset between Borrower and Secured Party, and
- (e) not require any assignee of the Security Agreement to perform any duty, covenant or condition required to be performed by Secured Party under the terms of this Security Agreement provided that Secured Party shall remain liable for such performance. The obligations of Borrower shall not be subject, as against any such assignee or transferee, to any defense, set-off or counterclaim available to Borrower against Secured Party and any such defense, set-off or counterclaim may be asserted only against Secured Party.

15. FILINGS:

(a) Borrower agrees to execute any instrument or instruments necessary or expedient for filing, recording, perfecting, or notifying of the interest of Secured Party upon request of, and as determined by, Secured Party. Borrower hereby specifically authorizes Secured Party to file financing statements not signed by Borrower or to execute same for and on behalf of Borrower as Borrower's attorney-in-fact, irrevocably and coupled with an interest, for such purposes. A carbon, photographic or other reproduction of the Security Agreement or a financing statement shall be sufficient as a financing statement for filing purposes.

(b) Without limiting the foregoing paragraph (a), Borrower hereby acknowledges and agrees that the normal practice of Secured Party is to electronically file financing statements through computerized filing services such as CSC- The United States Corporation Company ("Filing Service"). The Filing Service pursuant to a Power of Attorney delivered by Secured Party will execute the financing statement on behalf of both Borrower (and Secured Party where applicable or where desired by Secured Party as not all states require execution of Secured Party on financing statements). The names of Borrower and Secured Party, addresses, and collateral description on the computerized financing statement filing shall be the same as on the financing statement executed by Borrower but the format and spacing may vary in non-material ways. Borrower acknowledges that the original financing statement executed by Borrower shall be retained in the collateral files of Secured Party but may be filed by Secured Party should it deem it necessary. In connection with the foregoing process, Borrower hereby authorizes and appoints Secured Party and the applicable Filing Service as Borrower's agent and attorney-in-fact irrevocably and coupled with an interest for the execution and filing of the financing statements and fully acknowledges and agrees and has initialed this paragraph as additional affirmation as to the full enforceability of this power of attorney for such purposes.

BORROWER 

INT.

16. MISCELLANEOUS:

- (a) In case of failure of Borrower to comply with any provision of this Security Agreement, Secured Party shall have the right, but shall not be obligated, to effect such compliance in whole or in part, and all monies spent and expenses and obligations incurred or assumed by Secured Party in effecting such compliance (including but not limited to, attorneys' fees and costs incurred in attempting to effect compliance against Borrower and/or others) shall constitute additional Indebtedness hereby secured due to Secured Party five (5) days after the date Secured Party sends notice to Borrower requesting payment. Secured Party's effecting such compliance shall not be waiver of Borrower's default. Interest on any payments made by Secured Party hereunder on amounts due after Secured Party declares default under paragraph 12 and interest on any overdue payment under paragraph 11 shall be at the default rate prescribed in the Note, (or, if there is more than one Note, at the highest among the default rates prescribed in such Notes), but not to exceed the maximum lawful rate. Any provisions in this Security Agreement, any Schedule hereto or Certificate in respect hereof which are in conflict with any statute, law or rule applicable shall be deemed omitted, modified or altered to conform thereto.
- (b) If any provision of this Security Agreement shall contravene or be invalid under applicable law or regulation (including federal law and regulation), such contravention or invalidity shall not affect the entire Security Agreement, the provisions held to be invalid to be deemed deleted or modified and the Security Agreement interpreted and construed as though such invalid provision or provisions were not part hereof or conformed thereto.

- (c) Any notice, report or other communication required or permitted to be given or made under this Security Agreement by one of the parties hereto to the other shall be in writing and shall be deemed to have been sufficiently given or made for all purposes if (i) sent by facsimile, or (ii) sent by U.S. mail, first class, postage prepaid, addressed to such other party at its respective address as set forth herein or to such other address as the addressee shall theretofore furnish in writing to the addressor. All such notices, reports and other communications shall be effective when received.
- (d) This Security Agreement, any addendum hereto attached and signed by Secured Party and Borrower, any Schedule hereto and any Certificate in respect hereof, constitute the entire agreement of the parties with respect to the subject matter hereof. THIS SECURITY AGREEMENT, ANY VARIATION OR MODIFICATION OF THIS SECURITY AGREEMENT, ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS AND ALL SCHEDULES SHALL NOT BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED OFFICER OR MANAGER OF SECURED PARTY.
- (e) BORROWER WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY LITIGATION ARISING HEREFROM OR IN RELATIONS HERETO.
- (f) THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CONNECTICUT, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.
- (g) BORROWER IRREVOCABLY (A) AGREES THAT ANY LEGAL OR EQUITABLE PROCEEDING AGAINST IT OR RELATING TO THIS SECURITY AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THE SUBJECT MATTER HEREOF MAY BE INSTITUTED IN THE U.S. DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT OR, IN THE EVENT THAT COURT LACKS JURISDICTION, ANY CONNECTICUT STATE COURT IN THE COUNTY OF FAIRFIELD, (B) WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAY OF VENUE OF ANY PROCEEDING BROUGHT IN SUCH COURT, (C) SUBMITS ITSELF GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT FOR PURPOSES OF ANY PROCEEDING, WITH RESPECT TO ITS PERSON AND PROPERTY, AND (D) WAIVES PERSONAL SERVICE OF PROCESS AND AGREES THAT SERVICE MAY BE MADE BY PERSONAL DELIVERY OR BY MAILING BY CERTIFIED MAIL, POSTAGE PREPAID, ADDRESSED TO BORROWER AT ITS ADDRESS.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

California Beach Restaurants, Inc.

as Borrower

By 

Name: Samuel E. Chilakas

Title: Vice President, Finance

LYON CREDIT CORPORATION,

as Secured Party

By: 

Name: Stephen B. Peterson

Title: Assistant Vice President

0095RAYF.SCA 03/25/99 2:54

GUARANTY

THIS GUARANTY (the "Guaranty") is made and delivered by Sea View Restaurants, Inc. a California corporation (the "Guarantor") for the benefit of Lyon Credit Corporation (the "Guaranteed Party") to induce Guaranteed Party to enter into that certain Security Agreement No. 30-00095 with California Beach Restaurants, (the "Obligor") dated as of even date herewith (the "Security Agreement").

WITNESSETH

1. GUARANTY.

- a) Guarantor (and each of them if there are more than one) for valuable consideration, the receipt whereof is hereby acknowledged, jointly and severally irrevocable guarantees due and punctual payment and performance to Guaranteed Party at its office at 1266 East Main Street, Stamford, Connecticut 06902, or at such other place as Guaranteed Party shall from time to time advise in writing, on demand, in lawful money of the United States, of any and all Indebtedness (as defined below) of Obligor no matter how acquired by Guaranteed Party.
- b) For the purposes of this Guaranty, "Indebtedness" shall include, but is not limited to, Indebtedness of Obligor as defined in the Security Agreement, any and all advances, loans, debts, lease obligations, performance obligations, notes, security agreements and liabilities of Obligor, heretofore, now, or hereafter made, entered into, incurred, created or owing, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Obligor may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter become barred by any statute of limitations, or whether such Indebtedness may be or hereafter become otherwise unenforceable. This Guaranty is a guaranty of payment and performance and not of collection.
- c) This Guaranty is a continuing guaranty relating to any Indebtedness, including Indebtedness arising under successive transactions which shall either continue the Indebtedness, renew it from time to time after it has been satisfied or create new Indebtedness.
- d) The obligations hereunder are joint and several, independent of the obligations of Obligor or the obligations of any other persons or guarantors who may be liable to Guaranteed Party in whole or in part for the Indebtedness, and a separate action or actions may be brought and prosecuted against Guarantor or any of them (if there are more than one) whether action is brought against Obligor alone or whether Obligor be joined in any such action or actions, and Guarantor waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof.

2. OBLIGATIONS UNCONDITIONAL. Guarantor's obligations hereunder shall be unconditional (and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever) irrespective of the genuineness, validity, regularity or enforceability of the Indebtedness or the Security Agreement or any conduct of Obligor and/or Guaranteed Party which might constitute a legal or equitable discharge of a surety, guarantor or guaranty and shall remain in full force and effect without regard to any circumstance whatsoever (whether or not Guarantor shall have any knowledge or notice thereof), including, without limitation: (i) any failure, omission or delay on the part of Obligor or Guaranteed Party to conform or comply with any term of the Security Agreement; (ii) any waiver, consent, extension, indulgence, compromise, release or other action or inaction under or in respect of the Security Agreement or any obligation or liability of Obligor or Guaranteed Party, or any exercise or non-exercise of any right, remedy,

