

AMENDMENT
NO. 10 TO LEASE NO. 7580
Parcel No. 18R - Marina del Rey

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AMENDMENT NO. 10 TO LEASE NO. 7580
Parcel No. 18R - Marina del Rey

This AMENDMENT NO. 10 TO LEASE NO. 7580 (the "10th Amendment") is made and entered into as of this 21 day of April, 1992 (the "Effective Date"), by and between the County of Los Angeles ("County"), and Dolphin Marina, Ltd., a California Limited Partnership ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessee and County previously entered into Lease No. 7580, dated as of October 25, 1963, pursuant to 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, now commonly known as Parcel 18R, which leasehold premises (the "Premises") are more particularly and legally described in Exhibit "A", attached to and incorporated in such Lease (such Lease and all prior amendments thereto are collectively referred to herein as the "Lease"); and

WHEREAS, Lessee and County desire, among other things, (i) to provide Lessee with the option to extend the term of the Lease, in consideration of the payments provided hereinafter and Lessee's agreement to renovate and improve the quality of existing improvements on the Premises, as well as to cause new improvements to be made to the Premises, and (ii) to provide certain modifications to the provisions of the Lease with respect to the payment of rent thereunder.

NOW, THEREFORE, in consideration of the mutual agreements, covenants and conditions contained herein, the parties agree to amend the Lease and to grant Lessee an option to extend the term of the Lease as follows:

ARTICLE 1

CERTAIN DEFINITIONS.

Any capitalized word or term used but not defined in this 10th Amendment shall have the meaning assigned to such term in the Lease. For purposes of this 10th Amendment, unless the context otherwise requires the following words and terms shall have the meaning indicated:

1.1 Affiliate: any person or entity Controlling, Controlled by, or under common Control with the specified person or entity.

1.2 Construction Financing Cost: the sum of: (a) the amount of interest incurred or accrued and actually paid by Lessee to unrelated third parties (other than Affiliates of Lessee) with respect to Financing obtained in connection with the construction of any Phase of the New Construction (the amount of which Financing shall not be greater than the cumulative amount of Hard Costs and Soft Costs from time to time with respect to such Improvements, or such applicable portion thereof), to the extent that such interest is capitalized by Lessee in accordance with generally accepted accounting principles, consistently applied, calculated from the respective date each portion of such Hard Costs or Soft Costs is paid by Lessee, to the earlier to occur of (i) the date which is the first anniversary of the issuance of a certificate of occupancy for the applicable Phase of the New Construction, or (ii) that point in time when 75% or more of the number of units in the applicable Phase of the New Construction have been leased by Lessee; (b) a deemed interest accrual, at a per annum rate equal to the Index Rate plus one percent, on all cash expended by Lessee or any Equity Partner of Lessee (other than proceeds of any Financing) to pay Hard Costs or Soft Costs incurred with respect to any particular Phase of the New Construction, calculated from the date on which such

equity or other funds are actually paid for such Hard Costs or Soft Costs for such Phase of the New Construction to the earlier to occur of (i) the date which is the first anniversary of the issuance of a certificate of occupancy for the applicable Phase of the New Construction, or (ii) that point in time when 75% or more of the number of units in the applicable Phase of the New Construction have been leased by Lessee; plus (c) fees, if any, paid by Lessee to unrelated third parties (other than Affiliates of Lessee) in connection with raising debt and/or equity capital for the Redevelopment (including, without limitation, the Renovation), to the extent that (i) such fees for funds raised from lenders or otherwise raised as debt do not exceed two percent of the aggregate amount of the debt so raised, and (ii) such fees for funds invested as equity do not exceed five percent of the aggregate amount of equity so raised; plus (d) an amount equal to 7.5% of the Hard Costs and Soft Costs of the Renovation. Notwithstanding anything to the contrary contained herein, the total of all Construction Financing Costs described in the foregoing Subsections 1.2 (a), (b) and (d) and incurred with respect to any particular Phase of the Redevelopment (including without limitation the Renovation, and whether incurred in connection with any Financing and/or any equity and other non-financing funds expended by Lessee or any Equity Partner of Lessee) shall be calculated with reference to a sum which shall not exceed 80% of the cumulative amount of Hard Costs and Soft Costs incurred and actually paid by Lessee with respect to such Phase of the Redevelopment (including without limitation the Renovation).

1.3 Construction Mortgage: the Leasehold Mortgage or Leasehold Mortgages securing the repayment of the initial loan, secured by any interest in the Lease, or in any of the Improvements, or any portion thereof, obtained and actually used by Lessee to finance the construction of the Redevelopment.

1.4 Control: the possession, whether direct or indirect, of the power to direct or cause the direction of the management and policies of the controlled person or entity. The ownership, directly or indirectly, of at least 51% of the voting interest of, or the possession of the right to vote or direct the vote of at least 51% of the voting interest in, any person or entity shall be presumed to constitute Control.

1.5 Deductible Expenses: customary and usual expenses, in reasonable amounts, actually paid by Lessee to third parties (other than Affiliates of Lessee) in connection with a Sale or Financing, including without limitation sale or mortgage brokerage commissions, legal fees, title insurance and survey fees, escrow fees, transfer and recording taxes and fees, loan commitment fees, points or prepayment penalties; provided, however, that with respect to any given Sale or Financing, Deductible Expenses shall not exceed six percent of the Gross Sales Price or Financing Proceeds generated by such Sale or Financing.

1.6 Design Control Board: the board appointed by the Board of Supervisors for the County to review and approve the architectural design and arrangement of facilities constructed at Marina del Rey.

1.7 Director: the Director of Department of Beaches and Harbors of the County of Los Angeles or any successor County officer designated by County ordinance to be responsible for the administration of the Lease, as amended hereby.

1.8 Entitlements: all discretionary entitlements, agreements, certificates, permits, variances, permissions, licenses and reviews (including without limitation any which may be required from the California Coastal Commission and/or the

United States Army Corps of Engineers) required from any governmental or quasi-governmental authority having jurisdiction with respect to the development and use of all or any portion of the Premises in accordance with the terms of the Lease and the terms hereof.

1.9 Equity Partner: any individual or entity holding a direct or indirect equity interest (whether a general or limited partnership interest, stock interest or any other type of equity interest) in Lessee.

1.10 Excess Proceeds: (a) with respect to any Sale, an amount equal to (i) the Gross Sales Price less (ii) the sum of (xx) Deductible Expenses relating to such Sale, plus (yy) Total Project Cost (provided, however, that in determining the amount of Excess Proceeds attributable to any Sale consisting of the transfer of all or any part of an Equity Partner's interest in Lessee, the amount of the Total Project Cost to be used in the formula provided above shall be equitably prorated as provided in the definition of Total Project Cost); and (b) with respect to any Financing, an amount equal to (i) Financing Proceeds less (ii) the sum of (xx) Deductible Expenses relating to such Financing, plus (yy) Total Project Costs, plus (zz) the amount of any Excess Proceeds with respect to which Lessee has previously paid County Participation Rent hereunder.

1.11 Existing Apartments: 204 existing residential apartments units located in three two story buildings on the Premises.

1.12 Existing Marina: the 492 slip marina which currently exists on the Premises.

1.13 Extension Exercise Date: the date County executes and acknowledges the Extension Exercise Notice, to be delivered by County to Lessee pursuant to Subsection 2.5 below, provided that if County provides Lessee with any Entitlement Default Notice, the date on which all default(s) described therein are either cured or Lessee prevails in challenging all such described default(s) which are not cured, all in accordance with Section 2.1.B.

1.14 Financing: any act or process, other than a Sale, by which Lessee, any Equity Partner therein or any other person or entity borrows any funds, credit or allowance, repayment or reimbursement of which is secured in whole or in part by Lessee's interest in the Improvements or in the Lease, or by any direct or indirect interest in Lessee (regardless of whether such security interest is a matter of public record); excluding, however, any sublease permitted pursuant to Section 22 of the Lease, provided that such sublease is entered into in good faith and not for the purpose of circumventing any prohibition in the Lease, or Lessee's obligation to pay Participation Rent.

1.15 Financing Proceeds: any and all proceeds, credits, offsets and allowances directly or indirectly received by or allowed to Lessee, any Equity Partner therein, any Affiliate of Lessee or any other person or entity having any direct or indirect beneficial interest in Lessee, from or by any source in any way, manner or respect relating to any Financing.

1.16 Gross Sales Price: any and all proceeds, credits, offsets, allowances or other consideration directly or indirectly received by or allowed to Lessee, or any Equity Partner therein, any Affiliate of Lessee or any other person or entity having any direct or indirect beneficial interest in Lessee, from or by any source in any way, manner or respect

relating to any Sale (including without limitation any Convertible Mortgage), including without limitation any indebtedness which is assumed by the transferee or to which the interest being transferred remains subject after the Sale (whether recourse or non-recourse), the proceeds of any purchase money financing provided by Lessee, any title insurance proceeds received by Lessee in respect of the Premises or Lessee's interest therein, and the fair market value of any real estate, right, option or other property or consideration of any nature whatsoever, given in exchange for any interest being transferred.

1.17 Hard Cost: all direct costs, in reasonable amounts, actually paid by or on behalf of Lessee for goods, materials and direct labor (whether performed or stored on or off of the Premises) in the construction and development of the Improvements, the demolition and removal of existing improvements, and the grading, site preparation and remodeling performed in connection with the Redevelopment, or any specified portion thereof, which either: (a) (i) are properly categorized as capital expenditures in accordance with generally accepted accounting principles, consistently applied, (ii) are not included in Soft Costs or Construction Financing Costs, (iii) are not reimbursed or reimbursable by others (including without limitation reimbursements from subtenants, licensees and/or concessionaires, or insurance or condemnation proceeds), and (iv) either (yy) if Lessee has a Construction Lender which has approved the Construction Budget, in writing, then such costs as are included under the heading "Hard Costs" in such Construction Budget, or (zz) if there is no Construction Lender or Construction Lender does not approve the Construction Budget, such costs as may be reasonably and customarily characterized as hard costs; or (b) which Lessee otherwise demonstrates to County's reasonable satisfaction would normally be considered to be "hard costs" for the construction (as used in this Subsection (b), the term

"construction" shall include without limitation, demolition and removal of existing improvements, grading, site preparation and remodeling performed in connection with the Redevelopment) of the Improvements, or any specified portion thereof. Subject to the foregoing, Hard Costs shall include, without limitation, all direct costs for labor, materials and subcontract performance that are used in the construction of or thereafter incorporated into Improvements, or any specified portion thereof, actual construction costs, unreimbursable subtenant improvements cost (amortized on a straight line basis over the term of the applicable sublease), and equipment costs. Hard Costs may also include a contractor's fee not to exceed (i) three percent of the other Hard Costs attributable to any particular Phase of the Redevelopment, if Lessee or any Affiliate of Lessee performs the tasks usually performed by a general contractor with respect to such Phase, or (ii) a reasonable amount, if a third party (other than an Affiliate) performs the tasks usually performed by a general contractor with respect to such Phase. Hard Costs shall not include any cost or expense incurred by Lessee from and after the Effective Date for routine maintenance, repair or replacement of worn equipment (even if such equipment is upgraded in the process), or other upkeep of all or any portion of the Premises (including without limitation the Improvements) which Lessee would have been likely to incur with or without the Redevelopment; provided, however, that Lessee may include costs or expenses incurred for the replacements or upgrading of particular appliances or equipment in the Existing Apartments to the extent that such costs and expenses are incurred for similar appliances or equipment in all or a substantial portion of the Existing Apartments, in connection with the Renovation thereof. To the extent that any Hard Cost represents payment made to Lessee or any Equity Partner or Affiliate of Lessee, the amount of such payment must not exceed the amount which would have

reasonably been paid to a non-affiliated entity in an arms' length transaction.

1.18 Improvements: any and all buildings, structures and other improvements which may at any time be erected or located on the Premises during the term of this Lease, including without limitation the Existing Apartments, Proposed Apartments and Proposed Care Units, as well as any improvements to the Existing Marina located on the Premises, together with all machinery, equipment and fixtures attached to any such building or structure. The term "Improvements" includes, but is not limited to, all buildings on the Premises; all foundations, piping, sewers, retaining walls, landscaping, streets and infrastructure, which are now or hereafter located upon or within the Premises, or any part of the buildings now or hereafter constructed or redeveloped thereon or therein; all fixtures, appliances, machinery, equipment and apparatus now or hereafter affixed or attached to any of such buildings; refrigerators and other appliances which are customarily included by Lessee in its leasing of apartments to tenants, whether or not such appliances constitute fixtures; and all components of the heating, ventilating, air conditioning, plumbing, lighting, refrigeration, cleaning, security and electrical systems of such buildings; and all boat slips, anchorages, moorings, walks, fingers, flotations, pilings and other facilities constituting a portion of the Existing Marina. The term "Improvements" excludes all movable personal property, furniture, furnishings, interior signs, works of art, business equipment and trade fixtures of Lessee, except as otherwise provided in the preceding sentence.

1.19 Index: the residential rent index of the housing component of the Consumer Price Index -- All Items (1982-1984=100) -- All Urban Consumers (CPI-U) -- Los Angeles-Anaheim-Riverside, California, as published by the United States

Department of Labor, Bureau of Labor Statistics. Should the United States Department of Labor, Bureau of Labor Statistics discontinue publication of the Index, or publish the same less frequently, or alter the same in some other manner, then County shall adopt a substitute index or substitute procedure which reasonably reflects changes in residential rental prices.

1.20 Index Rate: that rate of interest announced from time to time by Bank of America, N.T. & S.A, at its main office in San Francisco, California, as being its prime rate (or, in the event it does not announce a prime rate, its reference rate), whether or not the prime (or reference) rate as announced is actually the rate available to the most credit worthy customers for short-term borrowings at Bank of America, N.T. & S.A. The Index Rate shall adjust on the same day on which the prime (or reference) rate announced by Bank of America, N.T. & S.A changes. If the publishing of such prime (or reference) rate by Bank of America, N.T. & S.A is ever discontinued, then the Index Rate shall be based upon that index which in County's reasonable determination most nearly corresponds to such cost of funds.

1.21 Institutional Lender: (i) a foreign or domestic savings and loan association, a savings bank, a commercial bank or trust company, an insurance company, a state, municipal or private employees' welfare, pension or retirement fund or system, an investment banking firm, real estate investment trust, college, university or other educational or eleemosynary institution, provided in each case that such entity is subject to or submits to service of process within the State of California and has, as of the date such Institutional Lender issues a commitment to make a loan secured by a Leasehold Mortgage, total assets of at least \$200,000,000 and a net worth of at least \$100,000,000, and which is determined to the reasonable satisfaction of County

to generally make commercial loans; or (ii) any other lender approved by County, provided that County's approval shall not be unreasonably withheld.

1.22 Insurance Requirements: insurance requirements under this Lease and all present or future requirements of any insurer of the Premises or any part thereof pursuant to insurance policies which Lessee is required to maintain under the Lease, and the rules, order, regulations or requirements of the national and local Board of Fire Underwriters or any other similar body having jurisdiction over the Premises, and those of any appropriate agency, office, department, board or commission thereof.

1.23 Leasehold Mortgage: any mortgage, deed of trust, pledge, encumbrance or other security interest granted to an Institutional Lender or Institutional Lenders from time to time (as supplemented, increased, consolidated, extended, modified, replaced or renewed) encumbering all or any part of Lessee's interest in the Lease, or in the Improvements or any portion thereof.

1.24 Leasehold Mortgagee: the holder(s) of any Leasehold Mortgage.

1.25 Legal Requirements: all laws, statutes, ordinances, regulations, building codes, zoning codes and regulations and the orders, judgments, rules, standards, policies, regulations and requirements formally adopted by any federal, state, local or municipal government, and the appropriate agencies, officers, departments, boards, commissions and courts thereof, whether now or hereafter in effect, and all covenants, conditions and restrictions of record, which are or may be or become

applicable to the Premises or any part thereof or to the use or manner of use of all or any part of the Premises.

1.26 Limited Interests: an Equity Partner that meets all of the following requirements: (1) such Equity Partner holds only a limited partnership interest in Lessee; (2) such partner's (and all of such partner's Affiliate's) percentage interest in Lessee does not exceed 3% in the aggregate; and (3) such partner has no material right to Control Lessee.

1.27 Marina Specific Plan: Sections 22.46.1000 et.seq., of Part 3, Chapter 22.46, Division 1, Title 22 of the Los Angeles County Code, as it may be amended or superseded from time to time.

1.28 New Construction: the Proposed Apartments and the Proposed Care Units, or that portion of each (if any) for which the Lessee has received Entitlements allowing the construction, use and occupation thereof, in accordance with the terms and conditions hereof.

1.29 Proposed Apartments: no fewer than 68 new dwelling units (in addition to the Existing Apartments and the Proposed Care Units), which Lessee proposes to construct or cause to be constructed on the Premises.

1.30 Proposed Care Units: no fewer than 75 new dwelling units (in addition to the Existing Apartments and the Proposed Apartments) to be occupied primarily by senior citizens, and in which residential day care shall be available for the residents thereof, which Lessee proposes to construct or cause to be constructed on Premises. The Proposed Care Units shall not include complete individual facilities for the storage, preparation and cooking of meals, but shall, instead, provide common

dining facilities, in which meals will be primarily provided to the residents of the Proposed Care Units.

1.31 Public Works Director: the Director of Public Works Department of the County of Los Angeles.

1.32 Redevelopment: the Renovation and the New Construction.

1.33 Renovation: the demolition, removal, construction and all other work required in connection with the remodeling, renovation and reconstruction of the Existing Apartments and the Existing Marina, as described in Subsection 4.2 hereof.

1.34 Sale: any (i) voluntary or involuntary assignment, sale or other transfer (including without limitation any transfer by reason of any Taking) of all or any part of the Improvements or Lessee's interest in the Lease (in each case whether by an instrument of transfer or by an agreement pursuant to which Lessee purports or directly or indirectly attempts to grant or transfer to, or to create in, any other person or entity any interest in the Lease or the Premises, or a portion thereof, or any right to use or occupy the Premises, or any portion thereof, or any right or power to direct or cause the direction of operation or management of the Premises or any portion thereof), or (ii) direct or indirect transfer of any interest in Lessee or any Equity Partner therein, including any transfer of Limited Interests, or (iii) Financing transaction which includes receipt by any Leasehold Mortgagee or any of its Affiliates, in connection with any Leasehold Mortgage, of any option or right to acquire, directly or indirectly, any interest in or portion of Lessee's interest in the Lease or the Premises, or the Improvements or any portion thereof in lieu of repayment (referred to herein as a "Convertible Mortgage").

Notwithstanding the foregoing, the following shall not constitute a Sale: any sublease permitted pursuant to the terms of the Lease; any Financing, provided that (i) such Financing is entered into in good faith and not for the purpose of circumventing any prohibition in this Lease or Lessee's obligation to pay Participation Rent, and (ii) such Financing is not of the type described in Subsection (iii) of the preceding sentence; any transfer in trust for the benefit of Lessee, any Equity Partner of Lessee, the shareholders of any such Equity Partner, or the "Immediate Family Members" of any such Equity Partner or shareholder (as used herein, "Immediate Family Members" shall mean the spouse, grandparents, parents, children and/or grandchildren of such partners); any transfer (including without limitation any transfer to a spouse) ordered by a court of law in connection with, or as a result of any divorce proceeding involving any Equity Partner, or any shareholder thereof; any transfer resulting from public trading in the stock or securities of a corporation whose stock is traded publicly on a national stock exchange or is traded on the over-the-counter market and whose price is regularly quoted in recognized national quotation services, provided, however, (i) that this exemption shall not apply to any transfer of stock that results (either individually or in the aggregate) in a change in control of Lessee or any Equity Partner therein, and provided further that the value of Lessee' interest in the Lease must constitute not more than 20% of the value of all assets of the entity issuing such stock or securities.

