

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

**SUBJECT: City Manager – Consent to assign Sublease from SCB Restaurants to
CB Restaurants**

RECOMMENDATION

Recommendation of the City Manager that the City Council consent to an Assignment of Sublease from SCB Restaurants to CB Restaurants (Master Tenant JAS Madison I, LLC) on City-owned property located at 3445, 3511 and 3525 Pacific Coast Highway at the center known as Madison Park (C-2738).

Funding

None is required.

BACKGROUND/ANALYSIS

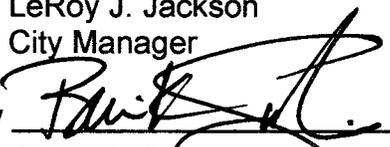
Pursuant to Section 22: ASSIGNMENT AND SUBLETTING of the Master Lease for this property, subtenants who have an aggregate term including options of greater than ten years or have a floor area of greater than 10% of the size of the project, must receive consent from the City Council to enter into the sublease Agreement. The term of the Sublease Agreement has an aggregate total of 11 years and the floor area is greater than 10% of the project size; therefore the consent of Your Honorable Body is required.

The proposed assignee will operate the existing China Buffet restaurant at the site. The use was previously consented to, however, because of the change in ownership the consent of Your Honorable Body is required.

The action being requested tonight is for consent to the Assignment of Sublease for a use currently existing in the center.

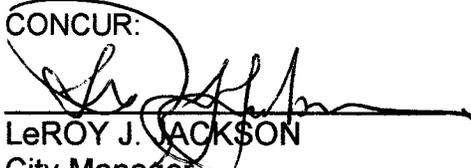
Respectfully submitted,

LeRoy J. Jackson
City Manager

By 

Brian K. Sunshine
Assistant to the City Manager

CONCUR:


LeROY J. JACKSON
City Manager

Attachment: Assignment and Assumption Lease

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE ("Assignment and Assumption" or "Agreement") is made and entered into as of _____, 2007, by and between SCB Restaurants, Inc., a California corporation ("Assignor"), and CB Restaurant, Inc., a California corporation ("Assignee").

RECITALS

A. M.L. Apartments, LLC, as the initial landlord, and China Buffet, Inc., as the initial tenant, entered into that certain Standard Retail Lease (Triple Net) dated as of November 24, 1998 (the "Initial Lease") for the lease of that certain premises more commonly known as Suites G, H, I, J and K (the "Premises"), in that certain Building located at 3525 Pacific Coast Highway, City of Torrance, County of Los Angeles, State of California, in that retail shopping center project more commonly known as Madison Park (the "Center"), as more particularly described therein;

B. M.L. Apartments, LLC (as the initial landlord), China Buffet, Inc. (as the initial tenant and initial assignor), and SCB Restaurants, Inc. (as initial assignee) subsequently entered into that certain Assignment And Amendment No.1 To Lease, dated December 15, 2003 (the "Initial Assignment"), so as to effect an assignment of the Lease of the Premises pursuant to which all the tenant's rights and obligations under the Lease have been assigned by China Buffet, Inc. to SCB Restaurants, Inc. upon the consent and approval of M.L. Apartment LLC;

C. M.L. Apartments, LLC then sold the Premises to JAS Madison I, LLC (the "New Owner" and/or "Landlord"). JAS Madison I, LLC (as Successor-In-Interest to M.L. Apartments, LLC) subsequently executed its First Amendment to Standard Retail Lease (Triple Net), on April 17, 2007, and grants the tenant an option right to extend the term of the lease for an additional term of five (5) years (the "First Amendment") exercisable by tenant before the expiration of the term of the Initial Lease on May 31, 2009.

E. Assignor now desires to assign all of its right, title and interest as the tenant under the Initial Lease and all the subsequent assignment(s) and amendment(s) (collectively, the "Lease"), and Assignee desires to assume, observe and perform all of the terms, covenants, and conditions to be observed or performed by the tenant under the Lease; and

F. Assignor and Assignee have also requested for Landlord's consent and approval to the assignment and assumption of Assignor and Assignee under the Lease;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual agreements contained herein, together with all the other good and valuable consideration,

the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Incorporation of Recitals

The Recitals set forth above are hereby incorporated by this reference as though fully set forth herein.