Page 1 of 5

Page 1 of 5

power or privilege under or in respect to any such instrument or agreement or any such obligation or liability; (iii) any bankruptcy, insolvency, reorganization, arrangement, readjustment, liquidation or similar proceeding with respect to Obligor or Guaranteed Party or any of their respective properties, or any action taken by any trustee or receiver or by any court in any such proceeding; (iv) any merger or consolidation of Obligor or Guarantor into or with any other corporation or any sale, lease or transfer of all or any of the assets of Obligor or Guarantor to any other entity; or (v) any change in the ownership of Obligor. The obligations of Guarantor set forth herein constitute full recourse obligations of Guarantor enforceable against him to the full extent of all his assets and properties. Without limiting the generality of the foregoing, Guarantor agrees that (i) repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, Obligor shall default under or fail to comply with the terms of the Security Agreement and that notwithstanding the recovery hereunder for or in respect of any given default or failure to so comply by Obligor under the Security Agreement, this Guaranty shall remain in force and effect and shall apply to each and every subsequent default, and (ii) in the event that any Indebtedness is paid by Obligor, and thereafter all or any part of such payment is recovered from Guaranteed Party to whom paid, as a preferential or fraudulent transfer under the Federal Bankruptcy Code, any applicable state insolvency law, or any other similar Federal or state law now or hereafter in effect the liability of Guarantor hereunder with respect to such Indebtedness so paid and recovered shall continue and remain in full force and effect as if, to the extent of such recovery, such payment had not been made. If (i) an event permitting the exercise of remedies under the Security Agreement shall at any time have occurred and be continuing and (ii) such exercise, or any consequences thereof provided in the Security Agreement shall at any time be prevented by reason of the pendency against Obligor of a case or proceeding under the bankruptcy or insolvency law, Guarantor agrees that, solely for purposes of this Guaranty and its obligations hereunder, the Security Agreement shall be deemed to have been declared in default and all amounts thereunder shall be deemed to be due and payable, with all the attendant consequences as provided in the Security Agreement, as if declaration of default and the consequence thereof had been accomplished in accordance with the terms thereof, and Guarantor shall forthwith pay any amounts guaranteed hereunder.

3. REPRESENTATIONS AND WARRANTIES. Guarantor hereby represents and warrants that

- a) Guarantor is duly organized and validly existing in good standing under the laws of the State of _____ and has all requisite corporate power and authority to enter into and perform its obligations provided under this Guaranty,
- b) this Guaranty has been duly authorized by all necessary corporate action, and has been duly executed and delivered by Guarantor and is a legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors rights generally and general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law,
- c) the execution and delivery by Guarantor of this Guaranty is not, and the performance by it of its obligations hereunder will not be, inconsistent with Guarantor's other activities, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to Guarantor, and do not and will not contravene any provision of, or constitute a default under, its certificate of incorporation or by laws or any indenture, mortgage, contract or other instrument to which Guarantor is a party or by which it is bound,
- d) no consent or approval of, giving of notice to, registration with, or taking of any other action in respect to or by, any Federal, national, state or local governmental authority or agency or other entity is required with respect to the execution, delivery and performance by Guarantor of this Guaranty, or if any such approval, notice, registration or action is required, it has been duly given or obtained.

- e) there are no suits or proceedings pending or threatened in any court or before any commission, board or other administrative agency against or affecting Guarantor, which will have a material adverse effect on the ability of Guarantor to fulfill its obligations under this Guaranty.

3A. **EXISTENCE, ETC.** Guarantor agrees that, so long as this Guaranty is in effect, Guarantor shall (i) preserve and maintain its corporate existence, (ii) preserve and maintain all of its material rights, privileges and franchises, except where the failure to preserve and maintain any such right, privilege or franchise would not materially and adversely affect the ability of Guarantor to perform its obligations under this Guaranty, and (iii) comply with all the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities except where the failure to comply with any such requirement would not materially and adversely affect the ability of Guarantor to perform its obligations under this Guaranty.

4. **CERTAIN RIGHTS AND POWERS OF GUARANTEED PARTY.**

- a) Guarantor authorizes Guaranteed Party, without notice or consent and without affecting, impairing or discharging in whole or in part its liability hereunder, from time to time to (i) renew, modify, amend, compromise, extend, accelerate, discharge or otherwise change the time for payment of, or otherwise change the terms or provisions of the Indebtedness or any part thereof, including increase or decrease of the rate of interest thereon; (ii) take and hold security for the payment of this Guaranty or the Indebtedness guaranteed, and exchange, enforce, waive, and release any such security; (iii) apply such security and direct the order or manner of sale thereof as Guaranteed Party in its discretion may determine; and (iv) release or substitute in whole or in part any one or more of the endorsers, Guarantor or anyone else who may be partially or wholly liable for any part of the Indebtedness. Guaranteed Party may without notice assign this Guaranty in whole or in part. At the option of Guaranteed Party and upon notice to Guarantor, Guarantor may be joined in an action or proceeding commenced by Guaranteed Party against Obligor in respect of any Indebtedness.
- b) Guaranteed Party shall have a lien and security interest upon and a right of setoff against all moneys, securities and other property of Guarantor now or hereafter in the possession of Guaranteed Party whether held in a special account, for safekeeping or otherwise; and every lien and security interest and right of setoff may be exercised without demand upon Guarantor or notice by Guaranteed Party. No lien or right of setoff may be deemed to have been waived by any act or conduct on the part of Guaranteed Party or by any neglect to exercise such right of setoff or to enforce such lien or security interest or by any delay in so doing, and every right of setoff, lien or security interest and shall continue in full force and effect until such right of setoff, lien or security interest is specifically waived or released by an instrument in writing executed by Guaranteed Party.
- c) Any Indebtedness of Obligor now or hereafter held by or owing to Guarantor is hereby subordinated to the Indebtedness of Obligor to Guaranteed Party; and such Indebtedness of Obligor to Guarantor, if Guaranteed Party so requests, shall be collected, enforced and received by Guarantor as trustee for Guaranteed Party and be paid over to Guaranteed Party on account of the Indebtedness of Obligor to Guaranteed Party but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of Obligor or the proceeds thereof to the creditors of Obligor, or upon any Indebtedness of Obligor, by reason of dissolution, liquidation or other winding up of Obligor or its business, or compromise or settlement with its creditors, or any sale, receivership, insolvency or bankruptcy proceeding or assignment for the benefit of creditors, or any proceeding by or against Obligor for any relief under any provisions of the Federal Bankruptcy Code, any applicable state insolvency law, or any other similar Federal or state law now or hereafter in effect, then and in any such event any payment or distribution of

any kind or character, which shall be payable or deliverable with respect to any and all Indebtedness due to Guarantor by Obligor, shall be paid or delivered directly to Guaranteed Party for application on any Indebtedness to Guaranteed Party until such Indebtedness shall have been first and fully paid. Guarantor hereby sells, assigns, transfers and sets over to Guaranteed Party all of its rights to any and all such distributions.

5. **WAIVER OF DEMANDS, NOTICES AND CERTAIN RIGHTS OF GUARANTOR.** Guarantor waives any right to require Guaranteed Party to (a) proceed with or exhaust remedies against Obligor; (b) proceed against or exhaust any security held from Obligor or Guarantor; (c) pursue any other remedy available to Guaranteed Party whatsoever; or (d) proceed against any other persons or guarantors who may be liable to Guaranteed Party in whole or in part for the Indebtedness. Guarantor waives any defense arising by reason of any disability or other defense of Obligor or by reason of the cessation or modification from any cause whatsoever of the liability of Obligor. Guarantor shall have no right to subrogation, and waives any right to enforce any remedy which Guaranteed Party now has or may hereafter have against Obligor, and waives any benefit of, and any right to participate in any security now or hereafter held by Guaranteed Party. Guarantor waives diligence, all presentments, demands for performance, notices of non-performance, default, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence, creation, or incurring of new, changes, modified, increased or additional Indebtedness, all other notices of every and any kind. Guarantor hereby further agrees that no payment or performance hereunder by Guarantor shall give rise to any claim of Guarantor against Guaranteed Party.

- a) Where there is but a single Obligor, or where a single Guarantor executes this Guaranty, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Obligor named herein, or when this Guaranty is executed by more than one Guarantor, the words "Obligor" and "Guarantor" respectively shall mean all and any one or more of them.
- b) Guarantor agrees to pay on demand to Guaranteed Party all costs and expenses of collection (including, without limitation, the fees and disbursements of counsel) incident to the enforcement, protection or preservation of any right or claim of Guaranteed Party under this Guaranty against Guarantor as a result of breach of this Guaranty by Guarantor.
- c) If any provision of this Guaranty shall contravene or be invalid under applicable law or regulation (including Federal law and regulation), such contravention or invalidity shall not affect the entire Guaranty, the provisions held to be invalid to be deemed deleted or modified and the Guaranty interpreted and construed as though such invalid provision or provisions were not part hereof or conformed thereto.
- d) Guaranteed Party may give notice to Guarantor or make a request of Guarantor in the U.S. mail, first class postage prepaid, addressed to Guarantor at its address below, or an address furnished by Guarantor to Guaranteed Party. All notices to be given by Guarantor hereunder shall be deemed adequately given if sent by registered or certified mail to Guaranteed Party at the address of Guaranteed Party stated herein, or at such other place as Guaranteed Party may designate to Guarantor in writing.
- e) This Guaranty shall be binding upon successors and assigns of Guarantor, but no assignment hereof, or of any right to any funds due or to become due under this Guaranty, shall in any event relieve Guarantor of its obligations hereunder.
- f) This Guaranty constitutes the entire agreement of the parties with respect to the subject matter hereof. **ANY VARIATION OR MODIFICATION OF THIS GUARANTY AND ANY WAIVER OF ANY OF ITS PROVISIONS SHALL NOT BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED OFFICER OR MANAGER OF GUARANTEED PARTY.**

Page 4 of 5

Page 4 of 5

- g) GUARANTOR WAIVE ALL RIGHTS TO TRIAL BY JURY IN AN LITIGATION ARISING
HEREFROM OR IN RELATION HERETO.
- h) THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH,
THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, Guarantor (and each of them if there are more than one), has caused this
Guaranty to be executed and delivered by its officer hereunder duly authorized independent of any other
party and not relying upon or in consideration of the execution hereof by any other party, this
27th day of April, 1999.