1.35 Soft Costs: all indirect costs, in reasonable amounts, actually paid by or on behalf of Lessee for construction and development of the Improvements, or any specified portion thereof, which either: (a) (i) are not reimbursed or reimbursable by others, (ii) are properly categorized as capital expenditures in accordance with generally accepted accounting principles,

consistency applied, (iii) are not included in Hard Costs or Construction Financing Costs, and (iv) either (yy) if Lessee has a Construction Lender which has approved the Construction Budget, in writing, then such costs as are included under the heading of "Soft Costs" in such Construction Budget, or (zz) if there is no Construction Lender or Construction Lender does not approve the Construction Budget, such costs as may be reasonably and customarily characterized as soft costs; or (b) Lessee otherwise demonstrates to County's reasonable satisfaction would normally be considered to be "soft costs" for the construction (as used in this Subsection (b), the term "construction" shall include without limitation, demolition and removal of existing improvements, grading, site preparation and remodeling performed in connection with the Redevelopment) of the Improvements, or any specified portion thereof. Subject to the foregoing, Soft Costs shall include, without limitation, fees paid to attorneys, architects, engineers, accountants, consultants and other professionals, and employee salaries for employees at the construction site or employed by Lessee solely to work on the construction of the Improvements, or any specified portion thereof (but not including salaries of any employee of Lessee who works part time on the construction of such Improvements or specified part thereof, and part time on other projects of Lessee, unless Lessee demonstrates to County's reasonable satisfaction that the allocation of such employee's salary between the construction of the Improvements (or specified portion thereof) and such other projects as reasonable). Soft Costs shall also include a developer fee to Lessee, not to exceed eight percent of Hard Costs attributable to the New Construction, and ten percent of Hard Costs attributable to the Renovation. To the extent that any Soft Cost represents payment made to Lessee or any Equity Partner or Affiliate of Lessee, the amount of such payment must not exceed the amount which would have reasonably been paid to an unrelated third party in an arms' length transaction. Soft Costs shall not include any

cost or expense incurred by Lessee from and after the Effective Date for or in connection with routine maintenance, repair or replacement of worn equipment (even if such equipment is upgraded in the process), or other upkeep of all or any portion of the Premises (including without limitation the Improvements) which Lessee would have been likely to incur with or without the Redevelopment; provided, however, that Lessee may include costs or expenses incurred for or in connection with the replacement or upgrading of particular appliances or equipment in the Existing Apartments to the extent that such costs and expenses are incurred for similar appliances or equipment in all or a substantial portion of the Existing Apartments, in connection with the Renovation thereof.

1.36 Taking: the taking of all or any part of the Premises, or any interest therein, as a result of the exercise of the power of eminent domain or inverse condemnation, whether by condemnation proceedings or otherwise, or any transfer of any part of the Premises or any interest therein made in lieu thereof.

1.37 Total Project Cost: (a) if the property which is the subject of the applicable Sale or Financing has not previously been the subject of any Sale by which title to such property is actually transferred after the Effective Date, an amount equal to the sum of (i) \$36,000,000, plus (ii) the total of amounts demonstrated by Lessee to County's reasonable satisfaction as having been expended or paid by or for the account of Lessee for Hard Costs, Soft Costs and Construction Financing Costs incurred in connection with Improvements, including without limitation the Redevelopment, made or constructed after the Effective Date; or (b) if the property which is the subject of the applicable Sale or Financing has previously been the subject of any Sale by which title to such property is actually

transferred after the Extension Exercise Date, or if the property which is the subject of the applicable Sale or Financing was the subject of a Sale by which title to such property is actually transferred after the Effective Date, but before the Extension Exercise Date, and County receives Participation Rent as a result thereof in accordance with the second sentence of Section 3.2.A., an amount equal to the sum of (i) the Gross Sales Price attributable to the Sale by which the selling or borrowing person or entity acquired its interest in the property which is the subject of the applicable Sale or Financing (if such person or entity acquired its interest in the subject property in a prior Sale involving 100% of such subject property) or the sum of the Gross Sales Prices attributable to the Sales by which the selling or borrowing person or entity acquired its interest in the property which is the subject of the applicable Sale or Financing (if such person or entity acquired its interest in the subject property in two or more prior Sales), plus (ii) the total of amounts demonstrated to County's reasonable satisfaction as having been expended or paid, for capital Improvements approved by County, by or for the account of such selling or borrowing person or entity for Hard Costs, Soft Costs and Construction Financing Costs after the date that such selling or borrowing person or entity acquired its interest in the property which is the subject of the applicable Sale or Financing. If the property which is the subject of the applicable Sale or Financing has previously been the subject of any Sale, then the Total Project Cost shall be reduced by the amount, if any, of any Excess Proceeds from any prior Sale(s) with respect to which Participation Rent was due to County but was not paid. With respect to any Sale or Financing for which Participation Rent is to be paid to County pursuant to the terms of this 10th Amendment, which Sale or Financing involves the transfer (whether direct or indirect) of less than a 100% interest in Lessee, the Lease and/or the Improvements, then the Total Project Cost for

such interest shall be equitably prorated to reflect the true beneficial ownership interest which is the subject of such Sale or Financing.

ARTICLE 2 EXTENSION OPTION.

2.1 Option to Extend Term. Provided that County has not notified Lessee of the occurrence of any event of default under the Lease or hereunder which exists and remains uncured at the time Lessee exercises the option to extend provided herein, and provided further that the Lease has not been terminated pursuant to its terms at any time prior to such exercise by Lessee, then Lessee shall have the option (the "Extension Option") to extend the term of the Lease for the additional period (referred to herein as the "Extended Term") described in Section 2.5 hereof, subject to all of the following terms and conditions:

A. The Extension Option must be exercised, if at all, by irrevocable written notice in the form of Exhibit "A" attached hereto (an "Extension Exercise Notice") from Lessee delivered to County, at least 30 days prior to the expiration of the "Extension Notice Period" (defined below).

B. Lessee shall have the right to exercise the Extension Option if and only if Lessee shall have previously obtained all of the Entitlements necessary to commence construction of the Proposed Care Units and the Proposed Apartments, in accordance with all of the terms and conditions hereof. If Lessee desires to exercise the Extension Option but has not obtained required Entitlements at the end of the Extension Notice Period and does not meet the requirements in the next sentence, Lessee shall exercise such right(s) to extend the Extension Notice Period as may be necessary and available pursuant to this

10th Amendment to obtain such Entitlements. However, Lessee shall have the right to exercise the Extension Option if Lessee demonstrates to the reasonable satisfaction of County that Lessee has satisfied all of the following conditions: (i) Lessee applied for Entitlements for all 75 of the Proposed Care Units and all 68 of the Proposed Apartments in accordance herewith, and prosecuted such applications using "Appropriate Efforts" (defined in Subsection 4.1.A, below), and (ii) either (x) Entitlements were granted for less than all of the 75 Proposed Care Units and/or for less than all of the 68 Proposed Care Units, and Lessee could not, despite using Appropriate Efforts, obtain any of the denied Entitlements (whether by revising or modifying Lessee's proposals for the New Construction for which Entitlements were denied or otherwise taking actions regarding such proposals provided that in any event Lessee shall not be obligated to expend greater than Appropriate Efforts), or (y) Lessee has extended the Extension Notice Period to the maximum length available pursuant to this 10th Amendment, Lessee is then at the end of the Extension Notice Period, as extended, and Lessee has not obtained Entitlements and could not obtain, despite using Appropriate Efforts, any of such Entitlements prior to the end of the maximum available Extension Notice Period. Additionally, if at any time after three years from the Effective Date Lessee does not meet the Appropriate Efforts standard solely because Lessee is required to prosecute to conclusion certain commercially reasonable judicial appeals, then Lessee may nonetheless exercise the Extension Option if Lessee thereafter diligently prosecutes all such commercially reasonable appeals as required to meet the Appropriate Efforts standard.

(i) If County believes that Lessee has not applied for Entitlements for all of the Proposed Care Units and all of the Proposed Apartments in accordance with the terms hereof, or has not used Appropriate Efforts in seeking to obtain

such Entitlements, or has otherwise not satisfied its obligations contained in Section 2.1, then on or before 20 business days following County's receipt of the Extension Exercise Notice (the "Extension Challenge Date") County shall provide Lessee with written notice (the "Entitlement Default Notice") of Lessee's defaults under Subsection 2.1.B, specifying with reasonable specificity all such defaults and, if such defaults are curable, the action(s) which the County desires Lessee to undertake in order to cure such defaults. If County has not given Lessee an Entitlement Default Notice by the Extension Challenge Date, and if the Lessee has otherwise complied with all of the terms and conditions to Lessee's exercise of the Extension Option, then Lessee shall be deemed to have validly exercised the Extension Option. If County provides Lessee with an Entitlement Default Notice on or before the Extension Challenge Date, then Lessee shall elect, by written notice (the "Challenge Election Notice") delivered to County within 20 business days following Lessee's receipt of the Entitlement Default Notice, either to (i) correct the alleged defaults specified in the Entitlement Default Notice to County's satisfaction, without challenging the occurrence or existence of the defaults alleged in the Entitlement Default Notice (in such event Lessee shall undertake and diligently prosecute to completion the action(s) necessary to correct such defaults as promptly as possible; to the extent that such action(s) involve the application or further application for any Entitlements, or the application for review or further review of the denial of any Entitlements, then substantially concurrent with the delivery of the Challenge Election Notice, Lessee shall take such action as is required to commence each such application or review process), or (ii) challenge the occurrence or existence of the defaults alleged in the Entitlement Default Notice pursuant to the alternative dispute resolution procedure set forth in Article 13 hereof, or (iii) take the actions specified in Subsection (i), above, with respect to certain defaults alleged

in the Entitlement Default Notice and take the actions specified in Subsection (ii), above, with respect to other alleged defaults. If Lessee fails to timely provide County with the Challenge Election Notice, then Lessee will be deemed to have elected to correct the defaults specified in the Entitlement Default Notice to County's satisfaction, without challenging the occurrence or existence of the defaults described in the Entitlement Default Notice.

(a) If Lessee elects to correct some or all of the alleged defaults specified in the Entitlement Default Notice (regardless of whether Lessee is also challenging the occurrence or existence of some of the defaults described in the Entitlement Default Notice), and if Lessee cannot, in Lessee's reasonable judgment, correct such defaults within the then remaining Extension Notice Period, then at the same time as Lessee delivers County the Challenge Election Notice, Lessee shall notify County, in writing, of Lessee's election to extend the Extension Notice Period pursuant to the terms of Subsection 2.1.B(i)(c), below. On or before 30 days following the date on which Lessee believes that it has corrected the defaults specified in the Entitlements Default Notice and if Lessee still wishes to exercise the Extension Option, Lessee shall once again provide County with the Extension Exercise Notice, and the terms of this Subsection 2.1.B shall once again apply.

(b) If Lessee timely elects in good faith to challenge all of the defaults described in the Entitlement Default Notice pursuant to Article 13 hereof, then the Extension Notice Period shall be automatically extended until 30 days following the earlier to occur of (i) the date on which the referee renders its decision in such dispute, in writing, pursuant to such Article 13, or (ii) the date on which Lessee and

County reach agreement with respect to such dispute (the "Decision Date"), and:

(1) If Lessee prevails in such challenge and is determined by the referee not to have been in default of any of its obligations as described in the Entitlement Default Notice (except defaults which Lessee elects to, and has, cured), then Lessee shall once again provide County with the Extension Exercise Notice, County shall be estopped from further alleging the Lessee's default of the obligations which were the subject of judicial reference, and if the Lessee has otherwise complied with all of the terms and conditions to Lessee's exercise of the Extension Option, Lessee shall be deemed to have validly exercised the Extension Option.

(2) If Lessee is determined by the referee to have been in default of any of its obligations as described in the Entitlement Default Notice, and if the Extension Notice Period must be extended in order for Lessee to correct such defaults, then, if Lessee still wishes to elect to exercise the Extension Option, on or before 30 days following the Decision Date Lessee shall notify County, in writing, of Lessee's election to extend the Extension Notice Period pursuant to the terms of Subsection 2.1.B(i)(c), below. On or before 30 days following the date on which Lessee believes that it has corrected the defaults specified in the Entitlements Default Notice which it had challenged and of which it was determined by the referee to be in default, Lessee shall once again provide County with the Extension Exercise Notice, and the terms of this Subsection 2.1.B shall once again apply. County shall be estopped from further alleging the Lessee's default of the obligations, if any, to the extent the referee has determined that Lessee is not in default thereof.

(c) If Lessee elects to extend the Extension Notice Period pursuant to any right granted in Subsections 2.1.B(i)(a) or 2.1.B(i)(b)(2), then: (i) if Lessee has any remaining right to extend the Extension Notice Period pursuant to Subsection 2.2 hereof, Lessee shall extend the Extension Notice Period in accordance with the terms and conditions of such Subsection, including without limitation the payment for such extension; or (ii) if Lessee has no further right to extend the Extension Notice Period pursuant to Subsection 2.2 hereof, Lessee may nonetheless elect to further extend the Extension Notice Period, for up to two additional periods of one year each, subject to all of the following conditions: the Lease has not previously been terminated pursuant to its terms; County has not notified Lessee of the occurrence of any default under the Lease or hereunder which exists and which remains uncured at the time Lessee elects to further extend the Extension Notice Period; each of the two one-year options to extend the Extension Notice Period described herein must be exercised separately, if at all; Lessee may exercise the second such option only if it has previously exercised the first such option, and such second option must be exercised no less than 30, and no more than 60 days prior to the expiration of the Extension Notice Period (as extended); in the case of an extension by Lessee pursuant to Subsections 2.1.B(i)(a) or 2.1.B(i)(b)(2) only, Lessee's notice of its election to so extend the Extension Notice Period, if any, shall be accompanied by delivery to County of a non-refundable fee, in Cash Equivalent, in the amount of \$600,000 (the "Additional Extension Notice Period Fee") for each such one-year extension of the Extension Notice Period; and Lessee may exercise the second such option only if the first option period was insufficient for Lessee, using reasonable diligence, to cure the defaults described in the Entitlement Default Notice.

C. In consideration of the grant by County of the Extension Option, Lessee shall pay to County the following:

(i) A non-refundable application fee (the "Application Fee"), in the amount of \$50,000.00. The Application Fee shall be paid by Lessee to County upon the Effective Date, in cash or cash equivalent (including without limitation cashier's check, money order or federal wire transfer, of immediately available funds) (referred to herein as "Cash Equivalent"). The Application Fee shall not be refunded, regardless of whether or not Lessee ultimately elects to exercise the Extension Option, and the Application Fee shall not be applied as a credit against any other fee or cost which Lessee may incur pursuant to any of the terms of this 10th Amendment, including without limitation the Option Fee or the Extension Fee.

(ii) A non-refundable fee (the "Option Fee") in the amount of \$700,000. The Option Fee shall be paid by Lessee regardless of whether or not Lessee ultimately elects to exercise the Extension Option, and the Option Fee shall not be applied as a credit against any other fee or cost which Lessee may incur pursuant to any of the terms of this 10th Amendment, including without limitation the Application Fee or the Extension Fee. The Option Fee shall be paid by Lessee to County as follows:

(a) on the Effective Date, Lessee shall deliver to County, by Cash Equivalent, the sum of \$233,333.34;

(b) on the first anniversary of the Effective Date, Lessee shall deliver to County, by Cash Equivalent, the additional sum of \$233,333.33, plus any accrued but unpaid Option Fee Interest (defined below);

(c) on the second anniversary of the Effective Date, Lessee shall deliver to County, by Cash Equivalent, the further additional sum of \$233,333.33, plus any accrued but unpaid Option Fee Interest.

As used herein, "Option Fee Interest" shall mean simple interest, calculated on the outstanding unpaid principal balance of the Option Fee, as it may vary from time to time, at the lower of (i) 7.75% per annum, or (ii) the maximum interest rate allowed by law, from the Effective Date until each respective part of the Option Fee is paid. Notwithstanding the foregoing, any Option Fee Interest which is not paid when due shall be added to the then outstanding principal balance of the Option Fee, and shall thereafter bear interest, until paid, at the applicable Option Fee Interest rate. No payment of Option Fee Interest by Lessee shall be credited against Lessee's obligation to pay any other amount, including without limitation the Option Fee, hereunder.

(iii) If Lessee elects to exercise the Extension Option, Lessee shall pay to County the further additional sum of \$3,300,000 (the "Extension Fee"), as follows:

(a) upon delivery to County of the Extension Exercise Notice, Lessee shall pay to County the sum of \$412,500, in Cash Equivalent (provided, however, that if County gives Lessee an Entitlement Default Notice by the Extension Challenge Date, then County shall return such \$412,500 to Lessee as promptly as possible following the date of the Entitlement Default Notice. If County returns such \$412,500 to Lessee pursuant hereto, then Lessee shall once again pay such \$412,500 to County on the date on which Lessee delivers County a further Extension Exercise Notice, and in such event the terms and conditions of Subsections 2.1.B and this 2.1.C(iii)(a) shall once again apply);

(b) on the first anniversary of the Extension Exercise Date, Lessee shall pay to County the additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest (defined below), in Cash Equivalent;

(c) on the second anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent;

(d) on the third anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent;

(e) on the fourth anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent;

(f) on the fifth anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent;

(g) on the sixth anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent; and

(h) on the seventh anniversary of the Extension Exercise Date, Lessee shall pay to County the further additional sum of \$412,500, plus any accrued but unpaid Extension Fee Interest, in Cash Equivalent.

As used herein, "Extension Fee Interest" shall mean simple interest, calculated on the outstanding unpaid principal balance of the Extension Fee, as it may vary from time to time, from the date of the Extension Exercise Notice until each respective portion of the Extension Fee is paid, at the lower of (i) the maximum interest rate allowed by law, or (ii) 7% per annum, with respect to the payments described in Subsection 2.1.C(iii)(b) through (e), inclusive, above, and 7.5% per annum, with respect to the remaining payments of the Extension Fee. Notwithstanding anything to the contrary contained herein, any Extension Fee Interest which is not paid when due shall be added to the then outstanding principal balance of the Extension Fee, and shall thereafter bear interest, until paid, at the then applicable Extension Fee Interest rate. No payment of Extension Fee Interest by Lessee shall be credited against Lessee's obligation to pay any other amount, including without limitation the Extension Fee, hereunder.

2.2 Extension Notice Period. The Extension Notice Period shall commence on the Effective Date, and terminate on the day which is one day prior to the third anniversary of the Effective Date. Notwithstanding the foregoing, provided that County has not notified Lessee of the occurrence of any default under the Lease or hereunder which exists and which remains uncured at the time Lessee exercises the option to extend the Extension Notice Period, and provided further that the Lease has not been terminated pursuant to its terms at any time prior to Lessee's exercise of such option to extend, then Lessee may elect to extend the Extension Notice Period, for three periods of one year each, by delivering written notice of such election to County at least 30 days prior to then current expiration of the Extension Notice Period. Each of the three one-year options to extend the Extension Notice Period described herein must be exercised separately, if at all. Lessee may exercise the second

and third such option only if it has previously exercised the prior such options in accordance with all of the terms and conditions hereof. Lessee's notice of such election to County, if any, shall be accompanied by delivery to County of a nonrefundable fee, in Cash Equivalent, in the amount of (i) \$200,000 for each of the first two one-year options to extend the Extension Notice Period, and (ii) \$300,000 for the third one-year option to so extend. No payment of any such fees shall be credited against Lessee's obligation to pay any other amount, including without limitation the Extension Fee, hereunder.

2.3 Guarantee. As a condition precedent to the enforcement against County of the terms of this 10th Amendment, Mr. Jona Goldrich (or if he is deceased or permanently disabled, a person or entity which is, in the County's reasonable judgment, as financially responsible as Jona Goldrich, with a net worth and liquid assets comparable to those of Jona Goldrich as of the Effective Date) shall personally guarantee payment of the entire Option Fee, effective as of the Effective Date, pursuant to the terms of a guarantee in the form and substance of the guarantee attached hereto as Exhibit "B". Such guarantee shall be executed and delivered to County and be in full force and binding on the named guarantor upon the Effective Date.