2. Validity of Lease

Assignor hereby warrants and represents that the Lease is valid, in good standing, and in full force and effect and that there is no condition or state of facts now in existence, which, if not corrected, would constitute a default under the terms of the Lease.

3. Assignment

Assignor assigns all of its right, title and interest to the Lease as of 12:00 a.m., _____, _____ (the "Effective Date"), and Assignor warrants that it has provided Assignee with a full and complete copy of the Lease. Assignee acknowledges that it has received a full and complete copy of the Lease from Assignor and that Assignee assumes and agrees to be bound by and to perform all covenants, conditions and duties of Assignor under the Lease as of the Effective Date. As of the Effective Date, and subject to all of the terms, provisions, conditions, obligations, covenants and agreements contained or referred to in the Lease to be observed and performed by the tenant thereunder (collectively, the "Tenant Obligations"), Assignor does hereby grant, convey, transfer, assign and deliver unto Assignee all of Assignor's right, title and interest in the Lease, including Assignor's right to the Security Deposit relating thereto, if any, and in and to the leasehold estate created by the Lease.

4. Acceptance

As of the Effective Date, Assignee accepts the assignment of the Lease and of the Security Deposit relating thereto, if any, which shall continue to be retained by Landlord, and all of Assignor's right, title and interest in and to the leasehold estate created by the Lease. Assignee further assumes and agrees to observe and perform all of the Tenant Obligations, including but not limited to, the payment of all rent (including, minimum or fixed rent, and any percentage rent and/or additional rent) and any charges and/or deposits (including common area maintenance charges and real estate tax deposits) due to be paid to Landlord, from and after the Effective Date, as fully and completely as though Assignee were the original Tenant under the Lease.

5. Assignor and Guarantor Not Released

This Assignment and Assumption shall not release Assignor or Guarantor (if any) from liability for the performance by Assignor of the Tenant Obligations, including without limitation, the payment of all rent (including, minimum or fixed rent, and any

percentage rent and/or additional rent) and any charges and/or deposits (including common area maintenance charges and real estate tax deposits) due to be paid to Landlord, but that the liability of Assignor and Guarantor (if any) for the performance by Assignor of the Tenant Obligations shall continue as if this Assignment and Assumption had not been made and shall continue into and through the option period.

6. Maintenance of Agreement

Assignor and Assignee acknowledge that their undertakings hereunder are given in consideration of Landlord's consent to this Assignment and Assumption and that the Landlord would not consent to this Assignment and Assumption were it not for the execution and delivery of this Assignment and Assumption in the form and substance hereof.

7. Amendment of Lease

From and after the Effective Date the Lease Notices to Tenant shall be addressed as follows:

CB Restaurant, Inc.
c/o Mr. Gongxi Li
3525 Pacific Coast Highway
Torrance, California 90505

8. Modification

This Assignment and Assumption shall not be modified except by written instrument subscribed to by Assignor, Assignee, and Landlord. Except as specifically amended by this Assignment and Assumption, all of the terms, provisions, agreements, covenants and conditions contained in the Lease are and shall remain, unchanged and in full force and effect.

9. Inurement

The terms and conditions of this Assignment and Assumption shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, successors and assigns.

10. Headings

The section and paragraph heading contained in this Assignment and Assumption are for reference purposes only and shall not affect in any way the meaning of interpretation of this agreement.

11. Counterparts

This Assignment and Assumption may be executed in three or more counterparts, each of which shall be deemed to be an original but all of which shall together constitute one and the same instrument.

12. Construction

This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State wherein the Leased Premises are located.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption of Lease to be made as of the date and year first above written.

ASSIGNOR
SCB Restaurants, Inc.

By: LI BIXIANG
Authorized Representative

ASSIGNEE
CB Restaurant, Inc.