Sea View Restaurants, Inc.

Guarantor

By: Sam Chilikas

Name: Samuel E. Chilikas

Title: Vice President, Finance

Witness
By: Martin Sniowski

Name: MARTIN SNIOWSKI

Title: ACCOUNTS PAYABLE CLERK

(Seal)

F:\SHARES\OPS\CONTRACT\CALBEACH\0095RAYf.CGY 04/27/99 10:57

Page 5 of 5

Page 5 of 5

PROMISSORY NOTE

\$ 821,564.75

_____, 1999

THIS PROMISSORY NOTE is executed and delivered effective as of the date written above by the undersigned (collectively, the "Maker") to LYON CREDIT CORPORATION, a Delaware corporation ("Holder").

1. **Loan.** FOR VALUE RECEIVED, the Maker promises to pay to Holder, or order, the principal sum of EIGHT HUNDRED TWENTY ONE THOUSAND FIVE HUNDRED SIXTY FOUR AND 75/100 (\$ 821,564.75), with interest on all unpaid principal from the date such principal sum is disbursed to or on behalf of Maker by Holder, at the rate of ONE percent (1.0 %) plus the prime lending rate published in The Wall Street Journal until maturity.

2. **Demand.** This note shall be due and payable, in full, upon demand by Holder. Payment shall include all principal together with all interest accrued thereon.

3. **Payments.** Payment shall be applied first to interest and the remainder to principal. Principal and interest shall be paid in lawful money of the United States of America. Payments shall be made at 1266 East Main Street, Stamford, Connecticut, or elsewhere as Holder may designate. Interest may be calculated on a daily basis using a 360-day year. Maker agrees that the rate of interest contracted for in this note shall, for purposes of applicable law, include the interest rates stated herein and any other charges, costs, fees and other expenses which are to be paid by Maker to or for the benefit of Holder to the extent that the same are deemed to be interest, all of which Maker hereby agrees to pay. In no event will the total of interest rates charged hereunder be greater than that permitted by applicable federal or state law.

4. **Defaults by Maker.** A default shall occur if: (i) Maker fails to pay this note when declared due by Holder or (ii) Maker or any of them becomes a bankrupt or debtor in or under any state or federal insolvency proceeding.

5. **Default Remedies.** If a default occurs, then without notice, at the election of Holder, the entire principal sum and all accrued interest which is unpaid shall immediately be due and payable. In any event, upon any default occurring or at maturity by acceleration or upon demand, all principal and accrued interest shall bear interest at the after-default rate of fifteen percent (15%) per annum from the date of default until this note is paid in full.

6. **Reservation of Rights.** Failure of Holder to exercise any election hereunder shall not constitute any waiver of any rights, remedies, options or elections of Holder in the event of any subsequent default or otherwise.

7. **Fees and Costs.** If any default shall occur, Maker promises to pay all of the following costs and fees if incurred by or on behalf of Holder: (i) reasonable attorneys' fees, (ii) all costs and expenses of collection, enforcement or interpretation, whether or not suit is filed, and (iii) all costs of suit, each of which are to be determined and awarded by a court and not by a jury. "Suit" includes proceedings in courts of original, appellate and bankruptcy jurisdiction.

8. **Waivers by Maker.** To the maximum extent allowed by applicable law, Maker expressly waives: (i) diligence, demand, dishonor, protest, presentment, and grace of any kind, and any notice of the foregoing, and any notices of nonpayment, default or acceleration, (ii) any and all rights of homestead and exemption, and (iii) any release or discharge arising from any extension of time or change in terms of payment or otherwise in this note, or from any change, addition to or alteration of any instrument securing this note, or from any other cause whatsoever other than payment in full.

9. **Parties Bound.** "Maker" means the undersigned (individually or collectively and jointly and severally) and all co-makers, endorsers, payors, obligors, sureties and guarantors of this note and anyone who may become liable for payment or performance of the same, and their respective successors and assigns, jointly and severally, and if married, both as a community and as a sole and separate obligation. "Holder" means the original payee of this note and its successors and assigns as owners and holder of this note.

10. **Choice of Law.** This note shall be governed by and construed and enforced under applicable federal law and by the laws of the State of Connecticut.

11. **Security.** This note is secured by a security interest in certain collateral, and may be secured by other, additional security interests in other collateral or by a lien or liens on real property owned by Maker.

California Beach Restaurants, Inc.
as Maker

By: Sam Chiche

Title: Vice President, Finance

Witness/Attest:

By: Martin Sniowski

Name: MARTIN SNIOWSKI

Title: ACCOUNTS PAYABLE CLERK

SECURITY AGREEMENT

Security Agreement No. _____

THIS SECURITY AGREEMENT (the "Security Agreement"), dated as of _____, 1999 made by and between LYON CREDIT CORPORATION, a corporation organized and existing under the laws of the State of Delaware, with an office address at 1266 East Main Street, Stamford, Connecticut 06902-3546 (together with its successors and assigns, if any, "Secured Party") and Sea View Restaurants, Inc. dba: Gladstones 4 Fish, corporation organized and existing under the laws of the State of California with its residence, mailing address and principal place of business at 17383 Sunset Blvd., Pacific Palisades, CA 90272 ("Guarantor");

WITNESSETH:

1. GRANT OF SECURITY INTEREST: The security interest granted below is given (i) to secure payment on each Note made by California Beach Restaurants, Inc. ("Borrower") in the original stated principal amount of \$1,200,000.00 together with any extensions or renewals thereof, and any amendments or modifications thereto (each, a "Note", and collectively, the "Notes"), (ii) to secure the obligations of Guarantor under and in connection with that certain Guaranty, dated as of _____, 1999, guaranteeing the payment and performance of the Note, Security Agreement, dated on even date therewith, executed by Borrower for the benefit of Secured Party ("Borrower Security Agreement") and the "Indebtedness" as further described in the Borrower Security Agreement, and all related documentation ("Loan Documents"), and (iii) also to secure any other indebtedness, obligation, or liability of the Guarantor to the Secured Party, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising and no matter how acquired by Secured Party, including, but not limited to, all future advances or loans which may be made at the option of the Secured Party to or on behalf of Borrower and/or Guarantor [all the foregoing in (i), (ii), and (iii) hereinafter called the "Indebtedness"], Guarantor hereby grants and conveys to the Secured Party a first security interest in, and mortgages to the Secured Party, any and all furniture, equipment, fixtures, trade fixtures, furnishings, and all other tangible personal property now owned or hereafter acquired by Guarantor, together with all products and proceeds thereof, if any, all additions, attachments, accessories and accessions thereto and any and all substitutions, replacements or exchanges thereto, and any and all insurance and/or other proceeds thereof, including, but not limited to, every permitted lease or sublease, howsoever designated, covering all or any part thereof (all or any of the foregoing hereinafter collectively called the "Collateral"). The purpose of the Security

Agreement is to ensure that Secured Party has a first lien security interest in any and all furniture, equipment, fixtures, trade fixtures, furnishings, and all other tangible personal property, now owned or hereafter acquired, used in and in connection with the operation of that certain restaurant entitled Gladstones 4 Fish, located at 17300 Pacific Coast Highway, Pacific Palisades, California 90272

TO HAVE AND TO HOLD the Collateral with the power and authority and subject to the terms and conditions set forth in this Security Agreement.

2. **PAYMENT:** Guarantor will duly and punctually pay the indebtedness secured by this Security Agreement in accordance with the terms of the Guaranty. In no event shall any payments be refunded to Guarantor.

3. **OBLIGATIONS ABSOLUTE:** The obligations of Guarantor under this Security Agreement shall be absolute and unconditional under all circumstances whatsoever, including, but not limited to, the existence of any claim, set-off, defense, counterclaim or recoupment to any present or future claim of Guarantor against Secured Party under this Security Agreement or otherwise, against the manufacturer or seller of any of the Collateral or against any other person or entity for whatever reason. This Security Agreement shall not terminate, nor shall the obligations of Guarantor be affected, by reason of any defect in title to, damage to or any loss or destruction of, the Collateral from whatsoever cause, or the interference with the use thereof by any person or entity, or the invalidity or unenforceability or lack of due authorization in respect of this Security Agreement or any lack of right, power or authority of the Secured Party to enter into this Security Agreement, or any failure of Secured Party to perform any obligation of Secured Party or Guarantor or any other person or entity under this Security Agreement or any instrument or document executed in connection herewith, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of Secured Party and Guarantor that all payments by Guarantor shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Security Agreement.