2.4 Extension Option Personal. The Extension Option granted pursuant to this Article 2 is personal to Dolphin Marina, Ltd., and notwithstanding anything to the contrary contained in the Lease or herein (including without limitation the terms and conditions of Section 22 of the Lease) such Extension Option may not be assigned, hypothecated or otherwise transferred to any other person or entity, and upon any Sale of Equity Partner interests in Lessee that results in a change of Control of Lessee the Extension Option shall automatically terminate; provided, however, that in the event of death or permanent disability of

Mr. Jona Goldrich or Mr. Sol Kest, general partners of Dolphin Marina, Ltd., then such deceased or disabled general partner, or his estate, shall have the one-time right to assign all of such general partner's interest in Lessee (including, without limitation, such general partner's interest in the Lessee's Extension Option), and such assignment shall not violate the terms of the Lease as amended herein (including without limitation Section 22 thereof) and the assignment of such general partner's interest in the Lessee's Extension Option shall be valid under the Lease as amended under the following circumstances:

A. Such general partner, or his estate (in the event of death) or representative (in the event of disability) shall notify County of the identity of the proposed assignee of such general partner's interest in Lessee, and any other related terms which County may reasonably request.

B. Prior to any such assignment County shall approve the identity of such proposed assignee. Such approval shall not be unreasonably withheld; provided, however, that it shall not be unreasonable for County to consider the following in determining whether to grant or withhold such consent: the financial condition of the proposed assignee; the financial terms of such assignment, to the extent, if any, that such terms may affect the efficient operation or management of the Premises; any adverse impact on the Marina del Rey area that may result from the reputation of the proposed assignee for illegal, immoral or otherwise disreputable business conduct; and/or whether such assignment shall otherwise comply with the terms and conditions of any and all ordinances, policies and/or other statements of objectives which are formally adopted by County and/or the Department of Beaches and Harbors of the County of Los Angeles (or any successor County department responsible for the

administration of the Lease), which by their terms are intended to be uniformly applicable to persons or entities with rights of occupancy in any portion of Marina del Rey.

C. Lessee shall reimburse County on demand for any reasonable costs and overhead that may be incurred and substantiated by County in connection with said assignment, including without limitation the cost of making investigations as to the acceptability of the proposed assignee, and reasonable legal costs incurred in connection with the granting or withholding or any requested consent. Without limiting the generality of the foregoing, it shall be deemed reasonable for County to require such reimbursement in the amount of (i) \$5,000, multiplied by a fraction, the numerator of which is the Index for the month which is four months prior to the date on which County seeks such reimbursement, and the denominator of which is the Index for the month which is four months prior to the Effective Date, plus (ii) all reasonable fees and/or expenses incurred by County for the services of any unrelated third party or third parties.

D. Upon the occurrence of any such assignment, Lessee shall pay to County a Transfer Fee, pursuant to Subsection 3.2.A hereof.

2.5 Effect of Extension. Provided that Lessee has timely delivered the Extension Exercise Notice and has otherwise satisfied the terms and conditions of Subsection 2.1.B, has paid any and all fees and costs due County hereunder, County has received the guarantee described in Subsection 2.3 hereof (or full payment of the Option Fee), and Lessee has otherwise satisfied, and is in full compliance with, all of the terms and conditions of the Lease and this 10th Amendment, then (i) County shall promptly return to Lessee a copy of the Extension Exercise Notice, as originally executed by, and acknowledged on behalf of,

the County, at which point the Extension Option shall be conclusively deemed to have been validly exercised by Lessee, and Lessee shall be entitled to have such fully executed Extension Exercise Notice recorded in the official records of the County Recorder of the County of Los Angeles, (ii) effective as of the delivery of the Extension Exercise Notice by County to Lessee, the term of the Lease shall be extended for the period commencing on the day following the date on which the Lease would otherwise expire (but for this 10th Amendment), and terminating on June 30, 2062, with the same force and effect as if such period had originally been included in the term of the Lease, and (iii) the Lease, as extended, shall be upon all of the terms, covenants and conditions contained in the Lease and applicable to the original term thereof, as amended herein. Notwithstanding anything to the contrary contained herein, the total term of the Lease, including without limitation the Extended Term, shall not under any circumstances exceed 99 years in length, and if such term would otherwise exceed 99 years then the Extended Term shall expire on the day before the 99th anniversary of the date on which the term of the Lease commenced.

2.6 Adjustment of Base Rental. Notwithstanding anything to the contrary contained anywhere in the Lease (including without limitation the terms and conditions of Section 15 thereof), upon the first July 1 to occur after the Extension Exercise Date, and every third July 1 thereafter, the "annual square foot rental" (as such term is used in Section 12 of the Lease, and referred to herein as "Base Rent") for the Premises shall be adjusted to an annual amount equal to 75% of the average annual rental (including, but not limited to, Base Rent and the rental due pursuant to Section 13 of the Lease, as amended ("Percentage Rent"), but excluding (i) any Extension Fee Credit which Lessee may have received or for which Lessee may be eligible pursuant hereto, and (ii) Participation Rent, if any,

paid to County) which Lessee became obligated to pay to County for the Premises in each of the three one-year periods immediately prior to such adjustment. Percentage Rent paid shall be credited against Base Rent with respect to the annual period for which the Percentage Rent was paid. Notwithstanding anything to the contrary herein, such adjusted Base Rent shall never be less than the amount of the Base Rent payable by Lessee to County immediately prior to such adjustment.

2.7 Effect of Lease Termination. Except as expressly contained herein to the contrary, or as permitted under the Lease (as amended hereby) with respect to a transfer of all or part of Lessee's interest in the Lease, any termination, cancellation or surrender of Lessee's interest in the Lease during the term of the Lease, as it may be extended, whether by operation of law or otherwise, shall terminate all of Lessee's rights provided in this Article 2 further to extend the term of this Lease after any such termination, cancellation or surrender.

2.8 Failure to Timely Notify. The following shall automatically terminate, and shall be deemed to be a waiver by Lessee of, all of Lessee's rights provided in this Article 2 to extend the term of the Lease, time being of the essence: (i) Lessee's failure to deliver the Extension Exercise Notice to County in accordance with all of the terms and conditions hereof; (ii) Lessee's failure to pay any fee or other cost (however denominated) in accordance with the terms and conditions of the Lease, as amended hereby, provided that any such failure is not cured within ten days of Lessee's receipt of written notice thereof; or (iii) expiration or other termination of the Lease pursuant to its terms.

3.1 Event Triggering Participation Rent. If Lessee elects to exercise the Extension Option, then in the event of any Sale or Financing which closes after the Extension Exercise Date, in addition to any other sum which Lessee is obligated to pay to County hereunder or under the Lease, Lessee shall pay to County the sums described in this Article 3 (the "Participation Rent"); provided, however, that Lessee shall not be required to pay any such Participation Rent to County as a result of, or in connection with, any Financing(s) obtained by Lessee in order to fund the construction of the Redevelopment (or any portion or Phase thereof), except to the extent that the proceeds of such Financing(s) exceed the sum of the Total Project Cost for such Redevelopment (or portion of Phase thereof) and the Deductible Expenses attributable to such Financing(s). Any Participation Rent which Lessee may become obligated to pay to County in the event of any Sale or Financing, shall be paid upon the close of such Sale or Financing, directly through the escrow or escrows established in connection with, or related to, such Sale or Financing transaction; provided, however, that (i) in the event of any Financing which is obtained and actually used by Lessee to finance the construction of all or any part of any Phase of the Redevelopment, then Lessee shall pay Participation Rent related to such Financing pursuant to the terms of Subsection 3.5.A(i) hereof, rather than pursuant to this Section 3.1, and (ii) in the event of any Financing the proceeds of which are not made available to Lessee except upon satisfaction of stated conditions or other contingencies, then Lessee shall pay Participation Rent related to such Financing pursuant to the terms of Subsection 3.5.A(ii) hereof, rather than pursuant to this Section 3.1.

3.2 Amount of Participation Rent.

A. In the event of any Sale for which Participation Rent is due under Section 3.1 hereof, Lessee shall pay to County, as Participation Rent, an amount equal to the greater of (i) 5% of the Gross Sales Price from such Sale, or (ii) 20% percent of the Excess Proceeds, if any, from such Sale (the "Transfer Fee"). Notwithstanding the first sentence of Section 3.1 or the preceding sentence in this Section 3.2.A, in the event of any assignment in accordance with Section 2.4 hereof at any time prior to Lessee's exercise of the Extension Option as a result of the death or permanent disability of Mr. Jona Goldrich or Mr. Sol Kest, then Lessee shall pay to County, as Participation Rent, an amount equal to 20% of the Excess Proceeds, if any, from the Sale resulting from such assignment, and for purposes of such assignment transaction such payment shall constitute the Transfer Fee described herein; provided, however, that if such assignment is made to one or more of the Immediate Family Members of such general partner, then Lessee shall not be required to pay County the Transfer Fee described in this Subsection.

B. In the event of any Financing for which Participation Rent is due under Section 3.1 hereof, Lessee shall pay to County, as Participation Rent, an amount equal to 18.5% of the Excess Proceeds from such Financing (the "Financing Fee").

3.3 Records. Lessee shall keep full and accurate accounts, books and records (in form suitable for the auditing of such records in accordance with this Lease) of all items constituting Hard Costs, Soft Costs, Construction Financing Costs, Total Project Costs, Deductible Expenses, and any other information necessary or pertinent to determine the amount of Participation Rent, in accordance with generally accepted

accounting principles, consistently applied, including, but not limited to, executed originals or counterparts of all ledgers, concessions or license agreements, construction contracts and invoices, cash receipt and disbursement journals, bank deposit slips, bank books, and records prepared for electronic data processing and all records prepared as a result of such processing. Lessee shall make all such records available to County at Lessee's main business office upon not less than five days prior written notice, and shall keep all such records at Lessee's main business office or at the Premises for at least ten years after the applicable Sale or Financing, with respect to information relevant to the determination of Participation Rent.

3.4 TPC Estoppel.

A. No fewer than 75 days prior to the closing of any Sale or Financing, Lessee shall deliver a notice to the County, requesting an estoppel certificate from the County (the "TPC Estoppel"). In any such request for a TPC Estoppel, Lessee shall (i) set forth the amounts necessary to calculate Participation Rent, (ii) state whether it is Lessee's first or second request for the TPC Estoppel, and (iii) expressly state that the County has an affirmative obligation to respond to such information within 60 days from the first request, and within 30 days from the second request, or the County shall be estopped from later asserting that the information contained in such request is incorrect. County's TPC Estoppel shall: (i) confirm to the best of its knowledge (or state its specific objections to) the information necessary to calculate Participation Rent as set forth in the most recent Completion of Construction Certificate (defined in Subsection 4.9.B, below) received from Lessee, if any (or, in the event that any Sale or Financing shall have occurred since the delivery of the most recent Completion of Construction Certificate, the information set forth in the Participation Rent

Certificate (defined in Subsection 3.5.A, below) relating to the most recent Sale or Financing); (ii) state the amount of any delinquent rent (including, without limitation, Base Rent, Percentage Rent (if known) and/or Participation Rent (if known)), or the existence of any other default or event then actually known to County which, with the giving of notice or the passage of time shall become a default, under the Lease or hereunder, as of the date of such TPC Estoppel, and (iii) if included in Lessee's request, either (a) confirm that the copy of the Completion of Construction Certificate attached to such request is a true and correct copy thereof, and that such Completion of Construction Certificate was duly executed and delivered by County and is in full force and effect, or (b) state its objections thereto. If County has not responded to Lessee's first request for such TPC Estoppel on or before 30 days following Lessee's request therefor, Lessee may deliver a second notice to the County, containing all of the same information, requesting such TPC Estoppel. County shall use reasonable efforts to deliver such TPC Estoppel to Lessee within 30 days after the County's receipt of any request therefor from Lessee; provided, however, that if County fails to deliver such TPC Estoppel on or before the later of (i) 60 days following County's receipt of the first request for such TPC Estoppel, or (ii) 30 days following County's receipt of the second request for such TPC Estoppel, then County shall be estopped from later asserting (aa) the inaccuracy of the amount of Total Project Costs, as set forth in Lessee's request for the TPC Estoppel, to the extent such amount conforms to the Total Project Costs as set forth in the most recent Completion of Construction Certificate (defined in Subsection 4.9.B, below) received from Lessee, if any (or, in the event that any Sale or Financing shall have occurred since the delivery of the most recent Completion of Construction Certificate, the information set forth in the Participation Rent Certificate (defined in Subsection 3.5.A, below) relating to the

most recent Sale or Financing), or (bb) that there is delinquent rent (including without limitation Base Rent, Percentage Rent and/or Participation Rent) due and owing under the Lease as of the date of Lessee's first request for such TPC Estoppel. County's failure to respond to Lessee's request for a TPC Estoppel shall not preclude County from later contesting any information of any type other than the information described in clauses (aa) and (bb) of the preceding sentence, regardless of what Lessee may seek in Lessee's request for any such TPC Estoppel. If the County, having used commercially reasonable efforts, is unable, for any reason whatsoever (other than failing to use commercially reasonable efforts), to confirm any of the information or amounts set forth in Lessee's request for any TPC Estoppel, then County shall provide Lessee with the requested TPC Estoppel to the extent of the information then available to County, and may merely advise Lessee of County's inability to confirm further information; in such event, the County shall inform Lessee of the information that County is unable to confirm, and of the items or information that, to the best of County's knowledge, County would require in order to confirm such information. For a period of 10 days following Lessee's receipt of such information from County, Lessee may provide County with (i) the items and/or information identified by County as necessary to provide the TPC Estoppel, in the form requested by Lessee, along with (ii) an additional request for a TPC Estoppel, which request shall be governed in the same manner as Lessee's second request for the TPC Estoppel hereunder. The parties agree that the County shall have satisfied its obligations hereunder, and that the information set forth in Lessee's request for the TPC Estoppel shall not be deemed to be correct to the extent the County, having used commercially reasonable efforts, is unable (even after being provided with supplementary items and/or information by Lessee, pursuant to the terms of the foregoing sentence), to confirm such information, nor shall County be

estopped from later asserting that such unconfirmed information is incorrect. If County disagrees with any information or statement set forth in Lessee's request for a TPC Estoppel which is within the scope of the information which County is obligated to confirm pursuant to the third sentence of Section 3.4.A., County shall set forth, to its knowledge, the basis for and scope of its disagreement with Lessee's position, and County shall also state, to its knowledge, its opinion (if any) of the correct information or statement (e.g., if Lessee states in its request for a TPC Estoppel that it has paid rent through June of a year, and County believes that Lessee has paid rent only through May of that year, County shall so state in its TPC Estoppel). If the closing date of the applicable Sale or Financing is more than 90 days after the date of the TPC Estoppel, Lessee shall obtain an updated TPC Estoppel prior to the closing of such Sale or Financing.

B. Notwithstanding the foregoing, regardless of whether County actually delivers a TPC Estoppel or fails to deliver such TPC Estoppel and, as a result of Lessee's two notices to County, is estopped from asserting the inaccuracy of the matters set forth above, if at the time of the delivery (or deemed delivery) of such TPC Estoppel by County, County holds a right to perform the "County's Audit", as hereinafter defined, with respect to the Completion of Construction Certificate, a Participation Rent Certificate, Participation Rent, or Percentage Rent due to County hereunder, but has not yet exercised such right, then in no event shall County's response to a TPC Estoppel limit County's right to engage in such audit or to require Lessee to pay sums due from Lessee to County pursuant to this Lease as a result of such audit. If Lessee reasonably expects a Sale or Financing to occur which will result in the payment of Participation Rent to County, then Lessee may limit County's right to audit pursuant to this Section 3.4.B as follows: to so

limit County, Lessee shall send written notice to County, stating that (i) Lessee reasonably anticipates that a Sale or Financing will occur, (ii) Lessee shall reimburse County for the costs of a County Audit to be conducted by an independent certified public accountant acceptable to County in its sole discretion, and (iii) if, within six months of the date of such notice, County fails to exercise its right to audit the information regarding Total Project Costs set forth in the Completion of Construction Certificate, or the information set forth in the then most recent Participation Rent Certificate delivered by Lessee to County pursuant to the Lease, then County shall be bound by the information or data set forth in such certificates and shall forfeit the right to audit such information. County shall have a period of six (6) months from and after receipt of such notice within which to cause an independent certified public accountant acceptable to County in its sole discretion to audit the information set forth in such Completion of Construction Certificate or Participation Rent Certificate. If County fails to exercise such right, then County shall not thereafter have the right to audit the information set forth in such Completion of Construction Certificate or Participation Rent Certificate, and County shall not be entitled to reserve its right to audit as set forth in the first sentence of this Section 3.4.B. If County exercises such right, Lessee shall reimburse to County all fees and costs incurred by County for such County Audit within ten (10) days after Lessee's receipt of County's written invoice.

3.5 Participation Rent Certificate.

A. Lessee, at its own cost and expense, shall deliver or cause to be delivered to County upon the closing of any Sale or Financing an original certificate ("Participation Rent Certificate") with respect to such Sale or Financing. Each Participation Rent Certificate shall be prepared by an

independent Certified Public Accountant reasonably acceptable to County and certified as true and correct by such accountant and Lessee's managing partner, and shall contain (i) a reasonably detailed statement of all information necessary or appropriate to enable County to calculate or verify the Participation Rent due to County in connection with such Sale or Financing, and (ii) a statement of the Participation Rent due to County in connection with such Sale or Financing, calculated in accordance with the information set forth in the TPC Estoppel and the other provisions of this Lease. Each Participation Rent Certificate shall be prepared in accordance with generally accepted accounting principles, consistently applied. In addition to the foregoing:

(i) If any Financing is obtained and actually used by Lessee to finance the construction of any particular Phase of the Redevelopment, then substantially concurrent with (but in no event more than five business days following) each disbursement to Lessee of all or any portion of the proceeds of such Financing, Lessee, at its own cost and expense, shall deliver or cause to be delivered to County (i) an original certificate in which Lessee reasonably estimates (aa) the Total Project Costs (including without limitation the Hard Costs, Soft Costs and Construction Financing Costs) which Lessee anticipates will be incurred with respect to the construction of such Phase, and all other amounts necessary to calculate Participation Rent, (bb) the aggregate amount of Excess Proceeds (if any) and the aggregate amount of Participation Rent (if any) which Lessee anticipates will exist with respect to such Financing, and (cc) the amount of Excess Proceeds (if any) then being disbursed to Lessee, and (ii) the amount of Participation Rent (if any) which is due and payable to County in connection with such disbursement, each as reasonably calculated in accordance with the provisions hereof. The amount of Participation Rent due and

payable to County in connection with any such disbursement shall be equal to 18.5% of the amount of Excess Proceeds then being disbursed to Lessee, as reasonably estimated by Lessee in such certificate. Any certificate prepared pursuant to this Subsection shall be prepared by an independent Certified Public Accountant reasonably acceptable to County, in accordance with generally accepted accounting principles, consistently applied, and shall be certified by Lessee's managing partner as being the Lessee's best reasonable estimate of the information set forth in such certificate. For purposes of this 10th Amendment, such certificate (if any) shall constitute the Lessee's Participation Rent Certificate with respect to any such Financing. Neither the County nor Lessee shall be bound by the information contained in any such certificate, and the amount of Excess Proceeds (if any) and Participation Rent (if any) actually due with respect to any such Financing shall ultimately be determined pursuant to the terms of Paragraph 4.9 hereof. If it is ultimately determined that the actual amount of Participation Rent which Lessee is required to pay County with respect to any Financing described in this Subsection (i) is greater or less than the aggregate estimated amounts of Participation Rent paid by Lessee to County with respect to such Financing, then: if Lessee's aggregated payments of estimated Participation Rent exceeded the actual amount of Participation Rent which Lessee is obligated to pay County, Lessee may thereafter offset the amount of such overpayment against the rent (including without limitation the Base Rent and/or Percentage Rent) next coming due pursuant to the terms of the Lease, as amended (provided, however, that if the term of the Lease expires prior to Lessee receiving full credit for the amount of such overpayment, County shall reimburse Lessee for the uncredited balance of such overpayment); and if Lessee's aggregated payments of estimated Participation Rent are less than the actual amount of Participation Rent which Lessee is obligated to pay County, then upon delivery to County of the Completion of

Construction Certificate prepared with respect to the construction financed by such Financing, Lessee shall pay County the amount of such underpayment.