By: Gang Xi Li
Authorized Representative

CONSENT OF LANDLORD

LANDLORD
JAS Madison I, LLC

By: _____
Authorized Representative

2ND AMENDMENT TO LEASE AGREEMENT

THIS 2ND AMENDMENT TO LEASE (“2nd Amendment”) is made as of this 10th day of July, 2005, by and between **ML APARTMENTS, LLC, (“Landlord”)** and **SCB Restaurants, Inc., a California corporation d.b.a China Buffet (“Tenant”)**.

WHEREAS Tenant occupies and leases space, commonly known as Suites G, H, I, J & K (the “**Premises**”) of the Madison Park Retail Center, 3525 Pacific Coast Highway, Torrance, Los Angeles County, California (the “**Property**”) from Landlord, under the terms of that certain Standard Retail Lease (Triple Net) dated as of November 24, 1998 and amended by that certain Assignment and Amendment No. 1 to Lease, dated December 15th, 2003 (collectively, the “**Lease**”); and

WHEREAS Landlord and Tenant desire to extend the term of the Lease and to otherwise modify and clarify certain provisions of the Lease;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the sufficiency of which is hereby confirmed, the parties covenant and agree as follows:

1. **Term:** Section 1.6 is hereby amended as follows:

The Term of the Lease shall end on May 31, 2014 or 2019.

2. **Base Rent:** Section 1.7 is hereby modified as follows:

Effective on May 1, 2009, the Base Rent shall be the Market Rental Value as determined pursuant to the terms of Section II of the attached Exhibit “A”. In addition to Base Rent, Tenant shall continue to pay Tenant’s Share of Common Area Maintenance Expenses, as provided in the Lease. Commencing on May 1, 2010, and on each anniversary of such date thereafter, Base Rent shall increase pursuant to the terms of Section I of the attached Exhibit “A”.

3. **Financial Reporting:**

- 3.1. **Books and Records.** For a period of 5 years following the close of each calendar year, Tenant shall keep at the Premises or at Tenant’s corporate headquarters, full and accurate books of account and records relative to transactions in the Premises in accordance with generally accepted accounting principles consistently applied. Without limiting the generality of the foregoing, the following records shall be kept by Tenant: (a) federal and state income tax returns; (b) state and local sales and use tax returns; (c) daily cash register or computer receipts or tapes; (d) daily sales statements; (e) copies of all sales slips; (f) bank statements and deposit receipts; (g) paid invoices for the purchase of merchandise; (h) merchandising, receiving and shipping records; (i) sales journal and general ledger; (j) all cash disbursements, cash receipts, sales and purchases; (k) advertising expenses; (l) employees' expenses; and (m) any other financial information which Landlord reasonably deems necessary.
- 3.2. **Financial Statements.** Within 15 days after Landlord's written request, Tenant shall furnish Landlord with the following documents: (a) financial statements including, but not limited to, balance sheets, profit and loss statements, income statements and statements of changes in financial position reflecting Tenant's current financial condition, (b) Tenant's federal and state income tax returns pertaining to Tenant's

business conducted upon the Premises, and (c) written evidence of ownership of controlling stock interest, if Tenant is a corporation. Any information obtained from Tenant's financial statements shall be confidential and shall not be disclosed other than to carry out the purposes of this Lease; provided, however, Landlord shall incur no liability for the inadvertent disclosure of any such information. Landlord may divulge the contents of any financial statements in connection with any financing arrangement, sale or assignment of Landlord's interest in the Premises, the Property or the Center or in connection with any administrative or judicial proceedings.