4. **REPRESENTATIONS AND WARRANTIES:** Guarantor represents and warrants as of the date of this Security Agreement that:

- a) Guarantor is a corporation duly organized and validly existing in good standing under the laws of its state of organization and has the requisite power to enter into and perform its obligations under this Security Agreement,

- b) this Security Agreement has been duly authorized, executed and delivered by Guarantor and, assuming due authorization, execution and delivery by Secured Party, is a legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally, and general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law,
- c) the execution and delivery by Guarantor of this Security Agreement is not, and the performance by it of its obligations hereunder will not be, inconsistent with Guarantor's (articles or certificate of incorporation or by-laws), do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to Guarantor, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument to which Guarantor is a party or by which it is bound,
- d) no consent or approval of, giving of notice to, registration with, or taking of any other action in respect to or by, any federal, state or local governmental authority or agency or other entity is required with respect to the execution, delivery and performance by Guarantor of this Security Agreement, or if any such approval, notice, registration or action is required, it has been duly given or obtained,
- e) there are no suits or proceedings pending or threatened in court or before any commission, board or other administrative agency against or affecting Guarantor, which will have a material adverse effect on the ability of Guarantor to fulfill its obligations under this Security Agreement,
- f) each financial statement and other related information furnished to Secured Party by Guarantor has been prepared in accordance with generally accepted accounting principles and, since the date of the most recent financial statement so delivered, there has been no material adverse change (as that term is defined in paragraph 12 (k) below),
- g) this Security Agreement shall be effective against all creditors of Guarantor under applicable law, including, without limitations, fraudulent conveyance and bulk transfer laws, and
- h) the Collateral will at all times be used solely in the conduct of the business of Guarantor and be and remain in the possession and control of Guarantor.

5. LIENS: Unless owned by Borrower, Guarantor is the lawful owner of the Collateral. Guarantor shall keep the Collateral free and clear from all liens, charges, encumbrances and security interests of any kind ("Liens") , except for

- a) the Lien of Secured Party, as provided in this Security Agreement or in the Borrower Security Agreement,
- b) Liens for taxes either not yet due or being contested by Guarantor in good faith with due diligence and by appropriate proceedings, so long as such proceedings do not, in the opinion of Secured Party, involve any material danger of sale, forfeiture or loss of Collateral or any part thereof or title thereto or interest therein,
- c) inchoate materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's or other like Liens arising in the ordinary course of business of Guarantor and not delinquent and Guarantor shall be maintaining adequate reserves therefor. Secured Party shall, at its own cost and expense, promptly take such action as may be necessary to discharge duly all Secured Party's Liens upon full payment and satisfaction of all Indebtedness.

6. USE AND OPERATION:

- a) Guarantor shall not assign, sublet, mortgage, hypothecate or alter any of the Collateral or any interest in this Security Agreement, nor shall Guarantor remove any of the Collateral from the specified place of Collateral location, without the prior written consent of Secured Party, and any attempt so to assign, sublet, mortgage, hypothecate, alter or remove any of the Collateral without the prior written consent of the Secured Party shall be void and without effect.
- b). Guarantor will not, without the prior written consent of Secured Party, affix or install any accessory, equipment, or device on any Collateral if such addition will impair the originally intended function or use of any such Collateral or its value in place. Guarantor agrees that each item of Collateral shall prior to its installation be personal property under applicable law. Guarantor agrees to take such action as shall be

required by Secured Party from time to time to protect the rights and interests of Secured Party in each such Item. Guarantor will not, without the prior written consent of Secured Party and subject to such conditions as Secured Party may impose for its protection, affix or install any Collateral to or in any other personal property. Secured Party and Guarantor agree that each Item of Collateral and every part thereof is severed from any real property and, even if physically attached to any real property, it is the intention of Secured Party and Guarantor that such Item

- i. shall retain the character of personal property,
- ii. shall be removable,
- iii. shall be treated as personal property with respect to the rights of all persons and entities,
- iv. shall not become part of any real property, and
- v. by virtue of its nature as personal property, shall not be affected in any way by any instrument dealing with any real property.

Guarantor represents that it has not entered into, and agrees that it will not enter into, any agreement or other arrangement which prohibits or restricts in any manner the right of Secured Party or Guarantor to sever Items of Collateral from the real property on which they are located, to sever Items of Collateral from any other equipment or personal property to which such Items are attached or to remove Items of Collateral from the place where they are then located.

7. MAINTENANCE AND SERVICE:

- a) Items of Collateral shall be used only in the manner for which they were designed and intended and Guarantor will at its sole expense at all times maintain Collateral in good operating order, repair, condition and appearance and keep Collateral protected from the elements, ordinary wear and tear excepted. Guarantor shall, if at any time requested to do so

by Secured Party, affix in a prominent position on each Item of Collateral plates, tags or other identifying labels showing the interest of Secured Party in the Collateral. Guarantor will, at all times, operate and maintain each Item of Collateral in accordance with

- i. the standards applied by Guarantor with respect to similar equipment owned or leased by it and
 - ii. prudent operating and maintenance standards and manufacturer's requirements. Guarantor will not use or operate any Item of Collateral in violation of applicable laws and regulations (including all applicable environmental and occupational safety laws).
- b) Any alterations or modifications with respect to Collateral that may at any time prior to full repayment of the Indebtedness secured hereby be required to comply with any applicable law or any governmental rule or regulation shall be made by Guarantor as required and at the sole expense of Guarantor.

8. REPORTS:

- a) Guarantor agrees that Secured Party shall not be responsible for any loss or damage to Guarantor, its customers or any other third parties caused by the Collateral, any failure thereof or defect therein, or otherwise. Nevertheless, Guarantor will immediately notify Secured Party of each accident arising out of any alleged or apparent improper manufacturing, functioning or operation of any Collateral, the time, place and nature of the accident and damage, the names and addresses of parties involved, persons injured, witnesses and owners of property damaged, and such other information as may be known, and promptly advise Secured Party of all correspondence, papers, notices and documents whatsoever received by Guarantor in connection with any claim or demand involving or relating to improper manufacturing, operation or functioning of any Collateral or charging Secured Party with liability;
- b) Guarantor will notify Secured Party in writing within ten (10) days after any day in which any Lien shall attach to any Collateral not expressly permitted hereby of the full particulars thereof and of the then location of such Collateral on such day;

- c) Guarantor will notify Secured Party forthwith in writing of the location of any Collateral moved by Guarantor from the place where delivered to Guarantor or from the location specified in this Security Agreement or any subsequent agreement executed by the parties and Guarantor will not change or discontinue its place or places of business and/or residence and/or name;
- d) Guarantor will within ninety (90) days of the close of each of its fiscal years deliver to Secured Party Guarantor's balance sheet and profit and loss statement prepared in accordance with generally accepted accounting principles and, to the extent available, certified to by a recognized firm of certified public accountants. Guarantor will deliver to Secured Party, within sixty (60) days of the close of each of its fiscal quarters, Guarantor's quarterly financial report (which shall be in reasonable detail) prepared in accordance with generally accepted accounting principles and certified to by the chief financial officer of Guarantor; and
- e) Guarantor will permit Secured Party to inspect and examine Collateral at such times and from time to time during normal business hours as Secured Party may wish (and at such other times as may be mutually agreeable) and without any requirement for advance notice, provided that such examination and inspection shall not unreasonably interfere with Guarantor's normal business operations.

9. RISK OF LOSS:

- a) Guarantor is solely responsible for the entire risk of use and operation, and for each and every cause or hazard, and all loss and damage to any and all Collateral whether arising through operation or otherwise. In the event of damage to any Item of Collateral, Guarantor, at its cost and expense, shall promptly repair the Item, restoring it to its previous condition or the condition in which it was required to be assuming Guarantor had met all its obligations for maintenance of the Collateral. Upon the occurrence of an Event of Loss (defined below) with respect to any Item, Guarantor shall prepay to Secured Party an amount of Indebtedness under the Note relating to the Schedule hereto in which such Item is described equal to the sum of

- i. all interest theretofore accruing, and unpaid thereon, with respect to such Item, plus
- ii. the unpaid principal balance of the Note with respect such item, plus
- iii. an amount equal to two (2%) percent of the unpaid principal balance of the Note with respect to such Item.

Provided Guarantor is not in breach or default of this Security Agreement, any proceeds of insurance received by Secured Party with respect to any such loss shall be paid to Guarantor to the extent necessary to reimburse Guarantor costs incurred and paid by Guarantor in repairing damaged Equipment or as a credit against total amount payable by Guarantor with respect to the Collateral involved, as the case may be, all as provided in this Security Agreement.

(b) For the Purpose hereof "Event of Loss" shall mean, with respect to any Item of Collateral, if such Item is

- i. destroyed, condemned, irreparably camaged or damaged beyond economic repair,
- ii. requisitioned for use by a governmental entity for an indefinite period or stated period extending beyond a period in excess of ninety (90) consecutive days or the final installment payment date stated on the applicable Note, whichever is earlier,
- iii. the subject of an insurance settlement with respect to such Item of Collateral on the basis of a constructive total loss,
- iv. stolen or lost and not recovered within thirty (30) days,
- v. the subject of a condemnation or requisition of title by a governmental entity, or

- vi. prohibited by applicable law from being used by Guarantor for a period of ninety (90) consecutive days or the final installment payment date on the applicable Note, whichever is earlier.