(ii) If any Financing is obtained by Lessee, and some or all of the proceeds of such Financing are not made available to Lessee except upon satisfaction of stated conditions or other contingencies, then upon the execution by Lessee of the promissory note evidencing such Financing Lessee shall deliver or cause to be delivered to County (i) a Participation Rent Certificate with respect to any portion of the proceeds of such Financing which have been or are then being disbursed to Lessee, (ii) a copy of each of the written instruments and/or documents setting forth the conditions and contingencies to further disbursement(s) to Lessee of proceeds from such Financing, (iii) a written certificate in which each person or entity providing such Financing covenants, for the benefit of the County, to provide County with no less than five days advance written notice of such lender's intent to disburse proceeds from any such Financing, and (iv) the amount of Participation Rent (if any) which may be due and payable to County in connection with any portion of the proceeds of such Financing which are then being disbursed to Lessee. Substantially concurrent with (but in no event more than five business days following) each subsequent disbursement to Lessee of all or any portion of the proceeds from any such Financing, Lessee, at its own cost and expense, shall deliver or cause to be delivered to County (i) a Participation Rent Certificate prepared with respect to such disbursement, and (ii) the amount of Participation Rent (if any) which may be due and payable to County in connection with such disbursement.

B. County shall have the right to audit or cause an audit to be made of all accounts, books and records of

Lessee, which Lessee is required to maintain pursuant to Subsection 3.3 hereof, in connection with any Participation Rent Certificate, and such audit, if any, shall constitute "County's Audit", as such term is used in Subsection 4.9.C hereof. Any such audit by County shall be subject to all of the applicable terms and conditions of Subsections 4.9.C, D, E and F, inclusive.

ARTICLE 4 REDEVELOPMENT.

4.1 Entitlements/Phased Construction.

A. Commencing no later than the Effective Date, Lessee shall use Appropriate Efforts (as hereinafter defined) to secure all Entitlements which may be required in connection with the Proposed Care Units, the Proposed Apartments and the Renovation, and each part thereof. For purposes hereof, "Appropriate Efforts" shall mean best efforts to file and prosecute applications, respond to inquiries, and to take all other actions necessary or appropriate to obtain Entitlements for the Proposed Care Units, the Proposed Apartments and the Renovation, and each part thereof. However, notwithstanding the foregoing, to the extent that any regulatory agency having jurisdiction grants or proposes to grant such Entitlements subject to various conditions or requirements, Lessee shall only be obligated to accept and perform such conditions or requirements to the extent that it is commercially reasonable to do so. Additionally, "Appropriate Efforts" shall mean that, to the extent that Lessee's applications for such Entitlements are denied or otherwise qualified or conditioned, Lessee shall be required to prosecute judicial appeals thereof only to the extent that it is commercially reasonable to do so. Any dispute between Lessee and County regarding satisfaction by Lessee of its obligation to use Appropriate Efforts to obtain all Entitlements shall be subject to the dispute resolution procedure set forth in Article 13

hereof. If, having exercised Appropriate Efforts, Lessee obtains Entitlements for less than all of the Proposed Care Units and the Proposed Apartments, upon exercise of the Extension Option Lessee shall be obligated to construct the Proposed Care Units and/or Proposed Apartments in accordance with the terms hereof only to the extent permitted by such Entitlements. Lessee may request the County to cooperate in its proprietary capacity with Lessee (at Lessee's sole expense, risk and liability) to obtain such Entitlements, and County agrees to cooperate with Lessee in such endeavor in County's proprietary capacity, provided that: Lessee acknowledges that the County's powers and rights in its governmental capacity shall not be affected thereby; and if County intends to employ legal counsel (whether in-house or independent counsel) or other consultants in connection with cooperating with Lessee to obtain such Entitlements, and desires to be reimbursed for the cost thereof, County shall notify Lessee of such fact and of the names of such counsel and consultants, and for a period of 5 days following receipt of such notice Lessee may elect to terminate its request for County's cooperation in connection with obtaining such Entitlements. If Lessee does not so terminate its request for County's cooperation, then promptly following receipt of written request Lessee shall reimburse County for all fees and costs incurred by County in connection with such cooperation. Lessee's efforts to obtain such Entitlements, and to secure any and all studies, tests, proposals or other background information which it reasonably deems to be necessary or convenient in connection therewith (including without limitation any and all environmental assessments, impact reports or other similar studies), shall all be at Lessee's sole cost, risk and expense. Notwithstanding anything to the contrary contained herein, all environmental tests, studies, proposals, assessments, impact reports and other similar documents and items required in connection with securing such Entitlements shall be performed and/or prepared by environmental consultants selected by Lessee

subject to approval of County; provided that, to the extent required by the California Environmental Quality Act or other applicable law, such consultants shall be selected by the applicable lead agency.

B. After consultation with County, Lessee at its option may elect to carry out the New Construction in two Phases, one for each of (i) the Proposed Care Units and (ii) the Proposed Apartments, and may elect to carry out the Renovation in an additional construction Phase. Lessee may exercise such option by delivering to County a schedule showing the estimated schedule for performance of the phased New Construction and/or the Renovation. Such respective phases of the New Construction and/or the Renovation are referred to herein individually as a "Phase", and collectively as the "Phases", of the Redevelopment. Lessee's election to phase certain of its construction obligations relative to each other shall not in any way modify, alter or otherwise affect Lessee's obligation with respect to the payment of the Threshold Amount, or the schedule applicable to such obligation, as more particularly described in Subsection 5.3 hereof.

4.2 Renovation. If Lessee elects to exercise the Extension Option, then all of the following terms and conditions of Subsections 4.2 through and including 4.9, 4.11 and 4.12 hereof shall apply.

A. Lessee shall renovate, reconstruct and otherwise improve, the Existing Apartments, or cause the same to occur, pursuant to the terms and conditions hereof. Such renovation, reconstruction and improvement shall be performed so that the Existing Apartments (including at a minimum and without limitation the bathroom, kitchen and balcony of each of the Existing Apartments, and the common area landscaping in and

around the Existing Apartments) are refurbished and modernized to a level which is comparable to and consistent with the quality level of the average luxury apartment in the general area of the Premises (such area to include, without limitation, the Playa Vista area) at the time the Renovation of the Existing Apartments is commenced (the "Apartment Renovation Standard"). The Renovation of the Existing Apartments shall cost not less than \$30,000 per dwelling unit (provided that such cost may include Renovation work to be performed on any portion of the buildings in which the Existing Apartments are located, or to the landscaping or other public areas adjacent to and forming a part of such buildings). To the extent that Lessee incurs costs and expenses following the Extension Exercise Date but prior to the Commencement of Construction of the Renovation, which costs and/or expenses are reasonably includable in the costs of the Renovation of the Existing Apartments (and which are not expended in the routine maintenance of the Existing Apartments, as more particularly described in Subsection 1.17 hereof), then upon receipt of prior written approval from the Director Lessee may offset the amount of such costs and expenses against the sums which Lessee is obligated to expend in connection with the Renovation of the Existing Apartments. Subject to Subsections 5.3 (payment of the Threshold Amount) and 4.1.B (limiting construction of the Redevelopment to no more than three Phases, one for each of the Proposed Care Units, the Proposed Apartments, and the Existing Apartments), the Renovation of the Existing Apartments shall be accomplished in such manner as Lessee may select to avoid disruption and minimize loss of revenue to Lessee and County.

B. No more than 180 days prior to the Commencement of Construction of the Renovation of the Existing Apartments, Lessee shall cause an expert selected by Lessee and reasonably approved by County to prepare and deliver to County,

at Lessee's sole cost and expense, a written report of the results of an audit (the "Deferred Maintenance Audit"), describing in reasonable detail, without limitation, (i) all of the tasks, equipment, fixtures, improvements and other work or items of any kind whatsoever which would be required to be constructed, installed or otherwise performed in and around the Existing Apartments in order for the Existing Apartments to achieve a level of maintenance and improvements comparable to other non-high rise apartment units, located in Marina del Rey, completed within 12 years of the date on which the Existing Apartments were completed, having average rents for similarly configured dwelling units equal to or greater than 65% of the average rent for apartments in Marina del Rey, and (ii) the estimated total costs and expenses that could reasonably be expected to be incurred in connection with causing the Existing Apartments to achieve such level of maintenance and improvements.

(i) County shall have the right, which must be exercised, if at all, within 60 days of its receipt of the Deferred Maintenance Audit (if not so exercised, such right shall be waived), to audit or cause an audit (the "County's Maintenance Audit") to be made of the Existing Apartments for the purpose of determining the accuracy of the information set forth in the Deferred Maintenance Audit. Without limiting the generality of the foregoing, County may employ such contractors or other experts as County may, in its sole discretion, deem necessary or desirable in connection with the County's Maintenance Audit. Lessee shall cooperate with and assist in such audit and, to the extent it does not conflict with any right of occupancy granted by Lessee to any tenant of the Existing Apartments, shall make all of the Premises available to County, upon reasonable advance notice, for inspection in accordance herewith. County agrees to cooperate with Lessee in scheduling and conducting County's

Maintenance Audit, if any, so as not unreasonably to interfere with Lessee's business operation.

(ii) Lessee shall pay the reasonable cost and expense of County's Maintenance Audit if County's Maintenance Audit discloses that the Deferred Maintenance Audit understated by more than three percent the estimated total costs and expenses that could reasonably be expected to be incurred in connection with causing the Existing Apartments to achieve the threshold level of maintenance and improvements described in Section 4.2.B. In all other cases County shall be solely responsible for the cost and expense of County's Maintenance Audit.

(iii) Lessee shall have the right to contest, at Lessee's sole cost and expense, the accuracy of County's Maintenance Audit. If Lessee in its reasonable discretion determines to contest County's Maintenance Audit, Lessee must deliver to County written notice of its intent to contest within 20 business days after County notifies Lessee of the results of the County's Maintenance Audit. If Lessee fails to deliver such contest notice to County within such 20 business day period, then Lessee shall be deemed to have waived its right to contest the County's Maintenance Audit. If Lessee timely delivers such contest notice to County, then the issue of the amount and accuracy of County's Maintenance Audit shall be submitted to an independent third party expert, mutually acceptable to County and Lessee, with reasonable experience in audits similar to County's Maintenance Audit in scope, complexity and subject matter, and the finding of such expert shall be final. If Lessee prevails in such determination, then County shall promptly reimburse Lessee for any cost or expense incurred by Lessee in connection with or as a result of the submission of such contest to such expert.

C. Lessee shall renovate, reconstruct and otherwise improve the Existing Marina, or cause the same to occur. Such renovation, reconstruction and improvement shall be performed so that the Existing Marina is refurbished and modernized to a level which is comparable to and consistent with the quality level of other modern marinas in Southern California which are open to the general public (as opposed to privately owned marinas or yacht clubs), provided that (i) the renovated, reconstructed and improved Existing Marina shall meet or exceed the "County Marina Specifications" (defined below) which are in effect on the date on which the Marina Improvement Plan (defined below) is approved by County, and (ii) such renovation, replacement and/or improvement shall include replacing a portion of the current slips with larger slips. The exact number and size of such slips shall be agreed to between Lessee and the Director, on a commercially reasonable basis. As used herein, the "County Marina Specifications" shall mean the requirements set forth in the Specifications and Minimum Standards of Architectural Treatment and Construction for the Marina del Rey, as established from time to time by the Board of Supervisors of the County of Los Angeles or the Los Angeles County Department of Beaches and Harbors, including without limitation any amendments, restatements or other modifications thereto which by their terms are intended to be uniformly applicable to all Marina construction at Marina Del Rey (should promulgation and publication of such Specifications and Minimum Standards of Architectural Treatment and Construction be discontinued, then any other formally adopted standard which is intended to be uniformly applicable to marina construction in Marina del Rey may be substituted in place thereof). On or before two (2) years after the Effective Date, Lessee shall provide the Director with a plan, describing the Renovation of the Existing Marina which Lessee proposes to perform, or cause to be performed, pursuant to this Subsection 4.2.C, and describing the number and size of boat

slips to be replaced by Lessee pursuant to this 10th Amendment (the "Lessee Marina Improvement Plan"). County shall promptly review the Lessee Marina Improvement Plan when delivered by Lessee, and communicate any desired changes to Lessee. Lessee shall revise the Lessee Marina Improvement Plan as the Director may require on a commercially reasonable basis. Lessee shall obtain the Director's approval of the Lessee Marina Improvement Plan no later than three (3) years after the Effective Date, and upon approval by the Director, the improvement plan so approved shall be referred to the "Marina Improvement Plan." If Lessee fails to deliver to County the Lessee Marina Improvement Plan on or before two (2) years after the Effective Date, then notwithstanding the terms of paragraph 7.1 of this 10th Amendment, Lessee shall pay to County as Percentage Rent 32% of all Boat Slip Rentals commencing two (2) years after the Effective Date, and continuing until the date on which Lessee actually delivers the Lessee Marina Improvement Plan to County. Similarly, if Lessee fails to obtain the Director's approval of the Lessee Marina Improvement Plan or prior to three (3) years after the Effective Date, then notwithstanding the terms of paragraph 7.1 of this 10th Amendment, Lessee shall pay to County as Percentage Rent 32% of all Boat Slip Rentals commencing three (3) years after the Effective Date, and continuing until the date on which Lessee actually obtains the Director's approval of the Lessee Marina Improvement Plan. Further, in the event that Lessee has not completed those portions of the renovation, reconstruction and improvement of the Existing Marina pursuant to the terms hereof on or before the deadlines therefor set forth in Section 4.8.C, without limitation to any of County's other rights as a result thereof, then Lessee shall pay County the Marina Default Rent with respect to those portions of the Existing Marina which are required to be complete but which are not yet complete, until such time as the renovation, reconstruction and improvement thereof is completed in accordance with the terms of

this Amendment. "Marina Default Rent", as used herein, shall mean the average rent per lineal foot of boat slip obtained by Lessee from the Renovated portion of the Existing Marina (or, if no material Renovation has occurred, the average rent per lineal foot of boat slip obtained by all County lessees in Marina del Rey), multiplied by (y) the total lineal feet of boat slips which Lessee has not yet completed, as depicted in the Marina Improvement Plan, multiplied by (z) the Percentage Rent rate which is applicable to Boat Slip Rentals (defined below) at the time of such calculation pursuant to the terms of this Lease, as amended, plus 2%. Marina Default Rent shall be paid in lieu of the Percentage Rent payable by Lessee as Boat Slip Rental for such uncompleted slips.

4.3 New Construction. Lessee shall construct, or cause to be constructed, the Proposed Care Units and the Proposed Apartments for which Lessee has received Entitlements in accordance herewith.

4.4 Plan Submittal Schedule; County Approval. With respect to any construction which Lessee may become obligated to perform hereunder, Lessee agrees to file, in accordance with the following, plans, specifications, construction schedules, and construction cost estimates with the Director and Design Control Board for their review and approval. If any submittal required herein fails to achieve approval upon the initial submittal, then the Director and/or Design Control Board shall specify the reasons for such failure in writing. Lessee will have the right to resubmit the matter. Any plans and specifications shall conform to the standards generally accepted in the architectural and engineering professions for such documents and shall conform to applicable provisions of the County Marina Specifications.

A. Lessee shall submit to the Director six sets of schematic plans together with a narrative description and construction cost estimate summary clearly delineating the nature, size, conformation, and arrangement of all improvements proposed to be constructed on the Premises as part of the Redevelopment, not later than 60 days after the Extension Exercise Date. Such plans shall also clearly describe or show the architectural theme or motif of the proposed construction and shall show and identify the boundaries of the Premises and all rights-of-way or other areas reserved to County which are located therein.

B. Lessee shall submit six sets of preliminary plans, outline specifications and construction cost estimates for the improvements set forth in the approved schematic plans within 90 days after final approval by the Director and the Design Control Board of the schematic plans and other items referred to in Subsection 4.4.A. The preliminary plans, outline specifications and construction cost estimate summary shall conform to and expand on the description of the proposed improvements as delineated in the schematic plans approved by County. Any significant difference in the scope, size, conformation, arrangement, or architectural theme or motif of the proposed development from that depicted on such approved schematic plans shall be described in reasonable detail, and justified to the satisfaction of the Director and Design Control Board which shall have the right to approve or reject said preliminary plans on the grounds, among others, that they differ from the approved schematic plans.

C. Lessee shall file six sets of complete final plans, detailed specifications and construction cost estimates for all improvements to be constructed together with one set of appropriate structural computations, identical to those required by the Public Works Director incident to issuance

of building permits under provisions of the Los Angeles County Uniform Building Code, all within 90 days after final approval by the Director and the Design Control Board of the preliminary plans, outline specifications and construction cost estimates described in Subsection 4.4.B. The final plans and detailed specifications shall be subject to County approval as described in Section 4.6.A below. Lessee shall file duplicate copies of the final plans, detailed specifications and construction cost estimates required by this Subsection with the Public Works Director, together with the necessary applications for building permits.

4.5 Financing. Lessee anticipates that it will be necessary to obtain financing to pay for all or a portion of the costs of the Redevelopment which Lessee may become obligated to perform hereunder. Lessee agrees to keep County informed of any material developments in connection with its efforts to obtain such financing and shall, from time to time, promptly respond in writing to any reasonable written request by County for a status report regarding Lessee's financing efforts.

A. On or before 60 days prior to commencing construction of any Phase of the Redevelopment, Lessee shall deliver to County a copy of a financing commitment (the "Financing Commitment") from an Institutional Lender (the "Construction Lender"), which together with equity funds available and committed to such Phase of the Redevelopment project, demonstrate to the reasonable satisfaction of the County the availability of funds to Lessee for the construction and completion of such Phase of the Redevelopment.

B. Together with the Financing Commitment, Lessee shall deliver to County a copy of the final budget for the construction of the applicable Phase of the Redevelopment,

including all financing costs therefor and a reasonable contingency for cost increases, if any, as approved by the Construction Lender (the "Construction Budget"); provided, however, that if there is no Construction Lender, or if the Construction Lender does not require the submission of a construction budget, then the County shall have the right to review and approve or disapprove of the Lessee's proposed final budget for the construction of the applicable Phase of the Redevelopment, but only for the limited purpose of determining if such budget is consistent with Lessee's commitment to perform its construction obligations pursuant to the terms of this 10th Amendment, and if the costs described therein as Hard Costs and Soft Costs are appropriately characterized, pursuant to the definition of such terms in this 10th Amendment, or are otherwise reasonably and customarily characterized as hard costs and soft costs, respectively. In such event the budget as approved by County (if any) shall be deemed to be the Construction Budget. At the same time as Lessee delivers its final proposed construction budget to County, Lessee shall additionally deliver to County evidence that the proceeds of the loan described in the Financing Commitment, and any other equity contributions, loans or other funds available from Lessee, are sufficient to pay the total project costs for the Phase of the Redevelopment described in the Construction Budget. County shall have the right to approve any change proposed by Lessee to the Construction Budget; provided, however, that Lessee may, without the approval of the County, increase or decrease any line item in the Construction Budget by an amount up to 20% of the cost of the line item as specified in the Construction Budget, provided that any such line item increase or decrease, when aggregated with all preceding line item increases and decreases, will not cause an increase or decrease in excess of 10% in the total Construction Budget. County shall not unreasonably disapprove changes to the Construction Budget in the event that, in the case of increases in the Construction Budget, Lessee

reasonably demonstrates sources of available funds (including, without limitation, proceeds from financing or contributions by Lessee) to pay all of such increases.

C. Prior to commencement of construction of any Phase of the Redevelopment, Lessee and the Construction Lender shall have executed construction loan documents, which documents shall be in full force and effect, and all conditions precedent to the Construction Lender's obligation to fund the Loan (other than those conditions requiring construction to be at various stages of completion) shall have occurred or been waived unless County shall consent otherwise. County shall have received an estoppel certificate from Construction Lender confirming that, to such Construction Lender's knowledge, no event or condition shall have occurred and be continuing which would relieve the Construction Lender of its obligation to make the loan contemplated by such construction loan documents. Upon request, Lessee shall promptly deliver to County a complete set of such construction loan documents.