4. **Grease Trap.** As a material consideration, without which Landlord would be unwilling to enter this 2nd Amendment, Tenant agrees at all times during the Lease Term to keep in full force and effect a contract to provide for cleaning of all of Tenant's grease traps, including any roof-mounted units and removal of grease from such traps. The contract, which shall be with a qualified third party, subject to Landlord's reasonable approval, shall provide for servicing and grease removal of and from the traps not less frequently than ___ times per month. If the approved vendor shall fail to adequately provided the contracted services, Tenant shall, on its own volition, or upon written notice from Landlord, replace such vendor with another vendor, who shall also be subject to Landlord's reasonable approval. Landlord shall, at all times, be provided with a copy of all contracts required under this section, and in any case, shall be provided with a copy of the same within two business days of any written request for such a contract. If Tenant shall fail to abide by the terms of this section, Landlord may contract for the required services and shall charge the cost for such services back to Tenant at a rate of 150% of their actual costs. Tenant shall fully cooperate with any such Landlord-provided vendor. Notwithstanding anything to the contrary in the forgoing, Tenant shall at all times be responsible for the costs of repairing any roof damage caused by it's grease traps. A letter from Landlord's roofing consultant or roof repair vendor stating that any roof damage has been caused by Tenant's grease or it's grease traps shall be deemed to a conclusive determination.
5. This 2nd Amendment shall not constitute an agreement by Landlord and shall not be binding upon Landlord unless and until it shall be executed by Landlord and Tenant and delivered by Landlord to Tenant.
6. Each party hereto has had an opportunity to seek the advice of independent counsel and has been advised by the other parties to execute this 2nd Amendment only following its review and approval by their independent counsel. This 2nd Amendment has been negotiated and drafted through a joint effort of the parties and, therefore, shall not be construed in favor of or against any of the parties. The fact that this 2nd Amendment was prepared by Landlord as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Landlord because it prepared this 2nd Amendment in final form.
7. This 2nd Amendment shall not be changed orally, and shall be binding upon and shall inure to the benefit of the parties to it, their respective heirs, successors, and, as permitted, their assigns.
8. Any capitalized terms which are contained within this 2nd Amendment, but which are not defined herein, shall have the meaning described to them within the Lease.
9. This 2nd Amendment contains the entire agreement and understanding between Landlord and Tenant related to the subject matter of this Agreement and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, which are the subject of this agreement. Except as hereby modified or

amended, all other terms, covenants, and conditions of the Lease are hereby ratified and shall remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this 2nd Amendment to Lease Agreement as of the day and year first written above.

LANDLORD: M.L. APARTMENTS, LLC.

BY: Aspen Property Management, Inc.
Its Administrative Member, doing business in California
as Oregon Aspen Property Management, Inc.

By: _____
Mark E. Nicol, President

TENANT: SCB Restaurants, Inc., a California corporation

By: _____
Bi Xiang Li, President

ACKNOWLEDGEMENT OF GUARANTORS

China Buffet, a California corporation, Qing Kai “Peter” Sun, a married individual, Bi Xiang Li, a married individual, and Qing Wen “Joe” Sun, Guarantors of the obligations of Lessee under the Lease, hereby join in the execution of this Lease amendment for the purpose of acknowledging to Landlord (i) that they accept and approve the terms of this amendment (ii) that their Guaranty remains in effect to Landlord and it’s successors in interest, and (iii) that their Guaranty shall be the guarantee of the Lease as amended by this 2nd Amendment.

China Buffet, Inc., a California Corporation

By: Qing Kai Sun
President

Qing Kai “Peter” Sun, a married individual

Bi Xiang Li, a married individual

Qing Wen “Joe” Sun, a married individual

EXHIBIT A

I. Cost of Living Adjustment(s) (COLA)

a. On May 1, 2010, and each following anniversary of such date, Base Rent shall be adjusted by the change, if any, from the Base Rent previously in effect, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for CPI U (All Urban Consumers), for Los Angeles-Anaheim-Riverside, California, All Items (1982-1984 = 100), herein referred to as "**CPI**".

b. The monthly rent payable shall be calculated as follows: the Base Rent previously in effect shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month specified in the preceding paragraph "a", and the denominator of which shall be the CPI of the calendar month which is 14 months prior to such month. The sum so calculated shall constitute the new monthly rent hereunder, but in no event, shall any such new monthly rent be less than 103.5% of the rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

II. Market Rental Value Adjustment(s) ("**MRV**")

a. On May 1, 2009, Base Rent shall be adjusted to the "**Market Rental Value**" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select a broker ("**Consultant**") of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie. the one that is NOT the closest to the actual MRV.

2) Notwithstanding the foregoing, the new MRV shall not be less than 103.5% of the rent payable for the month immediately preceding the rent adjustment.