10. INSURANCE:

- (a) Guarantor, at its own cost and expense shall obtain, or shall cause Borrower, at Borrower's own cost and expense, to (i) maintain and keep the Collateral insured against all risks of loss or damage from every cause whatsoever in an amount not less than the greater of actual cash value or the aggregate amount of all unpaid Indebtedness as at any time, without deductible and without co-insurance (except as Secured Party may approve in writing) and (ii) obtain and maintain, until repayment in full of the Indebtedness public liability insurance covering liability for bodily injury, including death, and property damage resulting from the purchase, ownership, leasing, maintenance, use or operation of the Collateral in an amount of at least \$1,000,000, or in such greater amounts as Secured Party may from time to time require. Secured Party shall be the sole named loss-payee with respect to damage or loss to the Collateral and shall be a named additional insured on the public liability insurance. All insurance shall be with insurers and in form satisfactory to Secured Party; shall provide for at least thirty (30) days advance written notice to Secured Party before any cancellation or material modification thereof; shall waive any claim for premium against Secured Party; and shall not be invalidated or the insurer's liability to or for or on behalf of Secured Party be diminished or affected by any breach of warranty or representation or other act or omission of the Guarantor. Guarantor shall deliver to Secured Party the original policy or policies of insurance, certificates of insurance or other evidence satisfactory to Secured Party evidencing the insurance required hereby along with proof satisfactory to Secured Party of the payment of the premium therefor. Secured Party may, at its option, apply proceeds of insurance, in whole or in part, to (A) repair or replace Collateral or any portion thereof, or (B) satisfy any obligation of Guarantor to Secured Party hereunder.

- (b) Secured Party is authorized, but under no duty, to obtain such insurance upon failure of the Guarantor to do so. Guarantor shall give immediate written notice to the Secured Party and to insurers of loss or damage to the Collateral and shall promptly file proofs of loss with insurers. Guarantor hereby irrevocably appoints the Secured Party as attorney-in-fact, coupled with an interest, for the Guarantor in obtaining, adjusting and canceling any such insurance and endorsing settlement drafts and hereby assigns to the Secured Party all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the Indebtedness.

11. **INDEMNIFICATION:** Guarantor hereby agrees to indemnify, save and keep harmless Secured Party, its agents, employees, successors and assigns, from and against any and all losses, damages (including indirect, special or consequential), penalties, injuries, claims, actions and suits including, without limitation, legal expenses, of whatsoever kind and nature (including, without limitation, costs and expenses incurred by Secured Party in defending claims or suits brought against it by Guarantor in violation of or contrary to the provisions of this Security Agreement), in contract or tort, including, but in no way limited to, Secured Party's strict liability in tort, unless and except to the extent Secured Party's gross negligence or willful misconduct is the proximate cause of any such loss, damage, penalty, injury claim, action, or suit, and Guarantor shall at its own expense defend any and all such actions, arising out of the selection, modification, purchase, ownership, acceptance or rejection of any item of Collateral and the delivery, possession, maintenance, use, condition (including, without limitation, latent and other defects, whether or not discoverable by Secured Party or Guarantor, and any claim for patent, trademark or copyright infringement), or operation of any item of Collateral by whomsoever used or operated or arising out of or resulting from the condition of any item of Collateral sold or disposed of after use by Guarantor, any lessee, sublessee or employees of Guarantor. The indemnities and assumptions of liability herein provided for shall continue in full force and effect notwithstanding the termination of this Security Agreement whether by expiration of time, operation of law or otherwise. **GUARANTOR AGREES THAT SECURED PARTY SHALL NOT BE LIABLE TO GUARANTOR FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF COLLATERAL FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO OR ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE SOLE RISK AND RESPONSIBILITY OF GUARANTOR.**

12. **DEFAULT; REMEDIES:** If any of the following (herein an "Event of Default") shall occur:

- (a) Borrower shall default in the payment of Indebtedness to Secured Party or in making any other payment hereunder or under any Note when due, and such default shall continue for a period of ten (10) days without its cure by Borrower, or Guarantor shall default in the payment or performance of any of its obligations under the Guaranty after demand is made by Secured Party under the Guaranty, or
- (b) Guarantor shall default in the payment when due of any obligations of Guarantor, whether or not to Secured Party, arising independently of this Security Agreement or any Note, and such default shall continue for a period of ten (10) days without its cure by Guarantor, or
- (c) Guarantor shall default in the performance of any other covenant contained herein or in the Guaranty or any other document entered into in connection with this Security Agreement and such default shall continue for five (5) days after written notice thereof to Guarantor by Secured Party, or
- (d) Guarantor shall breach any of its insurance obligations under paragraph 10 hereof,
- (e) any representation or warranty made by Guarantor in this Security Agreement or any other documents entered into in connection with this Security Agreement shall prove to be incorrect in any material respect when any such representation or warranty was made or given, or
- (f) Guarantor shall become insolvent or make an assignment for the benefit of creditors, or
- (g) Guarantor shall apply for or consent to the appointment of a receiver, trustee or liquidator for a substantial part of its property or such receiver, trustee or liquidator is appointed without the application or consent of Guarantor, or

- (h) a petition shall be filed by or against Guarantor under the Federal bankruptcy laws (including, without limitation, a petition for reorganization, arrangement or extension) or under any other insolvency law or law providing for the relief of debtors, or
- (i) Secured Party shall deem the Collateral or the Indebtedness insecure, or
- (j) there is, without the prior consent of Secured Party, a change in control (defined to be a change in the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Guarantor, whether through the ownership of voting securities, by contract or otherwise), or
- (k) there is a material adverse change (defined to be a decrease of at least one-third (1/3) of net worth, as determined in accordance with generally accepted accounting principles) in Guarantor's or any guarantor's financial condition, or
- (l) there occurs any Event of Default under the Borrower Security Agreement or a breach, event of default, or default, however such terms are defined (but after giving any applicable grace and/or notice of opportunity to cure period, if any, provided thereunder) under the Loan Documents;

then, to the extent permitted by applicable law, Secured Party shall have the right to exercise any one or more of the following remedies one or more times:

- A) declare this Security Agreement in default, such declaration being applicable to all Schedules hereunder except as specifically excepted by Secured Party;
- B) declare the entire amount of unpaid total Indebtedness immediately due and payable;
- C) declare due and payable in addition to any unpaid Indebtedness due on or before Secured Party declares this Security Agreement in default, as liquidated damages for loss of a bargain and not as a penalty, an amount calculated in accordance with the provisions of paragraph 9 as though the Collateral had suffered an Event of Loss, as of the date that Secured Party declares this Security Agreement in default;

- D) declare due and payable the amount of any indemnification hereunder if then determinable, with interest as provided herein;
- E) upon notice to any lessees or sublessees permitted pursuant to paragraph 6(a) to obtain and retain all rentals thereafter due, paid and/or payable;
- F) without demand or legal process enter into premises where the Collateral may be found and take possession of and remove the same, whereupon all rights of Guarantor in the Collateral shall terminate absolutely, and either
 - (i) retain all prior payments of Indebtedness and sell the Collateral at public or private sale, with or without notice to Guarantor, with or without having the Collateral at the sale, at which sale Secured Party may purchase all or any of the Collateral, the proceeds of such sale, less expenses of retaking, storage, repairing and reselling, and reasonable attorneys' fees incurred by Secured Party, to be applied to the payment of the unpaid total Indebtedness, Guarantor remaining liable for the balance of said unpaid total Indebtedness, and any surplus thereafter remaining to be for the account of Guarantor (except as otherwise provided under applicable law) or
 - (ii) retain the Collateral and all prior payments of Indebtedness, in satisfaction of the remaining unpaid Indebtedness;
- G) pursue any other remedy then available to Secured Party at law or in equity. Guarantor hereby covenants and agrees to notify Secured Party immediately of the occurrence of any default specified in this paragraph 12.

13. REMEDIES CUMULATIVE: Time of performance of Guarantor's obligations hereunder is of the essence. All remedies of Secured Party hereunder are cumulative, and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy to the exclusion of any other remedy or to preclude the exercise of any other remedy at any other time. Failure on the part of the Secured Party to exercise, or delay in exercising, any right or remedy hereunder or Secured Party's failure at any time to restrict performance by Guarantor of any of the provisions hereof shall not operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any right or remedy hereunder preclude any other further exercise thereof or the exercise of any other right or remedy.

14. **ASSIGNMENT:** Guarantor acknowledges, and understands that Secured Party may assign this Security Agreement, any Schedule or Certificate or any Note to a bank or any other lending institution or any other person, organization or agency, and Guarantor shall

- (a) recognize any such assignment,
- (b) accept the lawful demands of such assignee,
- (c) surrender assigned Collateral only to such assignee,
- (d) pay all Indebtedness payable hereunder and do any and all things required of Guarantor hereunder, notwithstanding any default of the Secured Party or the existence of any claim, defense or offset between Guarantor and Secured Party, and
- (e) not require any assignee of the Security Agreement to perform any duty, covenant or condition required to be performed by Secured Party under the terms of this Security Agreement provided that Secured Party shall remain liable for such performance. The obligations of Guarantor shall not be subject, as against any such assignee or transferee, to any defense, set-off or counterclaim available to Guarantor against Secured Party and any such defense, set-off or counterclaim may be asserted only against Secured Party.

15. **FILINGS:**

- (a) Guarantor agrees to execute any instrument or instruments necessary or expedient for filing, recording, perfecting, or notifying of the Interest of Secured Party upon request of, and as determined by, Secured Party. Guarantor hereby specifically authorizes Secured Party to file financing statements not signed by Guarantor or to execute same for and on behalf of Guarantor as Guarantor's agent and attorney-in-fact, irrevocably and coupled with an interest, for such purposes. A carbon, photographic or other reproduction of the Security Agreement or a financing statement shall be sufficient as a financing statement for filing purposes.