4.6 Conditions Precedent to Commencement of Construction. No construction which Lessee may become obligated to perform hereunder shall begin until each and every one of the following conditions precedent has been either satisfied or waived in writing by County:

A. Final plans and specifications for each Phase of the Redevelopment have been prepared by Lessee, to the extent necessary to commence construction, and have been approved by the Director and the Design Control Board (the "Approved Final Plans and Specifications"), which approvals shall not unreasonably be withheld provided that the final plans and specifications are in substantial conformity with the approved preliminary plans and specifications. No modification shall be made to the

Approved Final Plans and Specifications, or the work described therein (including without limitation any change order affecting such work), without the prior consent of the Director and the Design Control Board (which consent shall not be unreasonably withheld); provided, however, that the consent of the Director and the Design Control Board will not be required with respect to any such proposed modification which is not structural in nature, does not affect the exterior of any of the Improvements constituting the Redevelopment and is not otherwise visible from the exterior of any such Improvements, and does not materially alter the size, layout or quality of the proposed Improvements constituting the Redevelopment. Lessee shall notify Director in writing of any modifications made for which consent was not required at least monthly.

B. Lessee shall have received and furnished County with copies of all documents evidencing the issuance of the Entitlements necessary to commence such construction.

C. If Lessee intends to employ a general contractor or contractors for the construction of any particular Phase of the Redevelopment, Lessee shall have furnished County with a complete copy of any contract(s) entered into for such construction.

D. Lessee shall at its own cost and expense have furnished County with the following separate corporate surety bonds not less than ten (10) days prior to the Construction Commencement Date (defined below) for any particular Phase of the Redevelopment, which bonds must be in all respects satisfactory to the County:

(i) A corporate surety performance bond ("Performance Bond"), issued by a surety company licensed to

transact business in the State of California, in an amount at least equal to the amount of all Hard Costs reflected in the Construction Budget for the applicable Phase of the Redevelopment, said bond and said company to be in all respects, including amount thereof, satisfactory to County, naming Lessee as principal and said company as surety, and County and any Leasehold Mortgagee as obligees, assuring full and satisfactory performance by Lessee of Lessee's obligation herein to build, construct, and otherwise perform such Phase of the Redevelopment.

(ii) A corporate surety bond (the "Payment Bond"), issued by a surety company licensed to transact business in the State of California, naming Lessee as principal, said company as surety, and County and any Leasehold Mortgagee as obligees, in a sum at least equal to the amount of all Hard Costs reflected in the Construction Budget for the applicable Phase of the Redevelopment, said bond and said company to be in all respects, including amount thereof, satisfactory to County, assuring payment for all materials, provisions, supplies and equipment, used in, upon, for or about the Premises, or otherwise in connection with, or in furtherance of such Phase of the Redevelopment, or for labor done thereon of any kind whatsoever and protecting County from any and all liability, loss or damages arising from failure to make such payment.

(iii) In lieu of the Performance Bond required herein, Lessee shall have the option (a) to provide County with a completion guarantee, in form and substance reasonably acceptable to County, in an amount at least equal to the amount of all Hard Costs reflected in the Construction Budget for the applicable Phase of the Redevelopment, made by an individual or entity with a sufficient net worth and liquidity, in the sole discretion of the Director, to comply with the terms of such guarantee in view of the potential financial

responsibility involved, or (b) to deposit with the County a standby letter of credit, cash or United States government securities, in an amount at least equal to the amount of all Hard Costs reflected in the Construction Budget for the applicable Phase of the Redevelopment, and in all other respects satisfactory to the County. If Lessee elects to deposit a guarantee, letter of credit, cash or United States government securities pursuant to the foregoing, said guarantee, letter of credit, cash or securities shall be deemed deposited with the County for all the purposes enumerated in this Subsection 4.6.D, and shall be so deposited for the benefit of the County and any Leasehold Mortgagee under the same terms and conditions as set forth herein with respect to corporate surety bonds; provided, however, that any interest earned with respect to such cash or securities shall likewise serve as security.

(iv) The Director shall have the authority, in his sole discretion, to modify, waive or reduce the amount of any bonds required hereunder.

E. Lessee shall have obtained Financing Commitments from Institutional Lenders satisfactory to the County for all Financing to be obtained in connection with the construction of such Phase of the Redevelopment, and Lessee shall have demonstrated to the County's reasonable satisfaction that such Financing Commitments, together with any equity that Lessee has committed to the development of such Phase of the Redevelopment, are sufficient in amount to complete the construction of such Phase of the Redevelopment.

F. Lessee shall have provided County with a construction schedule which will insure the occurrence of the Completion of Construction for the New Construction and the

Renovation on or before the deadline for such completion, as set forth in Subsection 4.8.C hereof.

4.7 Construction Commencement Date. For the purposes of construing the provisions of this Lease, the date upon which construction of any Phase of the Redevelopment has commenced (each, a "Construction Commencement Date") shall be set forth in a written notice delivered to County by Lessee no later than 10 days after the first day on which all of the events in the above Subsection 4.6 have occurred with respect to any Phase, and the actual construction of such Phase of the Redevelopment shall have begun, and the County shall have acknowledged and approved in writing such proposed date as the Construction Commencement Date for such Phase (which acknowledgement and approval shall not be unreasonably withheld).

4.8 Performance of Construction Work. The following shall apply with respect to the construction of all or any portion of the Redevelopment which Lessee may become obligated to perform hereunder:

A. County and its architects, engineers and other representatives may from time to time, during reasonable business hours, in a manner which will not unreasonably interfere with construction work in progress, at County's sole cost and expense, inspect the Redevelopment and the construction thereof and shall be furnished, if requested by any of them, with copies of all plans, shop drawings and specifications relating to the Redevelopment to determine whether or not such Redevelopment is being constructed in accordance with the provisions of this Lease. County shall provide reasonable advance notice to Lessee of any such inspection together with the name of the representative(s) of County who will conduct such inspection. Any inspection hereunder shall be commenced only after such

designated representatives provide personal identification at the job office on the Premises. A representative of Lessee may accompany such representative(s) of County throughout the inspection. Nothing contained in this Section or elsewhere in this Lease shall restrict in any way the County's right or ability to conduct any inspections of the Redevelopment at any time in the County's governmental capacity under any applicable building codes or regulations.

B. All work shall be performed in a manner so as not unreasonably to impair or interfere with the use, occupancy or enjoyment of, or with any business conducted on, any property adjacent to the Premises.

C. Lessee shall cause any and all construction work to be performed diligently, in conformity with all Legal Requirements, all Insurance Requirements, the Approved Final Plans and Specifications, the Construction Budget and this Lease, in a good and workmanlike manner. Once Lessee commences construction of the Redevelopment, Lessee will diligently prosecute such construction to completion. Lessee shall achieve Completion of Construction (as defined below) of (i) the Proposed Care Units and the Proposed Apartments on or before the 8th anniversary of the Effective Date, (ii) Renovation of 60% of the Existing Apartments and 60% of the improvements depicted on the Marina Improvement Plan on or before the 8th anniversary of the Effective Date, and (iii) the entire Redevelopment on or before the 11th anniversary of the Effective Date. The deadlines set forth in the preceding sentence may be extended only as a result of (x) Force Majeure, provided that Lessee shall notify County of each such delay promptly after the occurrence thereof, and provided further that for the purposes of this Subsection, in no event shall such Force Majeure delays in the aggregate continue for a period of more than two years, and (y) any breach by County

of an obligation to Lessee set forth in the Lease, if and to the extent such breach causes material delay in completion of all or any material part of the Renovation, and then only if such breach continues for more than thirty (30) days after written notice thereof from Lessee to County. In either such event the deadlines set forth above shall be extended to the extent reasonably necessary as a result of such Force Majeure or County breach.

4.9 Completion of Construction.

A. Lessee, at its own cost and expense, shall obtain certificate(s) of occupancy as may then be required under applicable laws before allowing occupancy or use of the Proposed Care Units or the Proposed Apartments. Lessee, at its own cost and expense, shall obtain final certificate(s), permit(s), approval(s) or other authorization(s), issued by the governmental or quasi-governmental entity or entities having jurisdiction, as may be required before allowing the use, leasing or occupancy of the Renovation of the Existing Apartments or of the Existing Marina. For purposes hereof, all of such certificate(s), permit(s), approval(s) and/or authorization(s) are collectively referred to herein as the "Certificates of Occupancy". Lessee shall deliver to County a copy or copies of each such Certificate of Occupancy. Construction shall be deemed to be completed as to each Phase of the Redevelopment (each, the "Completion of Construction") for purposes of this Lease on the date of issuance of the Certificate of Occupancy for such Phase of the Redevelopment (including the Renovation and the New Construction). Following Lessee's Completion of Construction for any particular Phase of the Redevelopment in accordance with all of the terms and conditions hereof, and delivery to County of the Certificate of Occupancy therefor, Lessee may request the County to provide

Lessee with a certificate (the "County's Certificate of Completion"), substantially in the form attached hereto as Exhibit "C". Such County's Certificate of Completion shall be issued, if at all, upon County's determination that Lessee has achieved Completion of Construction and otherwise complied with the requirements of this Lease with respect to the construction of such Phase. Lessee shall cooperate reasonably with County in order to facilitate any activity or task which County deems reasonably necessary or convenient to determine whether to issue the County's Certificate of Completion. If County refuses or fails to furnish Lessee with the County's Certificate of Completion with respect to any Phase of the Redevelopment, then within 30 days following written request therefor County shall provide Lessee with a written statement of the reasons for such refusal or failure. If Lessee subsequently cures the deficiencies alleged in County's written statement, then County shall, upon Lessee's request, promptly furnish Lessee with the County's Certificate of Completion. Any disputes between County and Lessee regarding Completion of Construction or County's failure or refusal to issue County's Certificate of Completion may, at the election of either party, be resolved by the alternative dispute resolution procedure set forth in Article 13 hereof. Notwithstanding anything to the contrary in the foregoing or in any County's Certificate of Completion, County shall not, as a result of providing Lessee with any such County's Certificate of Completion, make or be deemed to have made any determination, representation, warranty or other assurance whatsoever, either to Lessee or to any other person or entity whomsoever, respecting (i) the compliance of the Improvements constituting any Phase of the Redevelopment (including without limitation the Proposed Care Units, the Proposed Apartments, the Existing Marina and/or the Existing Apartments) with any or all applicable laws, regulations, requirements, codes (including without limitation building or zoning codes and other related requirements), or any

other fact or matter applicable to the Lessee, the Premises, the Improvements and/or the construction of all or any part thereof, or (ii) compliance with or satisfaction of any obligation of Lessee to any person or entity whomsoever, other than Lessee's obligation to County as specifically set forth in County's Certificate of Completion.

B. Lessee, at its own cost and expense, shall deliver or cause to be delivered to County on or before six months following the Completion of Construction of each Phase of the Redevelopment an original certificate (each, a "Completion of Construction Certificate"), prepared by an independent Certified Public Accountant reasonably acceptable to County and certified as true and correct by such accountant and Lessee's managing partner (or a financial officer of Lessee), containing a reasonably detailed statement of the Total Project Costs (including all Hard Costs, Soft Costs, and Construction Financing Costs) for such Phase. Such Completion of Construction Certificate shall be prepared in accordance with generally accepted accounting principles, consistently applied.

C. County shall have the right to audit or cause an audit to be made of all accounts, books and records of Lessee, which Lessee is required to maintain pursuant to Subsection 3.3 hereof ("County's Audit"). Without limitation, as part of County's Audit, County may review or cause to be reviewed all data and other information reflected in the statements set forth in the Completion of Construction Certificate (i) in order to determine that any and all of the figures and/or information disclosed therein are consistent with Lessee's commitment to perform its construction obligations pursuant to the terms of this 10th Amendment, (ii) if there is no Construction Lender, or if the Construction Lender for any reason does not approve the Construction Budget, in order to determine if the amount

characterized as Total Project Costs (including without limitation Hard Costs, Soft Costs and Construction Financing Costs) in the Completion of Construction Certificate was calculated in compliance with all of the terms and conditions of this 10th Amendment, and (iii) in order to determine and verify that the amounts characterized as Total Project Costs (including without limitation Hard Costs, Soft Costs and Construction Financing Costs) in the Completion of Construction Certificate were actually spent by Lessee in order to achieve, or cause to be achieved, the Completion of Construction of the applicable Phase of the Redevelopment. Lessee shall cooperate with and assist in such audit, and make all of its accounts, books and records available to County or its auditor for inspection and copying in accordance herewith. County agrees to cooperate with Lessee in scheduling and conducting County's Audit, if any, so as not unreasonably to interfere with Lessee's business operation.

D. Lessee shall pay the reasonable cost and expense of County's Audit if County's Audit discloses that the Total Project Costs for any Phase of the Redevelopment, as certified by Lessee, were overstated by more than three percent of the actual amount of such Total Project Costs, as disclosed in County's Audit. In all other cases County shall be solely responsible for the cost and expense of County's Audit.

E. Lessee shall have the right to contest, at Lessee's sole cost and expense, the accuracy of County's Audit. If Lessee in its reasonable discretion determines to contest County's Audit, Lessee must deliver to County written notice of its intent to contest within 20 business days after County notifies Lessee of the results of the County's Audit. If Lessee fails to deliver such contest notice to County within such 20 business day period, then Lessee shall be deemed to have waived its right to contest the County's Audit. If Lessee timely

delivers such contest notice to County, then the issue of the amount and accuracy of County's Audit shall be submitted to an independent certified public accountant mutually acceptable to County and Lessee, with reasonable experience in audits similar to County's Audit in scope, complexity and subject matter, and the finding of such accountant shall be final. If Lessee prevails in such determination, then County shall promptly reimburse Lessee for any cost or expense incurred by Lessee in connection with or as a result of the submission of such contest to a certified public accountant.

F. If County's Audit discloses (or, in the event that Lessee contests the County's Audit, if the independent certified public accountant determines) that Lessee has overpaid or underpaid Participation Rent, County shall promptly notify Lessee of such fact. If Lessee has overpaid Participation Rent, Lessee may offset the amount of such overpayment against the rent (including without limitation the Participation Rent, Base Rent and/or Percentage Rent) next coming due pursuant to the terms of the Lease, as amended; provided, however, that if the term of the Lease expires prior to Lessee receiving full credit for the amount of such overpayment, County shall promptly reimburse Lessee for the uncredited balance of such overpayment. If Lessee has underpaid Participation Rent, Lessee shall promptly (but in no event in more than 10 days) pay County the amount of such underpayment.

4.10 No Lien on County's Interest. Under no circumstances whatsoever shall any lien, including any Leasehold Mortgage or mechanics' lien, materialman's lien, or any lien for goods, labor, materials, services or work delivered to or performed on the Premises attach to or encumber the County's fee or reversionary interest in the Premises. All contractors, subcontractors, and providers of goods, labor, materials, services or

work, to or for the benefit or improvement of the Premises, are hereby put on notice of this provision and restriction and that they will not have a lien therefor on the County's interest in the Premises. County shall have the right to post on the Premises any and all notices of non-responsibility which the County in its sole and absolute discretion deems appropriate. The filing of any lien against the County's interest in the Premises in contravention of this provision, however, shall not be deemed to be a default of Lessee under the Lease if Lessee diligently and in good faith discharges or contests the lien, as provided herein.

4.11 Compliance with Marina Specific Plan. The Redevelopment, and each portion thereof, will provide public access across the Premises in accordance with the standards and guidelines promulgated pursuant to the Marina Specific Plan; provided, however, that if the Premises are determined to be in violation of such standards and guidelines, Lessee shall not be in default under the Lease for so long as Lessee is diligently pursuing to conclusion any right of appeal or other review which is then available to Lessee with respect to such determination.

4.12 County's Inducement. Lessee acknowledges that the principal inducement to County for entering into this 10th Amendment is the improvement of the Premises with the Improvements constituting the Redevelopment, and that the County would not have entered into this 10th Amendment without Lessee's agreement to construct such Improvements as set forth above. Lessee further agrees that the breach of its obligations to construct such Improvements in accordance with the terms hereof will result in damage to County due to the deprivation of business opportunities that would have been available to County but for the County's execution of this 10th Amendment. Therefore, Lessee expressly agrees that (i) Lessee shall be in breach

of its obligations hereunder (and that an event of default as defined in Section 21 of the Lease shall be deemed to have occurred), (ii) except as may be expressly set forth in this 10th Amendment, Lessee shall not have any right to notice nor any cure period otherwise applicable to events of defaults pursuant to Section 21 of the Lease, and (iii) County shall have all of the remedies available to County in the event of Lessee's default, if the Completion of Construction of each Phase of the Redevelopment shall not have occurred in accordance with the terms and conditions of Subsection 4.8.C hereof. Notwithstanding the foregoing, so long as Lessee has validly exercised the Extension Option in accordance with the terms of this Amendment (including without limitation Subsection 2.1.B hereof), then Lessee shall not be in breach of its obligations hereunder merely by virtue of failing to construct any of the Proposed Care Units or Proposed Apartments for which Lessee did not receive Entitlements.

4.13 Imputed Rent. Without in any way limiting County's rights or remedies upon the occurrence of any event of default by Lessee under the Lease, as amended hereby, if Completion of Construction of all of the Existing Apartments shall not have occurred on or before the 8th anniversary of the Effective Date, then commencing as of the 8th anniversary of the Effective Date, in addition to any other sum which Lessee is obligated to pay to County pursuant to the terms of the Lease, as amended, together with each payment of Base Rent Lessee shall pay County "Imputed Rent". The amount of such Imputed Rent due each month shall be equal to the number of units in the Existing Apartments at the beginning of such month with respect to which the Completion of Construction shall not have occurred, multiplied by (i) \$187.50 [\$2,250 per year divided by 12], and (ii) the Percentage Rent rate which is applicable to each such unit at the time of such calculation pursuant to the terms of the Lease, as amended. Such Imputed Rent is intended to partially

compensate County for the losses which County is likely to incur in the event that the Completion of Construction of the Existing Apartments shall not have occurred on or before the 8th anniversary of the Effective Date, and is not intended to be, nor shall under any circumstance whatsoever be construed as, a penalty.

ARTICLE 5 EXTENSION FEE CREDIT/ADDITIONAL PERIOD FEE
 CREDIT.

Lessee may qualify for a refund of a portion of the Extension Fee paid by Lessee to County (the "Extension Fee Credit"), and/or the Additional Extension Notice Period Fee (the "Additional Period Fee Credit") upon the following terms and conditions:

5.1 Maximum Amount. The maximum amount of the Extension Fee Credit shall be the lesser of (i) 50% of the actual Hard Costs, Soft Costs and Construction Financing Costs incurred in connection with, or as a result of, the Redevelopment, or (ii) 50% of the amount of the actual Extension Fee paid to County by Lessee. The maximum amount of the Additional Period Fee Credit shall be the lesser of (i) 50% of the actual Hard Costs, Soft Costs and Construction Financing Costs incurred in connection with, or as a result of, the Redevelopment, or (ii) 50% of the Additional Extension Notice Period Fee paid to County by Lessee. Notwithstanding anything to the contrary set forth above, in no event shall the aggregate of the Extension Fee Credit and the Additional Period Fee Credit allowed to be taken at any point in time exceed the lesser of (i) 50% of the actual Hard Costs, Soft Costs and Construction Financing Costs incurred at such point in time in connection with, or as a result of, the Redevelopment, or (ii) 50% of the aggregate amount of the Extension Fee and Additional Extension Notice Period Fee actually paid to County by Lessee at such point in time.

5.2 Offset. Subject to Subsection 5.3, below, Lessee may offset the Extension Fee Credit and/or the Additional Period Fee Credit against the Base Rent and/or Percentage Rent which Lessee would otherwise be obligated to pay to County, beginning with the first payment of Base Rent and/or Percentage Rent which Lessee is obligated to make to County following Completion of Construction of the Redevelopment; provided, however, that (i) the Extension Fee Credit and the Additional Period Fee Credit offset against Base Rent and/or Percentage Rent during any calendar year shall not exceed 50% of the amount which Lessee would be obligated to pay to County as Percentage Rent (a) prior to offsetting or deducting from such Percentage Rent the amount of Base Rent payable by Lessee, and (b) without regard for the amount of the Extension Fee Credit and/or the Additional Period Fee Credit which may be offset against such Percentage Rent hereunder, and (ii) the aggregate total amount of the Extension Fee Credit and the Additional Period Fee Credit offset against Base Rent and/or Percentage Rent by Lessee, calculated from time to time, shall not exceed 50% of the cumulative principal amount of the Extension Fee and the Additional Extension Notice Period Fee then paid by Lessee to County.