ASSIGNMENT AND AMENDMENT NO. 1 TO LEASE

THIS ASSIGNMENT AND AMENDMENT NO. 1 TO LEASE (the "**Agreement**") is made as of this 15th day of December, 2003, by and between M.L. Apartments, LLC ("**Landlord**") and China Buffet, Inc., a California corporation ("**Assignor**") and SCB Restaurants, Inc., a California corporation d.b.a China Buffet ("**Assignee**").

RECITALS:

A. Landlord and Assignor entered into that certain Standard Retail Lease (Triple Net) dated as of November 24, 1998, (the "**Lease**") for the lease of certain premises more commonly known as Suites G, H, I, J & K (the "**Premises**"), in that certain Building located at 3525 Pacific Coast Highway, City of Torrance, County of Los Angeles, State of California, in the retail shopping center project more commonly known as Madison Park (the "**Center**"), all as more particularly described in the Lease.

B. Assignor desires by this Agreement to assign all of its right, title and interest in and to the Lease to Assignee subject to the terms of the Lease and this Agreement (the "**Assignment**").

C. Assignor and Assignee have requested Landlord's consent to the proposed Assignment.

TERMS:

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual agreements herein contained, and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignor assigns all of its right, title and interest in and to the Lease as of 12:00 AM, January 1, 2004 (the "**Effective Date**"), and Assignor warrants that it has provided Assignee with a full and complete copy of the Lease.
2. Assignee acknowledges that it has received a full and complete copy of the Lease from Assignor and that Assignee assumes and agrees to be bound by and perform all covenants, conditions, obligations and duties of Assignor under the Lease as of the Effective Date.

3. Assignor shall remain obligated to Landlord for the full performance of all covenants, conditions, obligations, and duties required of Lessee under the Lease and shall not be relieved of any such performance thereunder as a result of this Assignment. However, as of the Effective Date, Assignor shall have no continuing or future possessory rights in and to the Premises and thereafter waives any right it may possess to receive notice from Landlord relative to this Agreement or the Lease.

4. Assignor agrees that the Security Deposit currently being held by Landlord shall be retained by Landlord to satisfy Assignee's requirements under the Lease relative to such deposit. Any such deposit remaining at the end of the term of the Lease shall be paid to Assignee after full satisfaction of Assignee's obligations under the Lease and any amounts owed to Landlord.

5. Landlord's consent to the Assignment of the Lease to Assignee shall be effective only as such time as:

5.1. This Agreement has been fully executed by all of the parties hereto;

5.2. Landlord has received all information it has requested from Assignee and Assignor relative to this Agreement and the Assignment;

5.3. The guarantees, attached hereto as Exhibit A, have been fully executed, duly and properly notarized, and returned to Landlord; and

5.4. Assignor has paid Landlord the amount required under section 12.5(e) of the Lease.

6. Assignor represents and covenants as follows:

6.1. That the Lease is in full force and effect; that Assignor's interest therein is free and clear of all encumbrances; and that Assignor has fully performed all covenants and obligations under the Lease and has not done or permitted any acts in violation of the Lease or the covenants contained therein.

6.2. That it has not heretofore assigned, mortgaged or otherwise transferred, amended or encumbered, voluntarily or involuntarily, the Lease or its interest therein.

6.3. That Landlord has fully performed all covenants and obligations on its part to be performed and observed under the Lease; that Landlord has no obligations to Assignor outside of or separate from the Lease; that Landlord has not done or permitted any act or acts in violation of any of the covenants, provisions or terms of the Lease, and that Landlord has not committed any act, that Assignor is aware of, which might lead to such

a violation; and that there is not now in existence any reason or claim to offset, deduct or decrease any payments due under the Lease.

7. Assignee agrees that is has inspected the Premises and hereby agrees to take the Premises in the condition existing upon the Effective Date.

8. Assignee represents and covenants, as of the execution of this Agreement and, as applicable, as of the Effective Date as follows:

8.1. That the Lease is in full force and effect; that Assignee's interest therein is free and clear of all encumbrances; and that Assignee has fully performed all covenants and obligations under the Lease and has not done or permitted any acts in violation of the Lease or the covenants contained therein.