(b) Without limiting the foregoing paragraph (a), Guarantor hereby acknowledges and agrees that the normal practice of Secured Party is to electronically file financing statements through computerized filing services such as Lexis Document Services ("Filing Service"). The Filing Service pursuant to a Power of Attorney delivered by Secured Party will execute the financing statements (whether one or more as applicable) on behalf of both Guarantor (and Secured Party where applicable or where desired by Secured Party as not all states require execution of Secured Party on financing statements). The names of Guarantor and Secured Party, addresses, and collateral description on the computerized financing statement filings shall be the same as on the financing statements executed by Guarantor but the format and spacing may vary in non-material ways. Guarantor acknowledges that the original financing statements executed by Guarantor shall be retained in the collateral files of Secured Party but may be filed by Secured Party should it deem it necessary. In connection with the foregoing process, Guarantor hereby authorizes and appoints Secured Party and the applicable Filing Service as Guarantor's agent and attorney-in-fact, irrevocably and coupled with an interest for the execution and filing of the financing statements and fully acknowledges and agrees and has initialed this paragraph as additional affirmation as to the full enforceability of this power of attorney for such purposes.

GUARANTOR



INT.

16. NOTES:

- (a) Upon written notice by Secured Party to Guarantor that Secured Party intends to transfer any Note, Guarantor shall, in exchange for the Note to be transferred, promptly execute a new note in the amount of the exchanged Note, naming the transferee as payee thereunder, and deliver to same to such transferee.
- (b) If any Note shall become mutilated or shall be destroyed, lost or stolen, Guarantor shall, upon the written request of payee under of such Note, execute and deliver in replacement thereof, the new Note payable in the

same amount and dated the same date as the Note so mutilated, destroyed, lost or stolen.

17. MISCELLANEOUS:

- (a) In case of failure of Guarantor to comply with any provision of this Security Agreement, Secured Party shall have the right, but shall not be obligated, to effect such compliance in whole or in part, and all moneys spent and expenses and obligations incurred or assumed by Secured Party in effecting such compliance (including but not limited to, attorneys' fees and costs incurred in attempting to effect compliance against Guarantor and/or others) shall constitute additional indebtedness hereby secured due to Secured Party five (5) days after the date Secured Party sends notice to Guarantor requesting payment. Secured Party's effecting such compliance shall not be waiver of Guarantor's default. Interest on any payments made by Secured Party hereunder on amounts due after Secured Party declares default under paragraph 12 and interest on any overdue payment under paragraph 11 shall be at the default rate prescribed in the Note, (or, if there is more than one Note, at the highest among the default rates prescribed in such Notes), but not to exceed the maximum lawful rate. Any provisions in this Security Agreement, any Schedule hereto or Certificate in respect hereof which are in conflict with any statute, law or rule applicable shall be deemed omitted, modified or altered to conform thereto.
- (b) If any provision of this Security Agreement shall contravene or be invalid under applicable law or regulation (including federal law and regulation), such contravention or invalidity shall not affect the entire Security Agreement, the provisions held to be invalid to be deemed deleted or modified and the Security Agreement interpreted and construed as though such invalid provision or provisions were not part hereof or conformed thereto.
- (c) Secured Party may give notice to Guarantor or make a request of Guarantor by depositing such notice or request in the U.S. mail, first class postage prepaid, addressed to the Guarantor at its address above, an address furnished by Guarantor to Secured Party, a mailing address of Guarantor or a place of business of Guarantor. All notices required to be given by Guarantor hereunder shall be deemed adequately given if sent by registered or certified mail to Secured Party at the address of Secured Party stated herein, or at such other place as Secured Party may designate to Guarantor in writing.

- (d) This Security Agreement, any addendum hereto attached and signed by Secured Party and Guarantor, any Schedule hereto and any Certificate in respect hereof, constitute the entire agreement of the parties with respect to the subject matter hereof. **THIS SECURITY AGREEMENT, ANY VARIATION OR MODIFICATION OF THIS SECURITY AGREEMENT, ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS AND ALL SCHEDULES SHALL NOT BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED OFFICER OR MANAGER OF SECURED PARTY.**
- (e) GUARANTOR WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY LITIGATION ARISING HEREFROM OR IN RELATION HERETO
- (f) THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CONNECTICUT, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES
- (g) GUARANTOR SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY NOTE, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NONEXCLUSIVE GENERAL JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE STATE OF CONNECTICUT AND APPELLATE COURTS FROM ANY THEREOF; CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME; AND AGREES THAT SERVICE MAY BE MADE ON GUARANTOR IN ANY SUCH PROCEEDING BY DELIVERING A COPY OF PROCESS TO GUARANTOR AT GUARANTOR'S ABOVE ADDRESS, SUCH SERVICE TO BE EFFECTIVE UPON RECEIPT.
- (h) This Security Agreement supplements and is in addition to the Borrower Security Agreement, and it shall not, and is not in anyway meant to, limit, impair, replace, or in anyway negate any of the obligations of Borrower under the Security Agreement, it being understood that the obligations of Guarantor as to the Collateral and the representations, warranties, covenants, and agreements set forth hereunder are joint and several with the Borrower's obligations. All rights and remedies as to both parties shall be

cumulative, and exercise of one or more remedies as to one party shall in no way limit the exercise of one or more remedies against the other party.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

Sea View Restaurants, Inc.
dba: Gladstones 4 Fish
as Guarantor

By: Sam Chilak

Printed Name: Samuel E. Chilakas

Title: Vice President, Finance

Affix Corporate Seal here

Attest/Witness:

By: Martin Sniwski

Printed Name: MARTIN SNIWSKI

Title: ACCOUNTS PAYABLE CLERK

LYON CREDIT CORPORATION
as Secured Party

By: _____

Printed Name: _____

Title: _____

810330\\files\\0810330\\securagr.Doc

FIRST AMENDMENT TO CONCESSION AGREEMENT
FOR WILL ROGERS STATE BEACH PARK RESTAURANT
(Gladstone's Restaurant)

THIS FIRST AMENDMENT TO CONCESSION AGREEMENT FOR WILL ROGERS STATE BEACH PARK RESTAURANT (this "Amendment") is made and entered into as of January __, 2003 by and between the COUNTY OF LOS ANGELES ("County") and SEA VIEW RESTAURANTS, INC., a California corporation ("Concessionaire"), with reference to the following Recitals:

RECITALS

A. County and Concessionaire are parties to that certain Concession Agreement for Will Rogers State Beach Park Restaurant dated as of November 1, 1997 (the "Concession Agreement"), pursuant to which Concessionaire operates a restaurant known as "Gladstone's" on certain real property located in the County of Los Angeles, State of California and more particularly described therein.

B. Under the Concession Agreement, Concessionaire is required to provide County with a letter of credit as security for Concessionaire's obligations thereunder. Concessionaire has requested that County temporarily waive such requirement and County is willing to do so, provided that, among other things, (i) Concessionaire grants County an irrevocable, exclusive, royalty-free license to use the "Gladstone's" name and trademarks at the current restaurant site and within a fifteen (15) mile radius thereof, excluding the portion of Marina del Rey presently in unincorporated territory of Los Angeles County, (ii) Concessionaire grants County a security interest in (a) its interest in the furniture, furnishings, fixtures, equipment and other tangible personal property at the restaurant, (b) all royalties derived from any licenses of "Gladstone's" name or trademarks and (c) the "Gladstone's" name, trademarks and related rights, (iii) California Beach Restaurants, Inc., a California corporation and Concessionaire's parent, guaranties the timely payment and performance of Concessionaire's obligations under the Concession Agreement and grants County a security interest in its interest in the furniture, furnishings, fixtures, equipment and other tangible personal property at the restaurant, and (iv) Concessionaire becomes and remains current on all payments required under the Concession Agreement, all as more particularly provided in, and subject to the conditions contained in, this Amendment.

NOW, THEREFORE, with reference to the foregoing Recitals and the covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS

All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Concession Agreement.

2. EXISTING CONCESSION AGREEMENT

To induce County to enter into this Amendment, Concessionaire hereby represents, warrants, certifies and stipulates that each of the following statements is true and correct:

2.1 Enforceability. The Concession Agreement is valid, binding and enforceable against Concessionaire.

2.2 Existing Defaults. Concessionaire failed to pay the rent payments as and when required under the Concession Agreement for the months of December 2002 and January 2003 (the "Delinquent Rent Payments").

2.3 No Defenses. Concessionaire does not have any defenses, counterclaims or offsets to the payment of any amounts owed under the Concession Agreement, including, without limitation, the Delinquent Rent Payments and the related penalties and interest.

3. AMENDMENTS TO CONCESSION AGREEMENT

Effective on the date on which all of the Amendment Conditions (as defined in Section 5 hereof) have been satisfied or waived by County in writing, the Concession Agreement shall be amended as follows:

3.1 New Definition: FF&E. The following is hereby added to the Concession Agreement as a new subsection 1.1.42.A:

"1.1.42.A 'FF&E' means all furniture, furnishings, fixtures, machinery, equipment and other items of tangible personal property used or intended for use in the operation of the restaurant located on the Premises, including, without limitation, all of the items described on Exhibit C."