5.3 Achievement of Threshold Amount.

A. Subject to the following Subsection 5.3.B (that is, if Subsection 5.3.B applies, then Subsection 5.3.A shall not apply), if the Base Rent and Percentage Rent actually paid by Lessee for the Premises does not equal or exceed the "Threshold Amount" (defined below) during the 12-month period immediately preceding the "Stabilization Date" (defined below), then Lessee shall, at Lessee's election, either (i) pay Base Rent equivalent to the Threshold Amount to County during the term of the Lease, as extended, until such time as the Base Rent, as otherwise adjusted pursuant to the Lease, as amended hereby,

would exceed such Threshold Amount, or (ii) repay County the amount of the Extension Fee Credit which Lessee has previously offset against Base Rent and/or Percentage Rent, plus Extension Fee Credit Interest (defined below), in Cash Equivalent. Any payment made by Lessee pursuant to Subsection 5.3.A(i), above, shall be made from time to time as Base Rent is due to County in accordance with the Lease, as amended hereby, from and after the Stabilization Date, for the balance of the term of the Lease, as it may be extended, and any payment made by Lessee pursuant to Subsection 5.3.A(ii), above, shall be made on the Stabilization Date.

(i) The "Stabilization Date", as such term is used herein, shall mean the third anniversary of the earlier to occur of (i) the Completion of Construction of all Phases of the Redevelopment, or (ii) date which is the 11th anniversary of the Effective Date.

(ii) The "Threshold Amount", as such term is used herein, shall mean an amount equal to 130% of the greater of (i) "Adjusted Rent" (defined, for purposes of this Subsection 5.3.A, in Subsection 5.3.A(iii), below) payable by Lessee to County for the Premises for the last full calendar year prior to the First Construction Commencement Date (defined below), or (ii) the average of the amount of Adjusted Rent payable by Lessee to County for the Premises for each of the three last full calendar years prior to the First Construction Commencement Date. The term "First Construction Commencement Date" shall mean the Construction Commencement Date respecting that Phase of the Redevelopment for which construction (including, without limitation, demolition and removal of existing improvements, site preparation and remodeling performed in connection with the Redevelopment) is first actually commenced in accordance herewith.

(iii) The "Adjusted Rent", as such term is used in this Subsection 5.3.A shall mean (a) the aggregate amount of Base Rent and Percentage Rent payable in accordance with the terms of the Lease during the applicable period, multiplied by (b) a fraction, the numerator of which is the Index for the month which is 32 months after the earlier of (xx) the date of Completion of Construction of all Phases of the Redevelopment, or (yy) the date which is the 11th anniversary of the Effective Date, and the denominator of which is the Index for the month which is four months prior to the First Construction Commencement Date.

(iv) The "Extension Fee Credit Interest", as such term is used herein, shall mean simple interest, calculated on the aggregate amount of the Extension Fee Credit from time to time offset by Lessee against Base Rent and/or Percentage Rent, at the lower of (i) the maximum interest rate allowed by law, or (ii) 7.5% per annum. Notwithstanding the foregoing, any Extension Fee Credit Interest which is not paid when due shall be added to the then outstanding principal balance of the Extension Fee Credit which Lessee must repay to County, and shall thereafter bear interest, until paid, at the applicable Extension Fee Credit Interest rate.

B. If Lessee pays County the Additional Extension Notice Period Fee for one or more years (pursuant to Subsection 2.1.B(i)(c), above), and if the Base Rent and Percentage Rent actually paid by Lessee for the Premises does not equal or exceed (i) the "First Threshold Amount" (defined below) during the 12-month period immediately preceding the "First Stabilization Date" (defined below), (ii) the "Second Threshold Amount" (defined below) during the 12-month period immediately preceding the "Second Stabilization Date" (defined below), and (iii) the "Third Threshold Amount" (defined below) during the

12-month period immediately preceding the "Third Stabilization Date" (defined below), then Lessee shall, at Lessee's election, either (a) (xx) pay Base Rent equivalent to the First Threshold Amount during the period beginning on the First Stabilization Date through and including the date which is one day prior to the Second Stabilization Date, and (yy) pay Base Rent equivalent to the Second Threshold Amount during the period beginning on the Second Stabilization Date through and including the date which is one day prior to the Third Stabilization Date, and (zz) pay Base Rent equivalent to the Third Threshold Amount during the remainder of the term of the Lease, as extended, until such time as the Base Rent, as otherwise adjusted pursuant to the Lease, as amended hereby, would exceed such Third Threshold Amount, or (b) repay County the amount of the Extension Fee Credit and the Additional Period Fee Credit which Lessee has previously offset against Base Rent and/or Percentage Rent, plus Extension Fee Credit Interest and Additional Period Fee Credit Interest (defined below), in Cash Equivalent. Any payment made by Lessee pursuant to Subsection 5.3.B(a), above, shall be made from time to time in accordance with the Lease, as amended hereby, from and after the earlier to occur of the First Stabilization Date, Second Stabilization Date or the Third Stabilization Date, as the case may be, on which Lessee first fails to meet the above-stated First Threshold Amount, Second Threshold Amount or Third Threshold Amount, respectively, for the balance of the term of the Lease, as it may be extended, and any payment made by Lessee pursuant to Subsection 5.3.B(b), above, shall be made on the date on which Lessee first fails to meet the above-stated Threshold Amount requirements.

(i) The "First Stabilization Date", as such term is used herein, shall mean the first anniversary of the earlier to occur of (a) the Completion of Construction of all Phases of the Redevelopment, or (b) date which is the 11th

anniversary of the Effective Date. The "Second Stabilization Date", as such term is used herein, shall mean the first anniversary of the First Stabilization Date. The "Third Stabilization Date", as such term is used herein, shall mean the second anniversary of First Stabilization Date.

(ii) The "First Threshold Amount", the "Second Threshold Amount" and the "Third Threshold Amount", as such terms are used herein, shall mean an amount equal to 110%, 120% and 130%, respectively, of the greater of (a) "Adjusted Rent" (defined, for purposes of this Subsection 5.3.B, in Subsection 5.3.B(iii), below) payable by Lessee to County for the Premises for the last full calendar year prior to the First Construction Commencement Date, or (b) the average of the amount of Adjusted Rent payable by Lessee to County for the Premises for each of the three last full calendar years prior to the First Construction Commencement Date.

(iii) The "Adjusted Rent", as such term is used in this Subsection 5.3.B, shall mean (a) the aggregate amount of Base Rent and Percentage Rent payable in accordance with the terms of the Lease during the applicable period, multiplied by (b) a fraction, the numerator of which is the Index for the month which is 8 months (in the case of the First Threshold Amount), 20 months (in the case of the Second Threshold Amount), and 32 months (in the case of the Third Threshold Amount) after the earlier of (xx) the date of Completion of Construction of all Phases of the Redevelopment, or (yy) the date which is the 11th anniversary of the Effective Date, and the denominator of which is the Index for the month which is four months prior to the First Construction Commencement Date.

(iv) The "Additional Period Fee Credit Interest", as such term is used herein, shall mean simple

interest, calculated on the aggregate amount of the Additional Period Fee Credit from time to time offset by Lessee against Base Rent and/or Percentage Rent, at the lower of (a) the maximum interest rate allowed by law, or (b) 7.5% per annum. Notwithstanding the foregoing, any Additional Period Fee Credit Interest which is not paid when due shall be added to the then outstanding principal balance of the Additional Period Fee Credit which Lessee must repay to County, and shall thereafter bear interest, until paid, at the applicable Additional Period Fee Credit Interest rate.

ARTICLE 6 SECURITY DEPOSIT.

6.1 Additional Deposit. Upon execution of this 10th Amendment Lessee shall deposit with County a sum which is equal to 10% of the aggregate Base Rent and Percentage Rent due and payable by Lessee to County during the 12 month period from July 1, 1990 to June 30, 1991.

6.2 Security Deposit. The first paragraph of Section 7 (Security Deposit) of the Lease is hereby deleted in its entirety, and the following is substituted in place thereof:

Upon execution of this Amendment, Lessee shall deposit with County the sum of \$94,139.72, which is equal to 10% of the aggregate Base Rent and Percentage Rent (as such term is defined in the 10th Amendment to this Lease) due and payable by Lessee to County during the 12 month period from July 1, 1990 to June 30, 1991. Such sum shall be recalculated as promptly as possible after July 1 of each year during the term of this Lease, as it may be extended, and Lessee

shall pay to County any additional sum necessary to have increased such deposit to an amount equal to 10% of the aggregate Base Rent and Percentage Rent due and payable by Lessee to County during the 12 month period from July 1 of the preceeding year to June 30 of the current year (provided, however, that under no circumstances shall the amount of such deposit decrease). Such sum, as it may be increased from time to time, shall be retained by County as a security deposit to cover delinquent rent and any other financial obligations of the Lessee under this Lease, and shall be so applied at the discretion of County. Such sum may be commingled with County's general funds. Lessee may provide the security deposit required hereunder in the form of a letter of credit, which shall be unconditional, non-documentary, and payable in whole or in part upon County's presentation of sight draft only. The form and substance of such letter of credit, and the bank issuing such letter of credit, shall each be satisfactory to the Director, in the Director's sole discretion. Such letter of credit (if any) shall be continuously renewed for successive periods of 12 months, at least thirty days prior to its expiration date, until such time (if any) as Lessee elects to make the required security deposit in cash. If no event of default has occurred and continued beyond any applicable cure period during the period from and after the Effective Date through and including the

tenth anniversary of the Effective Date, then upon written request of Lessee the Director shall thereafter promptly elect, by written notice to Lessee, either to (i) waive the requirement that Dolphin Marina, Ltd., as lessee, provide such security deposit, or (ii) require Lessee to continue to provide such security deposit. If County elects to require Lessee to continue to provide such security deposit, then Lessee may deduct from rent (including Base Rent and/or Percentage Rent) the actual costs incurred (or that would reasonably have been incurred) by Lessee to obtain a letter of credit in the amount of the required security deposit. However, in the event of any assignment or other transfer of Lessee's interest in the Lease to an entity other than Dolphin Marina, Ltd., the assignee or other transferee shall be obligated to provide the security deposit described herein, subject to all of the terms and conditions hereof; provided, however, that the ten-year period for reviewing such transferee's default record shall be calculated from and after the date on which such transferee first becomes Lessee hereunder.

ARTICLE 7 PERCENTAGE RENTAL.

7.1 Boat Slip/Apartment/Liveaboard Percentage Rent.

As of the Effective Date, Subsections 13(a), and 13(c)(i) and (ii) of the Lease shall be deleted, and the following added in place thereof:

(a) TWENTY-FIVE percent (25%) during the period from and after the Effective Date through and including April 30, 1995 (the "First Adjustment Period"), TWENTY-EIGHT percent (28%) during the period from and after May 1, 1995 through and including June 30, 2004 (the "Second Adjustment Period"), THIRTY percent (30%) during the period from and after July 1, 2004 through and including June 30, 2009 (the "Third Adjustment Period"), and THIRTY-TWO percent (32%) during the period from and after July 1, 2009 through and including June 30, 2014 (the "Fourth Adjustment Period"), of gross receipts from the rental or other fees charged for the use of boat slips, anchorages, moorings, dockside gear lockers, dockside storage space, and such other facilities and services ancillary thereto as are generally provided in common to tenants (collectively, "Boat Slip Rentals"). The portion of such gross receipts obtained from persons who live on their boats which is equal to the rent charged to persons who do not live on their boats for the same size boat slips shall be included as Boat Slip Rentals. Any percentage rental described in this Subsection 13(a) is subject to adjustment pursuant to Subsection 4.2.C of the 10th Amendment to this Lease.

(c) (i) Except as provided in Subsection 13(t), TEN AND ONE-HALF percent (10.5%) during the First Adjustment Period,

ELEVEN percent (11%) during the Second Adjustment Period, TWELVE percent (12%) during the Third Adjustment Period, and TWELVE AND ONE-HALF percent (12.5%) during the Fourth Adjustment Period, of the gross receipts or other fees charged for the occupancy of apartments ("Apartment Rentals");

(ii) SEVEN AND ONE-HALF percent (7.5%) of gross receipts or other fees charged for the occupancy of structures and other facilities other than apartments, including but not limited to (1) hotel and/or motel accommodations, (2) house trailers, (3) meeting rooms, (4) rental of land and/or water or facilities for activities not otherwise provided for in this Section such as but not limited to television and/or motion pictures, (5) parking fees or charges except where such parking fees or charges are collected in conjunction with an activity, the gross receipts from which are required to be reported in a percentage category greater than SEVEN AND ONE-HALF percent (7.5%) and (6) offices utilized for banking, financial or investment activities, internal clerical or administrative activities or business enterprises, real estate and insurance brokerage, legal, medical, engineering, travel agencies, or similar professional services but not to include, however, stores, shops or other commercial establishments, the gross receipts pertaining to which are

subject to percentage rentals and specifically required to be reported under other subsections of this Section;

(iii) SEVEN AND ONE-HALF percent (7.5%) during the period from and after the Effective Date through and including June 30, 1994, TWENTY FIVE percent (25%) during the period from and after July 1, 1994 through the balance of the First Adjustment Period, TWENTY-EIGHT percent (28%) during the Second Adjustment Period, THIRTY percent (30%) during the Third Adjustment Period, and THIRTY-TWO percent (32%) during the Fourth Adjustment Period, of gross receipts obtained from boat owners who live on their boats ("Liveaboard Charges").

7.2 Adjustment. The Percentage Rent described in the foregoing amended Lease Subsections 13(a) and 13.(c)(i) through (iii) shall be adjusted as set forth in such Subsections, and not as set forth in Section 15 of the Lease; provided, however, that as of July 1, 2014, and each successive Rental Adjustment Date thereafter, such Percentage Rent shall be adjusted in accordance with Section 15 of the Lease, as amended. The Percentage Rent described in Section 13(t) below shall adjust automatically with any adjustment to the rate applicable to Apartment Rentals and/or Restaurants, as set forth in such section.

7.3 Congregate Care Percentage Rent. The following is hereby added as subsection 13(t) of the Lease:

(t) Effective upon the Extension Exercise Date, gross receipts and other fees collected for the occupancy of, and food and services provided at, the Congregate Care Units shall be deemed to have been received as follows: (i) 55% of such receipts and other fees shall be deemed to have been received as a result of Apartment Rentals; provided, however, that the percentage rental rate applicable thereto shall be 10.5% until the earlier to occur of (a) January 1, 2000, or (b) the fifth anniversary of the date of issuance of the Certificate of Occupancy for the Congregate Care Units (following such date, the percentage rental rate applicable to such 55% shall equal the rate otherwise applicable to Apartment Rentals); and (ii) 45% of such receipts and other fees shall be deemed to have been received as a result of Restaurants; provided, however, that the percentage rental rate applicable thereto shall be 4.5% until June 30, 2014 (thereafter, the percentage rental rate applicable to such 45% shall equal the rate otherwise applicable to Restaurants).

ARTICLE 8 ASSIGNMENTS/ENCUMBRANCES.

8.1 Encumbrances. Subsection 22.B ("Encumbrances") of the Lease is hereby deleted, and substituted in place thereof is the following:

22.B. Encumbrances. (a) At any time and from time to time, after obtaining the County's consent, Lessee may grant a Leasehold Mortgage encumbering Lessee's interest in the Improvements and Lessee's leasehold interest under this Lease, as amended, to an Institutional Lender upon terms and conditions satisfactory to the County. County shall not unreasonably withhold or delay its consent to any proposed Leasehold Mortgage provided that:

(i) the amount of indebtedness secured by such Leasehold Mortgage plus the amount of indebtedness secured by all other Leasehold Mortgages, if any, encumbering Lessee's interest in the demised premises, shall not exceed 90% of the fair market value of Lessee's interest in the Improvements and Lessee's interest in the Lease, as amended, and Lessee's net operating income derived therefrom (computed without deduction for debt service, but deducting all rent payable under this Lease, as amended, including without limitation Base Rent and Percentage Rent (as such term is defined in the 10th Amendment to this Lease)) each calendar year during the term of this Lease shall be in excess of 105% of all debt service (including all costs and expenses relating thereto) payable during such calendar year for all Leasehold Mortgages; provided, however, that the foregoing debt service ratio shall not

apply to the indebtedness secured by the
Construction Mortgage;

(ii) such Leasehold Mortgage shall
encumber only Lessee's interest in the
Improvements and Lessee's interest in the
Lease, as amended, and no other property
(unless a default under such Leasehold
Mortgage relating to such other property does
not permit the Leasehold Mortgagee to
foreclose upon or exercise any of its other
remedies with respect to the Premises);

(iii) such Leasehold Mortgage shall not
be cross-defaulted with agreements relating
to other property or transactions, although
Lessee may provide additional security for
the obligations secured by such Leasehold
Mortgage in order to obtain better mortgage
terms;

(iv) such Leasehold Mortgage shall
expressly provide that it shall not be
modified, extended, renewed or otherwise
revised, nor shall such Leasehold Mortgage,
or any interest therein, be further mort-
gaged, pledged, encumbered, hypothecated or
any security interest otherwise granted
therein, in whole or in part without the
prior written consent of County, which
consent shall not be unreasonably withheld;

(v) a duplicate original or certified
or photostatic copy of such Leasehold

Mortgage, and the note secured thereby, shall be delivered to County within ten days after the execution, delivery and recordation thereof;

(vi) County determines that such Leasehold Mortgagee does not have interests which, when aggregated with all other mortgages, deeds of trust, pledges, encumbrances or other security interests granted to such Leasehold Mortgagee would violate any policy formally adopted by County restricting the economic concentration of interests granted in the Marina del Rey area, which by its terms is intended to be uniformly applicable to all Marina Del Rey lessees; and

(vii) such Leasehold Mortgagee shall expressly agree for the benefit of the County not to disburse any funds from the loan secured by such Leasehold Mortgage without providing at least five days advance written notice to County describing the date on which such disbursement is to be made, and shall agree to cause any Participation Rent which Lessee may owe to County as a result of any such disbursement to be delivered directly from such Leasehold Mortgagee to County (provided, however, that the foregoing shall not apply with respect to the Construction Mortgage or any other mortgage or Financing which was obtained and actually used by Lessee to finance initial construction of all

or any part of any Phase of the Redevelopment).

County's consent to any such Leasehold Mortgage shall not be deemed to be, nor construed as, County's consent to any other Leasehold Mortgage, regardless of whether such other Leasehold Mortgage is secured in whole or in part by the same collateral as the Leasehold Mortgage to which County consented.

(b) New Lease. In case of termination of this Lease, as amended, by reason of the happening of any event of default hereunder, County shall give notice thereof to each Leasehold Mortgagee who shall be entitled to receive notices of any event of default as provided in Section 21 of this Lease, as amended, which notice shall be addressed to each Leasehold Mortgagee at the address last furnished to County as herein provided. If any such Leasehold Mortgagee notifies County in writing, within 20 days after the giving of such notice of termination by County as aforesaid, that it desires to enter into a new lease, County shall execute and deliver a new lease to the First Leasehold Mortgagee, provided that it timely requested such a new lease, or to a Qualified Nominee in respect to the Premises, for the remainder of the term of this Lease, as it may be extended, at the Base Rent, Percentage Rent, Participation Rent, Imputed Rent and other charges reserved

in this Lease, as amended, and upon all of the terms, covenants, conditions, limitations and agreements contained in this Lease, as amended, provided that such Leasehold Mortgagee (i) shall have paid to County all rent and other charges due under this Lease, as amended, up to and including the date of the commencement of the term of such new lease, together with all reasonable expenses incurred by County (including without limitation reasonable administrative, financial, economic, accounting and/or legal costs and fees (without limiting the generality of the foregoing, such costs and expenses shall include the reasonable value of services provided by in-house counsel, lease administrators and/or lease auditors)), (ii) shall have cured or commenced to cure any and all other defaults under this Lease, as amended, and (iii) shall have executed and delivered to County a lease assumption agreement as would be required of an assignee of Lessee's interest under this Lease pursuant to the terms hereof. The Leasehold Mortgagee shall not be required to cure any default or event of default under the Lease, as amended, which is exclusively personal to Lessee and which no Leasehold Mortgagee has the power to cure (such as, for example, the bankruptcy of Lessee), as a prerequisite to the exercise of the rights to a new lease granted to such Leasehold Mortgagee. The term "First Leasehold Mortgagee" as used in this Lease shall mean that Leasehold

Mortgagee demonstrated to County's reasonable satisfaction to be holding the most senior lien on the interest of Lessee under this Lease, as amended, or any portion thereof, as consolidated, renewed, extended, modified or replaced from time to time. The term "Qualified Nominee" as used herein shall mean a nominee for the benefit of the First Leasehold Mortgagee that routinely holds legal title for the Leasehold Mortgagee or for other Institutional Lenders. County shall have no obligation whatsoever to offer such lease to Leasehold Mortgagees other than a First Leasehold Mortgagee, and if for any reason the First Leasehold Mortgagee fails to enter into a new lease pursuant to the terms hereof, County shall have no further obligations to enter into or offer a new lease pursuant to this subsection (b). Nothing herein contained shall be deemed to impose any obligation on the part of the County to deliver physical possession of the Premises or any part thereof to such Leasehold Mortgagee, provided, however, that, if County is fully indemnified therefor by such Leasehold Mortgagee to County's satisfaction (including without limitation indemnification for reasonable attorneys' fees), County shall cooperate with such Leasehold Mortgagee (by joining as a party in any appropriate action or proceeding, or otherwise) at the sole cost and expense of such Leasehold Mortgagee, and at no cost, expense, risk or liability to County, for the

purpose of enabling such Leasehold Mortgagee to obtain such possession of the Premises. Any such new lease and the leasehold estate thereby created are intended to continue to maintain the same priority as this Lease, as amended, with regard to any mortgage on the Premises or any part thereof or any other lien, charge or encumbrance thereon caused or made by the County whether or not the same shall then be in existence; provided, however, that although the provisions of this sentence are intended to be self-executing, County shall not be obligated to expend any funds or take any other action to accomplish or obtain such priority for any such new lease or leasehold estate.

