

**AMENDMENT NO. 7 TO LEASE NO. 10023
 PARCEL 101S - MARINA DEL REY SMALL CRAFT HARBOR
READJUSTMENT OF RENT**

This AMENDMENT TO LEASE is made and entered into this 19th day of August, 1997 (the "Effective Date"),

BY AND BETWEEN

COUNTY OF LOS ANGELES,
 hereinafter referred to as "County",

AND

DEL REY SHORES NORTH, a joint venture,
 hereinafter referred to as "Lessee".

WITNESSETH:

WHEREAS, County and the predecessors in interest of Lessee entered into Lease No. 10023 under the terms of which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, commonly known as Parcel 101S, which leasehold premises (the "Premises") are more particularly and legally described in Exhibit "A" attached to and incorporated in said Lease, as amended (the Lease and all amendments are collectively hereafter referred to as the "Lease"); and

WHEREAS, Section 15 of the Lease provides that as of July 1, 2001, and as of July 1 every tenth (10th) year thereafter (the "Rental Adjustment Date"), the square foot rental, all categories of percentage rentals, and liability insurance requirements (the "Adjusted Rentals") shall be readjusted by Lessee and County in accordance with the standards established in said Section 15; and

WHEREAS, Subsection (c) of Section 15 provides that Adjusted Rentals may be determined by Lessee and County by mutual agreement at any time; and

WHEREAS, County and Lessee desire to make a present readjustment to the amount of square foot rental covered by Section 12, and have further agreed to a revised method of adjusting Lessee's future square foot rental payments through the end of the Lease term; and

WHEREAS, County and Lessee desire to make a present readjustment to two of the percentage rent categories covered by Section 13, which change will remain effective until the July 1, 2001 Rental Adjustment Date; and

WHEREAS, County and Lessee further desire to make a present readjustment to the amount of liability insurance required to be maintained for the Premises by Lessee, which change will remain effective until the July 1, 2001 Rental Adjustment Date; and

WHEREAS, County and Lessee further desire to amend Section 15 to revise the manner in which square foot rent and percentage rent categories are to be readjusted for the July 1, 2001 Rental Adjustment Date and each Rental Adjustment Date thereafter; and

WHEREAS, County and Lessee desire that this Lease Amendment shall not become effective unless and until Amendment No. 5 to Lease No. 8696, pertaining to Parcel 100S, Marina del Rey Small Craft Harbor, has also become effective;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and conditions contained herein, the parties, and each of them, agree as follows:

1. **Square Foot Rental.** Commencing as of the Effective Date, the first paragraph of Section 12 (SQUARE FOOT RENTAL) is amended to read as follows:

"The annual square foot rental for the whole of the premises herein demised shall be \$128,490. Thereafter, on every third anniversary of the Effective Date until the expiration of the term of the Lease, the annual square foot rental shall be readjusted to equal seventy-five percent (75%) of the annual average of all rents payable by Lessee under the Lease for the immediately preceding three-year period."

2. **Percentage Rentals.** Commencing as of the Effective Date, Section 13 (PERCENTAGE RENTALS) is amended as follows:

(a) Subsection (c)(i) is amended in its entirety to read as follows:

"(c)(i) TEN AND ONE-HALF percent (10.5%) of gross receipts or other fees charged for the occupancy of apartments ("Apartments")."

(b) Subsection (c)(ii) is amended by replacing the amount "SEVEN AND ONE-HALF percent (7.5%)" with the amount "TEN AND ONE-HALF percent (10.5%)" at both places that it appears in said Subsection.

3. **Date New Rental Obligations Begin.** The new rental obligations created by Sections 1 and

2 of this Lease Amendment shall begin on the first day of the first month after the Effective Date.

4. **General Rent Adjustment and Arbitration.** Commencing as of the Effective Date, Section 15 (GENERAL RENT RENEGOTIATION AND ARBITRATION) of the Lease is amended as follows:

(a) Subsection (a) is hereby amended in its entirety to read as follows:

"(a) The rates for percentage rentals and the liability insurance limits shall apply and be in effect through June 30, 2001. As of July 1, 2001 and as of July 1 of every tenth (10th) year thereafter (each such date is hereafter referred to as a "Rental Adjustment Date"), the rates for all categories of percentage rentals and liability insurance requirements shall be readjusted by Lessee and County in accordance with the following standards."