3.2 New Definition: Guarantor. The following is hereby added to the Concession Agreement as a new subsection 1.1.46A:

"1.1.46A 'Guarantor' means California Beach Restaurants, Inc., a California corporation."

3.3 New Definition: Name Rights. The following is hereby added to the Concession Agreement as a new subsection 1.1.56.A:

"1.1.56.A 'NAME RIGHTS' means, collectively, (i) the name 'Gladstone's', (ii) the Trademarks, (iii) all existing and future registrations and recordings of the foregoing, including, without limitation, all applications, registrations and recordings in the Patent and Trademark Office (including, without limitation, those described on Exhibit D) or in any similar office or agency of the United States or any state, (iv) all goodwill associated with the foregoing, (v) all rights of Concessionaire under all existing and

future license and other agreements relating to the use of the name 'Gladstone's' or the Trademarks, (vi) all claims and rights to sue for past, present or future infringement or unconsented use of the name 'Gladstone's' or the Trademarks, and (vii) all products and proceeds of the foregoing."

3.4 New Definition: Royalties. The following is hereby added to the Concession Agreement as a new subsection 1.1.77.A:

"1.1.77.A 'ROYALTIES' means all royalties, license fees and other payments of any kind now or hereafter payable or otherwise received under any license or other agreement now or hereafter entered into by Concessionaire with respect to the Name Rights."

3.5 New Definition: Trademarks. The following is hereby added thereto as a new subsection 1.1.89.A:

"1.1.89A 'TRADEMARKS' means all trademarks, trade styles and service marks relating to the name 'Gladstone's', and all designs and general intangibles of like nature, now existing and hereafter adopted or acquired."

3.6 Improvements and FF&E. Subsection 2.4.1 of the Concession Agreement is hereby amended and restated in its entirety as follows:

"2.4.1 County's Election to Receive Improvements. At the election of County, all structures, buildings, improvements and all alterations, additions, and betterments thereto, and all other improvements made to or upon the Premises shall remain upon and be surrendered with the Premises as part thereof and title thereto shall vest in County at the expiration of the Term or earlier termination of this Agreement, without compensation therefor to Concessionaire. Nothing contained herein shall be construed to deny or abrogate the right of Concessionaire, prior to the expiration of the Term or termination of this Agreement, to receive any and all proceeds which are attributable to the Condemnation of business installations, improvements, structures and buildings belonging to Concessionaire immediately prior to the taking of possession by the Condemnor as said rights are set forth in Article 7 of this Agreement or, except as otherwise provided in the next sentence, to remove any furniture, any fixtures or equipment not intended to be permanently affixed, any signage, any personal property or any ornamental fixtures upon the expiration of the Term or earlier termination of this Agreement or at any time during the Term, subject to Concessionaire's obligations under this Agreement to use the Premises for the Permitted Uses.

Notwithstanding the foregoing, Concessionaire shall not remove, nor shall it permit Guarantor to remove, any FF&E from the Premises after the occurrence and during the continuance of a default by Concessionaire hereunder or otherwise in violation of any covenants contained in this Agreement."

3.7 Temporary Waiver of Letter of Credit Requirement. The following is hereby added to the Concession Agreement as a new Section 8.3:

"8.3. Temporary Waiver. Subject to the condition contained in the last sentence of this Section 8.3, County hereby waives Concessionaire's obligation to maintain the letter of credit that would otherwise be required under Section 8.1 from January 1, 2003 until October 1, 2003. County may, but is not obligated to, extend the waiver period for an additional twelve (12) months if the Board determines, in its sole and absolute discretion, that Concessionaire has made material progress in attaining financial stability between January 1, 2003 and October 1, 2003; any such extension may be granted only in writing, if at all. The conditional waiver by County under this Section 8.3 (including any extension of the initial waiver period as provided in the previous sentence) shall automatically expire and be of no further force and effect upon an Event of Default by Concessionaire under this Agreement, in which event Concessionaire must immediately deliver to County the letter of credit required under Section 8.1."

3.8 Additional Events of Default. The following are hereby added to the Concession Agreement as new subsections 14.1.7 and 14.1.8:

"14.1.7 Breach of Representations and Warranties. County's good faith determination that any of the representations and warranties made by Concessionaire in Section 18 of this Agreement is incorrect or inaccurate in any material respect.

"14.1.8 Breach or Default Under Guarantor Documents. County's good faith determination that Guarantor is in default under any guaranty or security agreement executed by Guarantor in favor of County or that any of the representations and warranties made by Guarantor in any such guaranty or security agreement is incorrect or inaccurate in any material respect."

3.9 Additional Collateral. The following is hereby added to the Concession Agreement as a new Section 18:

"18. OTHER COLLATERAL.

"18.1 Representations and Warranties. Concessionaire hereby represents and warrants to County that each of the

following statements is true and correct and will remain true and correct so long as the Agreement remains in effect:

“(1) Exhibit E sets forth (i) Concessionaire’s legal name as listed in its current organizational documents, (ii) the location of Concessionaire’s chief executive office, (iii) Concessionaire’s mailing address, and (iv) all names under which Concessionaire has conducted its business;

“(2) Concessionaire owns and has full right to the Name Rights and the Royalties, and has the right to assign and grant security interests in each of them;

“(3) the FF&E is owned by Concessionaire or Guarantor, and each of Concessionaire and Guarantor has the right to assign and grant security interests in its interest in the FF&E;

“(4) except as set forth on Exhibit F, no other person or entity has received an assignment of, or been granted a security interest in, the FF&E, the Name Rights or the Royalties;

“(5) except as set forth on Exhibit F, no other person or entity has been granted a license or other right to use the Name Rights;

“(6) the Trademarks are subsisting and are not invalid or unenforceable, in whole or in part;

“(7) Exhibit D contains the name, place of registration, registration number and date of registration of each Trademark that has been registered;

“(8) no claim has been made that the use of the Trademarks violates, infringes or otherwise conflicts or interferes with any trademark, service mark or other intellectual property or proprietary right of any other person or entity;

“(9) Exhibit H contains a true and accurate description, as of January __, 2003, of the status, outstanding balance and other matters regarding the loan to Guarantor that is secured by the FF&E and guaranteed by Concessionaire and described thereon (the “FF&E Loan”);

“(10) the granting of the assignments and security interests provided in this Section 18 will not create a

default or constitute an event that, with the giving of notice or the passage of time or both, would constitute a default under any other agreement to which Concessionaire is a party.

"18.2 Covenants. Concessionaire hereby covenants and agrees that so long as this Agreement remains in effect:

"(1) Concessionaire shall notify County in writing at least ten (10) days prior to changing any of the matters listed on Exhibit E;

(2) except for the existing security interests in the FF&E that secure the FF&E Loan, Concessionaire shall not grant or permit any liens, assignments for security purposes or security interests in, of or against any of the FF&E, the Name Rights or the Royalties;

"(3) Concessionaire shall diligently prosecute any pending trademark application for the Trademarks, make federal application on registrable but unregistered Trademarks, file and prosecute opposition and cancellation proceedings, and do any and all things necessary or desirable to enforce, preserve and maintain all rights in the Trademarks, including, without limitation, instituting legal proceedings to enjoin any infringement or unauthorized use of the Trademarks that, if not enjoined, could result in Concessionaire losing any of its material rights with respect to the Trademarks;

"(4) Concessionaire shall not abandon any Trademark without the prior written consent of County, which consent shall not be unreasonably withheld;

"(5) Concessionaire shall maintain the FF&E, or cause the FF&E to be maintained, in good working order and condition, reasonable wear and tear excepted;

"(6) Concessionaire shall not sell or remove, or permit Guarantor to sell or remove, any FF&E from the Premises without County's prior written consent (which shall not be unreasonably withheld), except that any FF&E that is damaged or becomes obsolete may be replaced with comparable items of similar quality and condition without County's prior consent;

"(7) Concessionaire shall perform all of its obligations under the FF&E Loan (including its obligations

under its guaranty thereof) as and when required by the terms thereof; and

“(8) if Concessionaire receives a notice of default under the FF&E Loan (including a notice of default relating to its guaranty thereof), Concessionaire shall provide a copy thereof to County not later than two (2) business days thereafter.

“18.3 Security Interest in FF&E and Name Rights.

Concessionaire hereby grants County, as security for the payment and performance of Gladstone’s obligations under this Agreement, a continuing security interest in all of Concessionaire’s right, title and interest in and to the FF&E and the Name Rights.

“18.4 Security Interest in Royalties. As security for Concessionaire’s obligation to reinstate the letter of credit required by Section 8.1 upon the expiration or earlier termination of any County waiver of such requirement pursuant to Section 8.3, Concessionaire hereby pledges, assigns and transfers to County, and grants County a continuing security interest in, all of Concessionaire’s right, title and interest in and to the Royalties. County hereby grants Concessionaire a license to collect and retain the Royalties, provided, however, that the license shall automatically terminate and be of no further force or effect if and at such time as Concessionaire fails to timely reinstate the required letter of credit or upon the earlier occurrence of any Event of Default. If Concessionaire (or its permitted successor) reinstates the required letter of credit, then, promptly after Concessionaire’s request therefor, County shall execute such instruments as reasonably may be requested by Concessionaire to confirm that County’s security interest in the Royalties has terminated.

“18.5 Authorization to File Financing Statements.

Concessionaire hereby authorizes County to execute and file one or more financing statements with respect to the FF&E, the Name Rights and the Royalties in such governmental offices as County deems appropriate.