After any Leasehold Mortgagee becomes the Lessee under a new lease, as provided herein, County agrees to enter into any amendments of such new lease as may be reasonably required by such Leasehold Mortgagee solely for the purpose of confirming that such Leasehold Mortgagee (as distinguished from the original Lessee) is the Lessee under such new lease; provided, however, that the County shall under no circumstances be required to enter into any amendment which in County's reasonable judgment might diminish any right or increase any obligation of, or otherwise adversely affect, County or the Marina del Rey.

Lessee and each Leasehold Mortgagee and each Qualified Nominee which shall succeed to the rights of Lessee under this Lease, as amended, or which shall enter into a new lease pursuant to the terms of this Section, shall be deemed to have agreed to apply the rents, issues and profits of the Premises to fulfill Lessee's obligations under this Lease, as amended, or such new lease (as the case may be) before applying the same for any other purpose.

(c) Modifications. If, in connection with obtaining Financing secured by a Leasehold Mortgage, the Leasehold Mortgagee shall request reasonable modifications to this Lease, as amended, as a condition to providing such Financing, County agrees to consider such request in good faith, but reserves the right to consent or withhold its consent to any or all such proposed modifications, in the County's sole discretion.

(d) Transfer to Leasehold Mortgagee. The County's consent shall not be required for any transfer of Lessee's rights under this Lease, as amended, to a Leasehold Mortgagee or a Qualified Nominee as the result of a judicial foreclosure, a foreclosure through the exercise of the power of sale contained in the applicable Leasehold Mortgage, or a deed given to Leasehold Mortgagee or a Qualified Nominee in lieu of foreclosure (collectively, "Foreclosure").

Notwithstanding anything to the contrary contained herein, following the transfer of Lessee's rights under this Lease, as amended, to a Leasehold Mortgagee or a Qualified Nominee by reason of Foreclosure, Leasehold Mortgagee or a Qualified Nominee may transfer its rights and obligations under the Lease, as amended, provided that (i) the transferee expressly agrees in writing, in form and substance acceptable to County, to assume and perform all of the obligations under this Lease, as amended, (ii) the transferee cures, remedies or otherwise corrects any default by Lessee existing at the time of such transfer in a manner satisfactory to County, and (iii) all of the other terms and conditions of Section 22.C are satisfied with respect to such transfer, or waived by County, in writing. In the event of any such transfer, the Leasehold Mortgagee or a Qualified Nominee shall promptly thereafter deliver to County (i) a duplicate original document evidencing the assumption by such transferee of Lessee's obligations under the Lease, as amended, pursuant to the foregoing subparagraph (i), (ii) evidence reasonably satisfactory to County that all defaults by Lessee existing at the time of such transfer have been or will be cured, remedied or otherwise corrected in a manner satisfactory to County, (iii) a duplicate original or certified or photostatic copy of the document or documents by which such transfer was effected, and (iv) a notice, in writing,

identifying the transferee, the transferee's address, and the effective date of such transfer.

8.2 Assignments. Subsection 22.C ("Assignments") of the Lease is hereby deleted, and substituted in place thereof is the following:

C. Assignments. Except as expressly otherwise contained in this Lease, as amended, to the contrary, Lessee may not, without obtaining County's prior written consent, either directly or indirectly give, assign, sublet, hypothecate, encumber, mortgage, pledge, license, transfer or otherwise grant or create in any other person or entity any interest, any right or privilege in the Premises or any portion thereof, or in this Lease, as amended, or enter into any concession agreement or management agreement respecting the same, whether by operation of law or otherwise (any such act or occurrence is referred to herein as a "Transfer"). A Transfer shall include, without limitation: (i) the change in one or more of the Equity Partners of Lessee including without limitation a sale or assignment of Limited Interests (except as expressly provided to the contrary in Subsection 2.4 of the 10th Amendment); and (ii) any transfer of an interest in Lessee or any entity comprising Lessee, or Control of Lessee (except as expressly provided to the contrary in Subsection 2.4 of the 10th Amendment).

Lessee represents that it has delivered to County a list of each of the Partners in Lessee which, to the best of Lessee's knowledge, is true and correct as of the Effective Date.

Prior to entering into any Transfer, Lessee shall notify County of the identity of the proposed transferee and provide County with any other related information describing the business structure and terms of the proposed Transfer which County may request in connection therewith. In the event that the proposed transferee is a partnership, Lessee shall deliver to County a list of the partners thereof certified by at least one of the general partners of such partnership.

County shall not unreasonably withhold or delay its consent to any proposed Transfer, provided that in County's reasonable opinion:

- (i) County has been furnished with reasonable proof that the proposed transferee has sufficient financial worth to meet the obligations of Lessee as they come due under the Lease, as amended (a proposed transferee with a financial net worth and degree of liquidity as of the proposed date of Transfer, which are substantially the same as Jona Goldrich's financial net worth and degree of liquidity as of the Effective Date, or as of the proposed date of Transfer (whichever is greater), shall automatically meet this test; provided, however, that

having such a financial worth shall not be a prerequisite to meeting this test); (ii) the terms of such Transfer shall not detrimentally affect the efficient operation or management of the Premises; (iii) there shall not be any adverse impact on the Marina del Rey area as a result of the reputation of the proposed transferee; (iv) the proposed transferee does not have interests which, when aggregated with all other interests granted by County to such transferee, would violate any policy formally adopted by County restricting the economic concentration of interests granted in the Marina del Rey area, which by its terms is intended to be uniformly applicable to all Marina del Rey lessees; (v) the proposed transferee has significant experience in the operation and management of improvements similar to the Improvements; and (vi) such Transfer shall otherwise comply with the terms and conditions of any and all ordinances, policies and/or other statements of objectives which are formally adopted by County and/or the Department of Beaches and Harbors of the County of Los Angeles (or any successor County department responsible for the administration of the Lease) and which by their terms are intended to be uniformly applicable to persons or entities with rights of occupancy in any portion of Marina del Rey. Among other things, the County may require, as a condition to its consent to any such proposed Transfer, that the proposed

transferee shall cure, remedy or otherwise correct any default by Lessee existing at the time of Transfer, in a manner satisfactory to County.

Notwithstanding the foregoing, County shall have no right to approve a Transfer of a Limited Interest. Lessee shall send written notice to County when Lessee has notice of the Transfer of any Limited Interests and shall pay to County any Participation Rent due to County as a result of such Transfer pursuant to Section 3.2.

Any permitted Transfer shall be in writing, and shall be executed by the transferee who shall assume the Lease, as amended, and all of the obligations of Lessee thereunder from and after the effective date of such Transfer. Such assignment and assumption agreement shall be in recordable form and otherwise in form and substance reasonably acceptable to County, and a duplicate original thereof shall be delivered to County before the same shall be effective. No Transfer shall be valid, and no transferee shall take possession of the Premises or any part thereof, until an executed counterpart of the document or documents evidencing such Transfer have been delivered to County.

Lessee shall not enter into or permit a Transfer to any tax-exempt entity if the result of such Transfer would be to exempt the Premises, the Improvements, or any portion of either, from the payment of real

estate taxes or possessory interest taxes, without the prior written consent of County, which consent may be withheld in County's sole and absolute discretion, unless the proposed transferee agrees in writing, in form and substance satisfactory to County, to make equivalent payments to County in lieu of such real estate or possessory interest taxes.

Lessee shall reimburse County on demand for any reasonable out-of-pocket costs and overhead that may be incurred and substantiated by County in connection with said Transfer, including without limitation the cost of making investigations as to the acceptability of the proposed transferee, as well as any and all other reasonable administrative, financial, economic, accounting and/or legal costs and fees (including without limitation the value of services provided by in-house counsel, lease administrators and/or lease auditors) incurred or expended in connection with any such proposed Transfer. Without limiting the foregoing, it shall be deemed reasonable for County to require such reimbursement in the amount of (i) \$5,000, multiplied by a fraction, the numerator of which is the Index for the month which is four months prior to the date on which County seeks such reimbursement, and the denominator of which is the Index for the month which is four months prior to the Effective Date, plus (ii) all reasonable

costs or expenses incurred by County for the services of any unrelated third party or third parties.

Provided that Lessee owes any Transfer Fee to County in accordance with the provisions of Subsection 3.2.A hereof, then upon the occurrence of any such Transfer, Lessee shall pay such Transfer Fee to County.

County's consent to any such Transfer shall not be deemed to be, nor construed as, County's consent to any other Transfer.

Neither this Lease, as amended, nor any interest herein, shall be Transferred in proceedings in attachment, garnishment or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any process of law.

Upon the permitted Transfer of Lessee's entire interest under this Lease, as amended, in accordance with the provisions of this Section 22, Lessee shall be released from all liability to County arising under the provisions of this Lease, as amended, which are due to any act, course of conduct, event or other occurrence which arises after the effective date of such assignment.

8.3 Pre-Extension Transfers. Notwithstanding anything to the contrary contained in the Lease, as amended hereby,

Lessee may not take any action which would constitute a Sale or Financing at any time from and after the Effective Date through and including the Extension Exercise Date, and County may refuse to consent, in its sole discretion, to any Sale or Financing proposed or desired by Lessee during such period.

Notwithstanding the foregoing, Lessee may do the following:

A. Lessee may make any assignment, in the event of the death or permanent disability of Mr. Jona Goldrich or Mr. Sol Kest, of such deceased or disabled person's respective interest in the Lessee, pursuant to Subsection 2.4 of this 10th Amendment; and/or

B. Lessee may make any Leasehold Mortgage other than a Convertible Mortgage; provided that the County reasonably consents, in writing, in advance, to the Leasehold Mortgagee and to the terms and condition of the Leasehold Mortgage, all in accordance with the terms of Subsection 8.1 hereof.

ARTICLE 9 LATE FEE.

If Lessee fails to pay any installment of rent (including without limitation Base Rent and Percentage Rent) within three days following receipt of notice from County of such failure, then Lessee shall pay to County, in addition to the amount otherwise due, interest equal to the lesser of (i) the maximum interest rate allowed by law, or (ii) five percent in excess of the Index Rate, calculated from the date on which such sums were first due to and including the date on which such sums are actually paid to County. County and Lessee agree that such late fee represents a reasonable estimate of the additional costs and expenses which County is likely to incur as a result of any such late payment, including without limitation additional

processing and accounting charges, which additional costs the parties agree are extremely difficult, if not impossible, to calculate in advance. County's receipt and acceptance of any such late fee shall not constitute a waiver of any default by Lessee under the Lease or hereunder.

ARTICLE 10 FORCE MAJEURE.

In the event that either party hereto is delayed, hindered in or prevented from the performance of any act required under this Amendment (except for the payment of money by Lessee to County) by reason of acts of God, acts of public enemy, fire, earthquake, flood, explosion, action of the elements, strikes, lockouts, labor troubles, inability to procure materials, equipment, labor or supplies in the open market, failure of power, restrictive governmental laws, regulations or orders which prevent the development described herein or the performance of any work or acts required in order to perform, or cause to be performed, such development, condemnation, requisition, police power orders of governmental, civil or military entities, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the provisions of this Amendment (collectively, "Force Majeure"), then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

ARTICLE 11 INSURANCE.

Section 26 of the Lease is hereby deleted in its entirety, and substituted in place thereof is the following:

26. INDEMNITY CLAUSE AND CASUALTY
INSURANCE.

Lessee shall at all times relieve, indemnify, protect and save harmless County and its Boards, officers, agents, and employees from any and all claims and liabilities, including expenses incurred in defending against the same, for the death of or injury to persons or damage to property, including the property owned or controlled by or in the possession of County, any of its officers, agents or employees, that may in whole or in part arise from or be caused by (a) the operations, maintenance, use or occupation of the herein demised premises, by Lessee, (b) the acts, omissions or negligence of Lessee, its agents, officers, employees or permittees, or (c) the failure of Lessee to observe and abide by any of the terms or conditions of this Lease or any applicable law, ordinance, rule or regulation. Such obligation of Lessee to so relieve, indemnify, protect and save harmless County, and each of its Boards, officers and employees, shall continue during any periods of occupancy or of holding over by Lessee, its agents, officers, employees or permittees, beyond the expiration or other termination of this Lease.

Lessee shall maintain in full force and effect during the term of this Lease:

(i) Comprehensive General Liability Insurance, including owner's or contractor's protective, blanket contractual, excavation, collapse and underground hazards, broad form property damage liability, products/completed operations, independent contractor's and personal injury, all applicable to bodily injury, death and property damage with a combined single limit of not less than \$5,000,000 per occurrence (provided that all amounts in excess of \$1,000,000 may be carried through umbrella policies so long as coverage with respect to the Premises is not reduced as a result), or such greater amount as may be required by any holder of an encumbrance on the Premises which has been approved in accordance with Section 22 of this Lease. The amounts of liability insurance required by this Lease shall be subject to adjustment on each Rental Adjustment Date to the amount required by Section 15(A)(ii) of this Lease;

(ii) Worker's Compensation and Employer's Liability Insurance, in compliance with applicable state and federal laws;

(iii) Comprehensive Automobile Liability Insurance including owned, hired and non-owned automobiles, covering bodily injury, death and property damage with a combined single limit of not less than \$1,000,000 per occurrence.

(iv) In addition, at all such times as construction is being performed on the Premises by or on behalf of Lessee, Lessee shall maintain or cause to be maintained in full force and effect Builder's All-Risk Insurance, with completed operations coverage insuring against physical loss or damage to machinery, apparatus, materials, temporary forms, temporary structures (including the contents thereof), and supplies used in the construction work being performed. Such all-risk insurance shall attach with respect to items or materials while at the job site and during installation, until such construction work is completed. Lessee shall list (or shall contractually obligate the party or parties carrying such policy of Builder's All-Risk Insurance to list) subcontractors of all tiers working for or supervised by Lessee and/or its contractor(s) as additional insureds under such policy of Builder's All-Risk Insurance, but only with respect to physical loss or damage to the respective work being performed at the Premises or elsewhere by such subcontractors if actually at Lessee's risk. Such policy may be subject to a deductible not to exceed \$5,000 for any one occurrence arising out of all insured perils, except for (i) earthquake and land movement, in which case the deductible shall be no greater than 10% of the insured value, with a minimum deductible of \$25,000, and (ii) flood damage, in which case the deductible shall be no greater than 5% of the

insurable value at the time of loss, with a minimum deductible of \$25,000.

County shall be listed as an additional insured on the policies of insurance described in the foregoing subparagraphs (i), (iii) and (iv).

In addition, Lessee shall keep in effect during the entire term of this Lease, as it may be extended, rental interruption insurance (or, as the case may be, use and occupancy insurance) and business interruption insurance in an amount not less than the total of the sum of the Base Rent and percentage rentals payable by Lessee to County for the 12-month period immediately preceding the Effective Date. The amount of such insurance shall be adjusted on each anniversary of the Effective Date during the term of this Lease, as it may be extended, so that the amount of such insurance shall at all times equal the total of Base Rent and percentage rentals payable by Lessee to County for the 12-month period immediately preceding such adjustment. Notwithstanding anything to the contrary contained herein, upon written request of Lessee the Director may, in the Director's sole discretion, waive, modify or temporarily suspend Lessee's obligation to carry business interruption insurance pursuant to this paragraph.

A duplicate policy or policies evidencing the insurance coverage required herein shall be filed with the Director within 10 days of the execution of this Amendment by County (or no later than 10 days prior to the commencement of any construction on the Premises, in the case of the insurance described in subparagraph (iv), above), and said policy or policies shall provide that such insurance coverage shall not be canceled or the coverage thereunder reduced without at least 30 days prior written notice to the Director. At least 30 days prior to the expiration or termination of any such policy of insurance, a replacement policy showing that such insurance coverage has been renewed or extended shall be filed with the Director.

In the event Lessee is unable to obtain the insurance required pursuant to this Paragraph 26 for reasons beyond the reasonable control of the Lessee, Lessee shall notify County of such fact in writing, and request a renegotiation of applicable insurance requirements. Thereafter, County shall have the right, but not the obligation, to modify such insurance requirements if such modification is deemed by County to be in the best interest of County and Lessee.

The amount of insurance coverage required hereunder shall be subject to renegotiation at the same time and in the same manner as the amounts of rent hereunder.

The following is hereby inserted as the final paragraph of Section 35 (Maintenance of Premises) of the Lease:

In furtherance of the terms and conditions of this Paragraph 35, Lessee agrees throughout the term of the Lease (as it may be extended pursuant to the 10th Amendment) at all times following Completion of Construction of the Redevelopment (as defined in the 10th Amendment to this Lease):

(i) to maintain the Existing Apartments and the Proposed Apartments (as such terms are defined in the 10th Amendment to this Lease) in a condition of repair comparable to other similarly configured apartments having a rent equal to or greater than 65% of the average rent for apartments in Marina del Rey, Playa Vista and Playa del Rey; (ii) to maintain the Proposed Care Units (as such term is defined in the 10th Amendment to this Lease) in a condition of repair comparable to other similarly configured congregate care units having a rent equal to or greater than 65% of the average rent for congregate care units located west of La Cienega Boulevard, south of Sunset Boulevard, and north of Los Angeles International Airport; and (iii) to maintain the Existing Marina (as such term is defined in the 10th Amendment to this Lease) in a condition of repair comparable to other modern marinas in Southern California which are open to the general public, as opposed to

privately owned marinas or yacht clubs (provided, however, that such standard of maintenance shall in no event be lower than that established from time to time and generally applied by County or the County of Los Angeles Department of Beaches and Harbor (or any successor County department responsible for administration of the Lease, as amended) with respect to the maintenance of marinas in Marina del Rey). Notwithstanding the foregoing, if Lessee undertakes any material reconstruction, redevelopment, refurbishment, renovation or any other act of improvement (any such act is referred to herein as the "Further Renovation") with respect to all or any portion of: (i) the Existing Apartments and/or the Proposed Apartments, then such Further Renovation shall be performed so that following completion of such Further Renovation the quality level of the portion of the Existing Apartments and/or the Proposed Apartments which are the subject of such Further Renovation shall equal or exceed the quality level of other similarly configured apartments having a rent equal to or greater than 65% of the average rent for apartments in Marina del Rey, Playa Vista and Playa del Rey; (ii) the Proposed Care Units, then such Further Renovation shall be performed so that following completion of such Further Renovation the quality level of the Proposed Care Units which are the subject of such Further Renovation shall equal or exceed the quality level of other similarly

configured congregate care units having a rent equal to or greater than 65% of the average rent for congregate care units located west of La Cienega Boulevard, south of Sunset Boulevard, and north of Los Angeles International Airport; and (iii) the Existing Marina, then such Further Renovation shall be performed so that following completion of such Further Renovation the portion of the Existing Marina which is the subject of such Further Renovation shall meet or exceed the then applicable requirements set forth in the County Marina Specifications.