8.2. That it has not heretofore assigned, mortgaged or otherwise transferred, amended or encumbered, voluntarily or involuntarily, the Lease or its interest therein.

8.3. That Landlord has fully performed all covenants and obligations on its part to be performed and observed under the Lease; that Landlord has no obligations to Assignee outside of or separate from the Lease; that Landlord has not done or permitted any act or acts in violation of any of the covenants, provisions or terms of the Lease, and that Landlord has not committed any act, that Assignee is aware of, which might lead to such a violation; and that there is not now in existence any reason or claim to offset, deduct or decrease any payments due under the Lease.

9. Assignee and Assignor each represents and covenants to Landlord that the information and materials it has provided to Landlord in relation to Landlord's consideration of this Assignment and this Agreement have been true and correct; there has been no material omissions or misstatements in such information and materials, and that it understands that Landlord has relied upon such information and materials in its consideration of this Assignment and this Agreement.

10. Except as expressly stated herein, neither the Lease, nor any provision thereof, shall be deemed to be modified or waived.

11. Assignee's address for notices shall be the address of the Premises unless changed in accordance with the Lease.

12. In the event that at any time after the date hereof either Landlord, Assignor or Assignee shall institute any action or proceeding against the other(s) relating to this Agreement, then and

in that event, the party(ies) not prevailing in such action or proceeding shall reimburse the prevailing party for the reasonable expenses of attorneys' fees and all cost and disbursements incurred therein by the prevailing party.

13. Miscellaneous provisions:

13.1. The provisions of this Agreement shall bind and inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto.

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

13.3. This agreement shall be governed by and interpreted in accordance with the laws of the State of California.

13.4. This Agreement contains the entire agreement and understanding between (a) Landlord and (b) Assignee and Assignor related to the subject matter of this Agreement and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, which are the subject of this Agreement.

13.5. Each party hereto has had an opportunity to seek the advice of independent counsel and has been advised by the other parties to execute this Agreement only following its review and approval by their independent counsel. This Agreement has been negotiated and drafted through a joint effort of the parties and, therefore, shall not be construed in favor of or against any of the parties. The fact that this Agreement was prepared by Landlord as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against Landlord because it prepared this Agreement in final form.

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

"LESSOR"

M.L. APARTMENTS L.L.C.

By: Aspen Property Management, Inc.
Its Administrative Member



By: Mark E. Nicol
President

"ASSIGNOR"

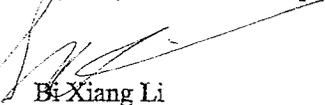
China Buffet, Inc., a California Corporation

X

By: Qing Kai Sun
President

"ASSIGNEE"

SCB Restaurants, Inc., a California corporation



By: Bi Xiang Li
President

Mark Nicol

By: Mark E. Nicol
President

“ASSIGNOR”

China Buffet, Inc., a California Corporation

Qing Kai Sun

By: Qing Kai Sun
President

“ASSIGNEE”

SCB Restaurants, Inc., a California corporation

Bi Xiang Li

By: Bi Xiang Li
President

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 instrument.

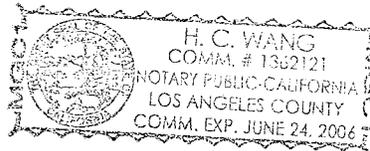
WITNESS my hand and official seal.

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On DECEMBER 30, 2003 before me, H. C. WANG, personally appeared BI XIANG LI, personally known to me - OR - XX 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 instrument.

WITNESS my hand and official seal.

H. C. Wang
H. C. WANG



STATE OF _____)
COUNTY OF _____)

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 instrument.

WITNESS my hand and official seal.

STATE OF _____)
COUNTY OF _____)

FIRST AMENDMENT TO LEASE AGREEMENT

THIS 1st AMENDMENT TO LEASE (“1st Amendment”) is made as of this 1st day of August, 1999, by and between **M.L. APARTMENTS, LLC (“Landlord”)** and **CHINA BUFFET, INC., a California corporation, d.b.a. China Buffet (“Tenant”)**.