(b) Subsection (a)(i) is hereby amended in its entirety to read as follows:

"(a)(i) As of each Rental Adjustment Date, Lessee's percentage rent for each category of use shall be set at the average (rounded to the nearest one-tenth of a percent with $\geq .5$ or greater being rounded up and $\leq .49$ or lesser being rounded down) of the then-effective percentage rental rate for that category of use charged to those Marina del Rey Small Craft Harbor leaseholds enumerated below which have not had their lease terms extended beyond their original terms. If, as of the Rental Adjustment Date, there are not at least two (2) leaseholds from which to currently obtain the average percentage rate for a particular rental category, then a review will be made to determine whether or not such average could be obtained at any time during the twelve month period immediately preceding the Rental Adjustment Date, and, if so, the most current average available during that twelve month period shall be used. If no average percentage rate for a rental category can be obtained pursuant to the two immediately preceding formulas, then the percentage rate for that category shall be determined in accordance with the provisions contained in Subsection (a) (ii) of this Section 15. The parties agree that for purposes of calculating an average of any percentage rental rate pursuant to this Subsection, only the rates from the Marina del Rey leaseholds commonly known as

Parcels 07, 08, 10, 12, 13, 15, 28, 64, 103, 111, 112, 113, 140, and the category denominated as low-rise apartment rentals at Parcel 102 shall be included, and only such of said Parcels which have not had their lease terms extended beyond their original terms. Notwithstanding the immediately preceding sentence, for purposes of the Rental Adjustment Date occurring on July 1, 2001 only, the Marina del Rey leasehold commonly known as Parcel 15 shall not be utilized to calculate the required average of any percentage rental rate.

(c) Pre-existing Subsection (a)(ii) is renumbered as (a)(iii).

(d) A new Subsection (a)(ii) is added to read as follows:

"(a)(ii) As of each Rental Adjustment Date, and only to the extent such percentage rentals cannot otherwise be adjusted pursuant to Subsection (a)(i) of this Section, the rates for percentage rentals shall be readjusted to Fair Market Rental as of that Rental Adjustment Date in accordance with the provisions of Subsections (b) through (e) of this Section 15. "Fair Market Rental" shall be the fair rental value of the property subject to this Lease, taking into consideration the uses permitted thereunder and all of its terms, conditions, restrictions, franchise value, earning power, and all of the factors and data required or proper to be considered in determining fair market value under the laws of eminent domain in the State of California.

(e) Subsection (a)(iv) is added to read as follows:

"(a)(iv) The rates for percentage rentals and liability insurance requirements are sometimes referred to collectively as "Adjusted Rentals" in the remainder of this Section 15."

(f) Subsection (b) is amended by deleting all references to the term "square foot rental" contained therein.

(g) Subsection (d)(ii)(E)(III) is amended by deleting the reference to the term "SECTION 12 (SQUARE FOOT RENTAL)" contained therein.

5. **Indemnity Clause and Casualty Insurance.** Commencing as of the Effective Date, the

second paragraph of Section 26 (INDEMNITY CLAUSE AND CASUALTY INSURANCE) of said Lease is deemed deleted, and the following substituted therefor:

"Lessee shall maintain in full force and effect during the term of this Lease comprehensive general liability insurance with bodily injury and property damage liability limits of not less than fifteen million dollars (\$15,000,000.00) per occurrence or not less than fifteen million dollars (\$15,000,000.00) in general aggregate form with fifteen million dollars (\$15,000,000.00) per occurrence. The County and the Board of Supervisors, its officers, agents and employees shall be named as additional insureds under such liability insurance policy or policies."

6. **Miscellaneous.** Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges their respective obligations under the Lease as amended hereby.

7. **Concurrent Amendment for Parcel 100S.** This Lease Amendment shall not become effective unless and until Amendment No. 5 to Lease No. 8696, pertaining to Parcel 100S, Marina del Rey Small Craft Harbor, has also become effective.

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IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment to Lease to be subscribed by the Chairman of said Board and attested by the Clerk thereof, and the Lessee has executed the same the day and year first hereinafter written.

Dated: August 19, 1997

LESSEE:

DEL REY SHORES NORTH
a joint venture

By the Epstein Family Trust,
joint venturer

By: [Signature]
Jerry B. Epstein, Trustee

By: [Signature]
Pat Epstein, Trustee

By the Kirk Douglas and Anne Douglas
Declaration of Trust, joint venturer

By: [Signature]
Kirk Douglas, Trustee

By: [Signature]
Anne Douglas, Trustee



ATTEST:

Joanne Sturges
Executive Officer-Clerk of the
Board of Supervisors

By: [Signature] Deputy

APPROVED AS TO FORM:

DeWitt W. Clinton,
County Counsel

By: [Signature]
Deputy County Counsel

THE COUNTY OF LOS ANGELES:

By: [Signature]
Chairman, Board of Supervisors

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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AUG 19 1997

[Signature]
JOANNE STURGES
EXECUTIVE OFFICER