“18.6 County’s Rights and Remedies Upon an Event of Default. Upon the occurrence of an Event of Default, County shall have, in addition to its other rights and remedies under this Agreement or under any other applicable law or in equity, all of the rights and remedies of a secured party under the California Uniform Commercial Code, all of which rights and remedies shall, to the fullest extent permitted by law, be cumulative.

"18.7 County's Power of Attorney. Effective upon an Event of Default by Concessionaire under this Agreement, Concessionaire hereby irrevocably appoints County with full power of substitution as its attorney-in-fact for the purpose of carrying out the provisions of this Section 18 and taking any action and executing any instrument that County may deem necessary or advisable to accomplish the purposes of this Section 18. The power of attorney granted and all authority conferred by this Agreement are granted and conferred solely to protect County's interest in the FF&E, the Name Rights and the Royalties and shall not impose any duty upon the County to exercise such powers. Such powers of attorney are coupled with an interest, shall be irrevocable prior to the full payment and performance of all of Concessionaire's obligations under this Agreement and shall not be terminated prior thereto or affected by any act of Concessionaire or by operation of law, except for such powers relating to the FF&E and the Royalties, which shall terminate upon the reinstatement of the letter of credit required by Section 8.1."

3.10 Incorporation of Exhibits. Exhibits C through G attached hereto and incorporated herein by this reference are hereby incorporated into and made a part of the Concession Agreement as Exhibits C through G thereto.

4. GRANT OF LICENSE

Concurrently herewith, Concessionaire is granting County a permanent, exclusive license to use the name "Gladstone's" and the Trademarks at and for any restaurant and/or bar establishment operated at the Premises and any other improvements now or hereafter constructed thereon and all areas within a fifteen (15) mile radius of the Premises, excluding the portion of Marina del Rey in unincorporated territory of Los Angeles County, as provided in the license agreement described in Section 5.1. County hereby grants Concessionaire a sublicense to use, without the payment of any royalty or other fee, the name "Gladstone's" and the Trademarks at the Premises until the expiration of the Term or any earlier termination of the Concession Agreement. Additionally, County agrees that for so long as Concessionaire (or its permitted successor) is operating under the Concession Agreement, County may not use the Name Rights or assign or license the Name Rights to any third party.

5. AMENDMENT CONDITIONS

Section 3 of this Amendment, and the amendments to the Concession Agreement contained therein, shall not become effective until the date on which each of the following conditions has been satisfied or waived by County in writing (the "Amendment Conditions"):

5.1 License for Name Rights. Concessionaire shall have granted to County, pursuant to a license agreement in form and substance satisfactory to County and Concessionaire, an irrevocable, exclusive, royalty-free license to use the name "Gladstone's" and the Trademarks at the Premises and all areas within a fifteen (15) mile radius of the Premises, excluding the portion

of Marina del Rey presently in unincorporated territory of Los Angeles County (the area covered by such license is hereinafter referred to as the "License Area"). The license agreement shall provide, among other things, that (i) the license granted thereby may be assigned or otherwise transferred by County to future concessionaires or other operators of a restaurant and/or bar establishment at the Premises, provided that for so long as Concessionaire (or its permitted successor) is operating under the Concession Agreement, County may not use the Name Rights or assign or license the Name Rights to any third party, and (ii) neither County nor its assignee may open any additional restaurants under the name "Gladstone's" in the License Area other than at the Premises.

5.2 Additional Security Instruments. Concessionaire shall have executed and delivered to County such additional security instruments and assignment notices (including, without limitation, Uniform Commercial Code financing statements, trademark security agreements and a trademark assignment notice with respect to the license agreement described in Section 5.1) as County determines are necessary or desirable to create, evidence and perfect the liens and security interests granted to County in this Amendment and the license described in Section 5.1, and such additional security instruments and assignment notices shall have been duly filed or recorded in the appropriate governmental offices, including, without limitation, the California Secretary of State, the Los Angeles County Recorder's Office and the United States Patent and Trademark Office.

5.3 UCC Lien Searches. County shall have received lien search reports, certified by the California Secretary of State, that provide that, except for any financing statements filed against the FF&E with respect to the FF&E Loan and any financing statements naming County as secured party, there are no financing statements naming Concessionaire or Guarantor as debtor and covering the FF&E, the Name Rights or the Royalties on file with the California Secretary of State.

5.4 Trademark Search. County shall have received a lien search report, certified by the United States Patent and Trademark Office, that provides that, except for the trademark security agreement naming County as secured party, there are no trademark security agreements or similar instruments covering the Name Rights on file with the United States Patent and Trademark Office.

5.5 Payment of Delinquent Amounts. Concessionaire shall have paid to County all amounts due and payable under the Concession Agreement, including, without limitation, the Delinquent Rent Payments and all penalties and interest thereon.

5.6 Payment of County's Transaction Costs. Concessionaire shall have paid or reimbursed County for all costs and expenses for which Concessionaire is responsible under Section 6 hereof.

5.7 Guarantor Documents. Guarantor shall have executed and delivered to County the following instruments, each of which must be in form and substance satisfactory to County: (i) a guaranty, pursuant to which Guarantor guaranties the timely payment and performance of all of Concessionaire's obligations under the Concession Agreement (the "Guaranty"); (ii) a security agreement, pursuant to which Guarantor grants County a security interest in all of

Guarantor's right, title and interest in and to the FF&E as collateral for its obligations under the Guaranty; and (iii) such other additional security instruments as County determines are necessary or desirable to create, evidence and perfect the liens and security interests granted to County in the security agreement described in clause (ii) above. The Guaranty will provide that it, and the related security interest granted by Guarantor, will expire upon Concessionaire's reinstatement of the letter of credit required by Section 8.1 of the Concession Agreement.

5.8 Consent of FF&E Lender. The lender under the FF&E Loan shall have executed and delivered to County an estoppel certificate and consent that contains the following: (i) a certification as to the outstanding balance of the FF&E Loan, the monthly payments required thereunder and the maturity date thereof; (ii) a certification that neither Guarantor, as borrower, nor Concessionaire, as guarantor, is in default under the FF&E Loan nor has any event or condition occurred that would constitute a default under the FF&E Loan after the giving of notice or the passage of time or both; (iii) a statement whereby the lender consents to County's liens on the FF&E; and (iv) the lender's agreement that if County acquires the FF&E through the enforcement of its liens or a conveyance in lieu thereof, then County may assume Guarantor's then remaining debt obligations under the FF&E Loan.

6. COSTS AND EXPENSES

Regardless of whether the amendments to the Concession Agreement contained in Section 3 hereof become effective, upon County's demand therefor from time to time, Concessionaire shall immediately pay or reimburse County for all costs and expenses incurred by County in connection with the transaction described in this Amendment, including, without limitation, the attorneys' fees and costs of County's counsel in connection with the negotiation and preparation of this Amendment and the related term sheet, the costs of the lien searches described in Section 5 hereof and the filing and recording fees for the security instruments described in Section 5 hereof.

7. MISCELLANEOUS

7.1 Concession Agreement. The Concession Agreement has not been modified, amended or supplemented except as set forth in this Amendment and, as amended by this Amendment, the Concession Agreement is and remains in full force and effect.

7.2 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

7.3 Time of the Essence. Time is of the essence with respect to this Amendment.

7.4 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said state.

7.5 No Waiver. Except as expressly provided herein, County shall not be deemed by reason of its execution of this Amendment to have waived any terms or provisions of the

Concession Agreement, including, without limitation, any default or Event of Default or any rights and remedies that County may have under the Concession Agreement, at law or in equity.

7.6 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment and the provisions of the Concession Agreement, the provisions of this Amendment shall govern and prevail.

7.7 Integration and Merger. This Amendment, the Exhibits attached hereto and the license agreement described in Section 5.1 contain the entire agreement of County and Concessionaire regarding the modification of the Concession Agreement and supersede all prior agreements, term sheets and understandings between County and Concessionaire, whether written or oral, with respect to the modification of the Concession Agreement.

7.8 Survival. All representations and warranties contained in this Amendment shall be deemed to be material and shall survive the effectiveness of the modifications to the Concession Agreement contemplated by this Amendment.

7.9 Further Assurances. At County's request, Concessionaire shall promptly execute any other document or instrument and/or seek any consent or agreement from any third party that County determines is necessary to evidence or carryout the intent of the parties, as set forth in this Amendment. Without limiting the generality of the foregoing, Concessionaire shall execute such additional documents and take such further acts as County may request from time to time to evidence and confirm the license described in Section 5.1.

7.10 Captions; Use of Certain Terms. The Section titles and captions in this Amendment are for convenience only and shall not be deemed to be part of this Amendment. All pronouns and any variation or pronouns shall be deemed to refer to the masculine, feminine or neuter, as the identity of the parties may require. Whenever the terms referred to herein are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

County:

COUNTY OF LOS ANGELES

By:

Name: _____

Its: _____

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By:

Deputy

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

By:

Deputy

Concessionaire:

SEA VIEW RESTAURANTS, INC.

By:


Name: _____

Its: President

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

County:

COUNTY OF LOS ANGELES

By: _____

Name: _____

Its: _____

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____

Deputy

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

By:  _____

Deputy

Concessionaire:

SEA VIEW RESTAURANTS, INC.

By: _____

Name: _____

Its: _____