ARTICLE 13 ALTERNATIVE DISPUTE RESOLUTION.

The parties have agreed on the following mechanisms in order to obtain prompt and expeditious resolution of disputes regarding Entitlements arising under Subsection 2.1.B, above, regarding Lessee's use of "Appropriate Efforts" to obtain Entitlements pursuant to Subsection 4.1.A., above, or regarding County's Certificate of Completion under Section 4.9, above:

13.1 Reference of Dispute. Any dispute regarding Entitlements or County's Certificate of Completion arising under Subsection 2.1.B or Section 4.9, respectively, in which either Lessee or County seeks damages and/or equitable relief, shall be heard and determined by a referee pursuant to California Code of Civil Procedure Section 638, subdivision 1. The venue of any proceeding hereunder shall be in Los Angeles County, California (unless changed by order of the referee).

A. The party seeking to resolve the dispute shall file in court and serve on the other party a complaint

describing the matters in dispute. Service of the complaint shall be as prescribed by law. At any time after service of the complaint, any party may request the designation of a referee to try the disputed matter. Thereafter the parties shall use their best efforts to agree upon the selection of a referee. If the parties are unable to agree upon a referee within ten days after a written request to do so by any party, then any party may petition the presiding judge of the Superior Court to appoint a referee. The presiding judge shall have the power to assign said request to such judge of the Superior Court as the presiding judge deems appropriate. For the guidance of the judge making the appointment of said referee, the parties agree that the person so appointed shall be a retired judge or a lawyer experienced in the subject matter of the dispute. The parties involved in such controversy or dispute waive their right pursuant to California Code of Civil Procedure Section 170.6 to challenge any referee designated by agreement, but otherwise reserve their rights under such section.

B. Except as expressly otherwise provided for herein, the provisions of California Code of Civil Procedure, Sections 640, 642, 643, 644 and 645 shall be applicable to dispute resolution by a referee hereunder. In an effort to clarify and amplify the provisions of California Code of Civil Procedure, Sections 644 and 645, the parties agree that the referee shall decide issues of fact and law submitted by the parties for decision in the same manner as required for a trial by court as set forth in California Code of Civil Procedure, Sections 631.8 and 632, and California Rules of Court, Rule 232. The referee shall try and decide the dispute according to all of the substantive and procedural laws of the State of California, unless the parties stipulate to the contrary. When the referee has decided the dispute, the referee shall also cause the preparation of a written judgment based on said decision. The

judgment is to be entered by the Superior Court, based upon the decision of the referee, and shall be appealable in the same manner as if the judge signing the judgment had tried the case.

13.2 Cooperation. The parties shall diligently cooperate with one another and the person appointed to resolve any dispute according to the provisions of this Article, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of such dispute. If either party refuses to diligently cooperate, and the other party, after first giving 10 days advance written notice of its intent to rely on the provisions of this Subsection 13.2, incurs additional expenses or attorneys' fees solely as a result of such failure to diligently cooperate, the referee or temporary judge may award such additional expenses and attorneys' fees to the party giving such notice, even if such party is not the prevailing party in the dispute.

13.3 Allocation of Costs. The cost of the proceeding described in this Article 13 shall initially be borne equally by the parties to the dispute, but the prevailing party in such proceeding shall be entitled to recover, in addition to reasonable attorneys' fees and all other costs, its contribution for the reasonable cost of the referee or temporary judge as an item of recoverable costs. If either party refuses to pay his, her or its share of the costs of the proceeding, at the time(s) required, the other party may do so, in which event that party will be entitled to recover (or offset) the amount advanced, with interest at the maximum rate permitted by law, even if that party is not the prevailing party. The referee or temporary judge shall include such costs in his judgment or award.

Except as expressly set forth herein to the contrary, all of the 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 reaffirms and reacknowledges their respective obligations under the Lease as amended hereby.

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

"LESSEE":

Dolphin Marina, Ltd., a
California Limited Partnership

THE GOLDRICH TRUST NO. 1,
Its General Partner

By: [Signature]
Jona Goldrich, Trustee

THE KEST TRUST NO. 1,
Its General Partner

By: [Signature]
Sol Kest, Trustee



ATTEST: LARRY J. MONTEILH
EXECUTIVE OFFICER
OF THE BOARD OF SUPERVISORS
[Signature] Deputy

"COUNTY":

COUNTY OF LOS ANGELES

By: [Signature]
Chairman, Board of
Supervisors

APPROVED AS TO FORM

DeWitt W. Clinton
County Counsel

By: [Signature]
Deputy

Riordan & McKinzie,
a Professional corporation

By: [Signature]
Richard J. Riordan
Principal

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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APR 21 1992

[Signature]
LARRY J. MONTEILH
EXECUTIVE OFFICER

State of California)
County of Los Angeles) ss.

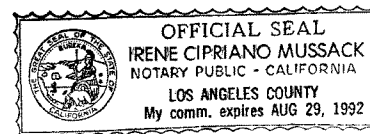
On March 17, 1992, before me, Irene Cipriano Mussack,
personally appeared Song Gokwhich,
personally known to me (or proved to me on the basis of satis-
factory evidence) to be the person(s) whose name(s) is/are sub-
scribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the within instrument.

WITNESS my hand and official seal.

Signature Irene Cipriano Mussack

[SEAL]

State of California)
County of Los Angeles) ss.



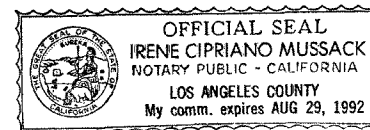
On March 17, 1992, before me, Irene Cipriano Mussack,
personally appeared Song Gokwhich,
personally known to me (or proved to me on the basis of satis-
factory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the within instrument.

WITNESS my hand and official seal.

Signature Irene Cipriano Mussack

[SEAL]

State of California)
County of _____) ss.



On _____, before me, _____,
personally appeared _____,
personally known to me (or proved to me on the basis of satis-
factory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the within instrument.

WITNESS my hand and official seal.

Signature _____

[SEAL]

Exhibit "A"

Extension Exercise Notice

This Extension Exercise Notice (the "Notice") dated _____ is being delivered pursuant to the terms of that certain Amendment No. 10 (the "Amendment") to Lease No. 7580, Parcel No. 18R--Marina del Rey, dated as of _____, 1992, between the County of Los Angeles (the "County"), as landlord, and Dolphin Marina, Ltd., a California Limited Partnership ("Lessee"), as tenant. The Amendment modifies and amends that certain Lease No. 7580, dated as of October 25, 1963, between County, as landlord, and Lessee, as tenant (such Lease, as amended, is referred to herein as the "Lease"). Any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Amendment.

Lessee hereby elects to extend the term of the Lease, pursuant to the terms and conditions of the Amendment. Accordingly, Lessee hereby certifies to County that Lessee has obtained Entitlements necessary to commence construction of _____ of the Proposed Care Units and _____ of the Proposed Apartments in accordance with the terms and conditions of the Amendment. If Lessee has obtained such Entitlements for less than 75 of the Proposed Care Units and/or less than 68 of the Proposed Apartments, then:

(1) Lessee hereby certifies that (a) Lessee applied for Entitlements for all 75 of the Proposed Care Units and all 68 of the Proposed Apartments in accordance herewith, and prosecuted such applications using Appropriate Efforts, and (b) either (x) Entitlements were granted for less than all of the 75 Proposed Care Units and/or for less than all of the 68 Proposed Care Units, and Lessee could not, despite using Appropriate Efforts, obtain any of the denied Entitlements (whether by revising or modifying Lessee's proposals for the New Construction for which Entitlements were denied in accordance with the terms of the Amendment or otherwise taking actions regarding such proposals provided that in any event Lessee shall not be obligated to expend greater than Appropriate Efforts), or (y) Lessee has extended the Extension Notice Period to the maximum length available pursuant to the 10th Amendment, Lessee is now at the end of the Extension Notice Period, as extended, and Lessee has not obtained Entitlements and could not obtain, despite using Appropriate Efforts, any of such Entitlements prior to the end of the maximum available Extension Notice Period.

(2) Attached as Schedule 1 to this Notice is a reasonably detailed history of Lessee's efforts to obtain Entitlements for all 75 of the Proposed Care Units and all 68 of the Proposed Apartments, and an explanation of the reasons why less than all of such Entitlements were granted.

Attached as Schedule 2 to this Notice is a copy of each written notice or other document evidencing Lessee's receipt of the Entitlements for the Proposed Apartments and/or the Proposed Care Units.

Lessee agrees to pay County the Extension Fee and to otherwise comply with all of the terms and conditions of the

County, in Cash Equivalent, in the amount of \$412,500.

LESSEE:

Dolphin Marina, Ltd., a California
Limited Partnership

By: THE GOLDRICH TRUST NO. 1,
Its General Partner

By: _____
Jona Goldrich, Trustee

Date

By: THE KEST TRUST NO. 1,
Its General Partner

By: _____
Sol Kest, Trustee

Date

The County of Los Angeles hereby acknowledges that Lessee has
timely delivered this Extension Exercise Notice and has otherwise
satisfied the terms and conditions respecting Lessee's exercise
of the Extension Option pursuant to the Amendment.

COUNTY:

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of
Supervisors

APPROVED AS TO FORM

DeWitt W. Clinton
County Counsel

By: _____
Deputy

Riordan & McKinzie,
a Professional corporation

By: _____
Richard J. Riordan
Principal

Exhibit "B"

Guarantee of Option Fee Under 10th Amendment to Lease

This Guarantee of Option Fee Under 10th Amendment to Lease (the "Guarantee") is made and shall be effective as of the day of _____, 1992, by Mr. Jona Goldrich ("Guarantor"), in favor of the County of Los Angeles ("County"), based upon the following recitals:

WHEREAS, Dolphin Marina, Ltd., a California limited partnership ("Dolphin"), and County previously entered into that certain Lease No. 7580 (the "Original Lease"), dated as of October 25, 1963, pursuant to the terms of which County leased to Dolphin real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 18R, which leasehold premises are more particularly and legally described in such Original Lease;

WHEREAS, substantially concurrent herewith, Dolphin and County have entered, or will enter, into that certain Amendment No. 10 to Lease No. 7580, Parcel No. 18R - Marina del Rey (the "10th Amendment"), amending the Original Lease, as amended to date (the Lease and all amendments thereto, including without limitation the 10th Amendment, are collectively referred to herein as the "Lease");

WHEREAS, the Goldrich Trust No. 1 is a general partner of Dolphin, and Guarantor is a trustee of the Goldrich Trust No. 1;

WHEREAS, the express terms of the 10th Amendment provide that, as a condition precedent to the enforcement of the terms of such 10th Amendment against County, Guarantor is required personally to guarantee payment of the entire Option Fee (as defined in the 10th Amendment) in accordance with the terms of the 10th Amendment; and

WHEREAS, Guarantor desires that the Amendment be executed by and enforceable against County;

NOW, THEREFORE, in consideration of the execution of the 10th Amendment by County, and in satisfaction of a condition precedent to the enforcement against County of the terms of such 10th Amendment, Guarantor hereby personally and unconditionally, irrevocably and absolutely guarantees the payment when due of the Option Fee together with all accrued but unpaid Option Fee Interest, as such term is defined in the 10th Amendment), in the amounts and at the times provided in, and otherwise in accordance with all of the terms and conditions of, the 10th Amendment. The liability to pay such Option Fee and accrued but unpaid interest thereon is referred to herein as the "Obligation".

Guarantor further agrees as follows:

1. Guarantor's obligations hereunder shall be unconditional, irrevocable and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(1) any extension, renewal, settlement, compromise, waiver or release in respect of the liability of Dolphin for the payment of the Obligation;

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(ii) any modification, alteration, amendment or assignment of, or supplement to, any agreement (including, without limitation, the Lease or the 10th Amendment) respecting the liability of Dolphin to pay the Obligation, provided that Guarantor and/or any entity which is controlled either directly or indirectly by Guarantor and/or any Immediate Family Member (as such term is defined in the 10th Amendment) of Guarantor is the general partner of Dolphin.

(iii) any change in the existence, structure or ownership of Dolphin, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Dolphin or Dolphin's assets, or any disaffirmance by a trustee of Dolphin of any agreement (including without limitation, the Lease or the 10th Amendment) respecting the liability of Dolphin to pay the Obligation;

(iv) the existence of any claim, setoff or other right which Guarantor may have at any time against Dolphin, County, or any other person or entity; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(v) the invalidity or unenforceability of any agreement of Dolphin (including without limitation the Lease and the liability of Dolphin to pay the Obligation as provided therein), regardless of whether any such invalidity or unenforceability is the result of any provision of applicable law or regulation purporting to prohibit payment of the Obligation by Dolphin or otherwise;

(vi) any act or omission to act or delay of any kind by Dolphin, County or any other person or entity, or any other circumstances whatsoever which might, but for the terms of this paragraph, constitute a legal or equitable discharge of Guarantor's obligations hereunder; or

(vii) the death of Guarantor, in which event this Guarantee and the obligations of Guarantor hereunder shall continue in full force and effect and be binding upon the estate of Guarantor.

2. This Guarantee is absolute, unconditional and irrevocable. In the event of (i) any agreement or stipulation between County and Dolphin extending the time of performance or otherwise modifying any of the terms, covenants or conditions contained in the Lease applicable to the payment of the Obligation (individually and collectively, a "modification"); or (ii) any waiver by or failure of County to enforce any of the terms, covenants or conditions contained in the Lease or any of the terms, covenants or conditions contained in any modifications thereto (individually and collectively, a "waiver"), then, provided that Guarantor and/or any entity which is controlled either directly or indirectly by Guarantor and/or any Immediate Family Member (as such term is defined in the 10th Amendment) of Guarantor is the general partner of Dolphin, Guarantor shall nonetheless continue to be liable under this Guarantee according to the terms, covenants and conditions of such modification or waiver, and the obligation of Guarantor shall be and remain in full force and effect despite such modification or waiver.

3. Guarantor hereby waives (i) diligence, presentment, demand of payment and protest; (ii) the requirement that County provide Guarantor with any notice(s) whatsoever, except that County shall provide Guarantor with copies of any notice required to be given to Dolphin with respect to payment of the Obligation; (iii) all demands whatsoever; (iv) any statute of

limitations affecting Guarantor's liability hereunder or the enforcement hereof; (v) all principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of this Guarantee. Guarantor agrees that its liability hereunder shall not be affected by any circumstances which might otherwise constitute a legal or equitable discharge of a guarantor or surety.

4. Guarantor agrees that this Guarantee may be enforced by County against Guarantor without the necessity for County at any time to resort to or exhaust any other security or collateral (whether direct or indirect) which may be available to County securing payment of the Obligation. Guarantor expressly waives any rights that it might otherwise have to require County (i) to proceed against Dolphin for payment of the Obligation, (ii) to exercise any of the rights and remedies which might be available to County under the Lease with respect to payment of the Obligation, or (iii) to pursue any other remedy or enforce any other right which may at any time be available to County. Guarantor further agrees that nothing herein contained shall prevent County from suing Dolphin for performance of any of the terms and conditions of the Lease, or from exercising any other rights available to County under the Lease (including without limitation those terms, conditions or rights respecting the payment of the Obligation), and any such action shall not constitute a legal or equitable discharge of Guarantor hereunder.

5. Guarantor understands that the exercise by County of certain rights and remedies contained in the Lease may affect or eliminate Guarantor's right of subrogation against Dolphin and that Guarantor may therefore incur partially or totally nonreimbursable liability hereunder; nevertheless, Guarantor agrees that notwithstanding County's exercise of any such rights or remedies, or any combination thereof, Guarantor shall not be released, discharged or otherwise affected thereby, and Guarantor hereby authorizes and empowers County to exercise, in its sole discretion, any rights or remedies, or any combination thereof, which may then be available to County, it being Guarantor's intent and purpose that the obligations hereunder shall be absolute, independent and unconditional under any and all circumstances.

6. Without limiting the generality of any of the foregoing, Guarantor hereby expressly waives, to the extent permitted by applicable law and to the extent that may be available to Guarantor, any and all benefits under California Civil Code Sections 2809, 2810, 2819, 2845, 2847, 2848, 2849 and 2850.

7. If at any time any payment by Dolphin of all or any portion of the Obligation is rescinded or must be otherwise restored or returned to Dolphin (whether upon the insolvency, bankruptcy or reorganization of Dolphin or otherwise), Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made.

8. This Guarantee, and the terms and conditions hereof, shall be binding upon, and shall accrue to the benefit of, each of County and Guarantor, and their respective successors and assigns. County may, without notice, assign this Guarantee in whole or in part and no assignment or transfer of the Lease shall operate to extinguish or diminish the liability of Guarantor hereunder.

9. Guarantor agrees to pay, within ten days following demand therefor, all reasonable attorney's fees and

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expenses, and all other costs and expenses which may be incurred by County in connection with enforcing or attempting to enforce payment of the Obligation by Dolphin, or payment by Guarantor in accordance with the terms of this Guarantee.

10. All rights, duties, benefits and privileges arising hereunder shall be construed according to the laws of the State of California.

11. Every provision of this Guarantee is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Guarantee.

12. Any notice expressly provided for in this Guarantee shall be in writing and signed by or on behalf of the parties giving such notice. Such notice shall be deemed to be served (i) when personally delivered, (ii) three days after being sent by registered or certified mail deposited in the United States mail, postage prepaid, with return receipt requested, addressed to the party to whom such notice is being given at the addresses set forth below, or (iii) upon receipt by telecopy, provided that any such telecopy communication is followed by delivery of a hard copy of such communication by the other means described herein. The addresses of either party may be changed for the purpose of this provision by notice to the other party, given in accordance herewith.

If to Guarantor: _____

If to County: _____

County of Los Angeles
Department of Beaches and Harbors
13837 Fiji Way
Marina del Rey, CA 90292
Attention: Mr. K. Chris Klinger
Deputy Director

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be executed as of the year and date first above written.

"GUARANTOR"

By: _____

Jona Goldrich

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS my hand and official seal.

Signature _____

[SEAL]

MPK:DS:JGA AC162011.318

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Exhibit "B"
Page 4 of 4

EXHIBIT "C"

County's Certificate of Completion

This Certificate of Completion (the "Certificate") is being delivered pursuant to the terms of that certain Amendment No. 10 (the "Amendment") to Lease No. 7580, Parcel No. 18R-Marina Del Rey, dated as of _____, 1992, between the County of Los Angeles (the "County"), as landlord, and Dolphin Marina, Ltd., a California Limited Partnership [or, if applicable, Assignee] ("Lessee"), as tenant. The Amendment modifies and amends that certain Lease No. 7580, dated as of October 25, 1963, between County, as landlord, and Lessee, as tenant (such Lease, as amended, is referred to herein as the "Lease"). Any capitalized term used but not defined herein shall have the meaning ascribed as such term in the Amendment.

County hereby certifies that Lessee has achieved Completion of Construction, and has otherwise complied with the requirements of the Lease, as amended, with respect to the construction of the Phase of the Redevelopment described in the Amendment as the _____.

Notwithstanding the foregoing, County is not and shall not, as a result of providing Lessee with the foregoing certification, be deemed to have made any determination, representation, warranty or other assurance whatsoever, either to Lessee or to any person or entity whomsoever, respecting (i) the compliance of the Improvements constituting the above described Phase with any or all applicable laws, regulations, requirements, codes (including without limitation building or zoning codes and other related requirements), or any fact or matter applicable to Lessee, the Premises, the Improvements and/or the construction of all or any part thereof, or (ii) compliance with or satisfaction of any obligation of Lessee to any person or entity whomsoever, other than Lessee's obligation to County to achieve the Completion of Construction of the above described Phase in accordance with the requirements of the Lease, as amended, as to which obligation County is hereby certifying.

This Certificate is not notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, County has caused this Certificate of Completion to be executed as of the year and date first above written.

"COUNTY"

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of
Supervisors

APPROVED AS TO FORM

DeWitt W. Clinton
County Counsel

By: _____
Deputy

RIORDAN & MCKINZIE,
a Professional corporation

By: _____
Richard J. Riordan
Principal

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