WHEREAS Tenant occupies and leases space, commonly known as Suites G, H, I, J, & K (the “Premises”) of the Madison Park Retail Center, 3525 Pacific Coast Highway, Torrance, Los Angeles County, California (the “Property”) from Landlord, under the terms of a written lease agreement dated November 24, 1998 (the “Lease”); and

WHEREAS the actual square footage of the Premises has been established and, as anticipated within section 1.2 of the Lease, certain provisions of the Lease need to be modified to reflect such actual footage; and

WHEREAS the actual Commencement Date of the Lease has been established and the parties wish to clarify the Term of the Lease accordingly; and

WHEREAS Landlord and Tenant desire to modify and clarify certain provisions of the Lease;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the sufficiency of which is hereby confirmed, the parties covenant and agree as follows:

1. **Premises:** Section 1.2 is hereby amended as follows:

The Premises shall consist of approximately 6,756 rentable square feet, more or less.

2. **Term:** Section 1.6 is hereby deleted in its entirety and replaced with the following:

Ten (10) years commencing on May 3, 1999 (the “**Commencement Date**”) and ending on May 2, 2009, unless sooner terminated pursuant to any provision hereof. (See Paragraph 3).

3. **Base Rent:** Section 1.7 is hereby amended as follows:

Base Rent shall be Nine Thousand Five Hundred Seventy One and 00/100 dollars (\$9,571.00) per month. Base Rent is subject to annual 3.5% increases as described in paragraph 4.3.

4. **Advance Base Rent Paid Upon Execution:** Section 1.8 is hereby amended as follows:

Nine Thousand Five Hundred Seventy One and 00/100 dollars (\$9,571.00) for the first (1st) monthly installment of Base Rent payable hereunder.

5. **Security Deposit:** Section 1.10 is hereby amended as follows:

Nine Thousand Five Hundred Seventy One and 00/100 dollars (\$9,571.00), payable upon execution of this Lease. (See Paragraph 5).

6. **Tenant's Share of Common Area Maintenance Expenses:** Section 1.11 is hereby amended as follows:

14.53% (See Paragraph 4.2)

- 7. This First Amendment shall not constitute an agreement by Landlord and shall not be binding upon Landlord unless and until it shall be executed by Landlord and Tenant and delivered by Landlord to Tenant.
- 8. This First Amendment shall not be changed orally, and shall be binding upon and shall inure to the benefit of the parties to it, their respective heirs, successors, and, as permitted, their assigns.
- 9. Any capitalized terms which are contained within this 1st Amendment, but which are not defined herein, shall have the meaning described to them within the Lease.
- 10. Except as hereby modified or amended, all other terms, covenants, and conditions of the Lease are hereby ratified and shall remain in full force and effect.

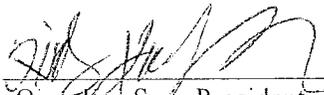
IN WITNESS WHEREOF, Landlord and Tenant have duly executed this 1st Amendment to Lease Agreement as of the day and year first written above.

LANDLORD: M.L. APARTMENTS, LLC.

BY: Aspen Property Management, Inc.
Its Administrative Member, doing business in California as Oregon
Aspen Property Management, Inc.

By: 
Mark E. Nicol, President

TENANT: CHINA BUFFET, INC., A CALIFORNIA CORPORATION

By: 
Qing Kai Sun, President

By: _____
Secretary

**First Amendment to
STANDARD RETAIL LEASE
(TRIPLE NET)**

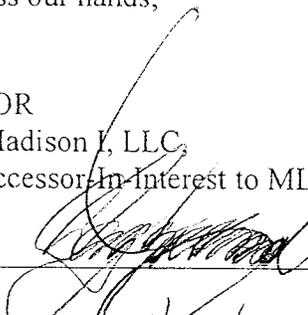
The Standard Retail Lease dated November 24, 1998 by and between ML Apartments, LLC, JAS Madison I, LLC, As Successor-In-Interest ("Lessor") and China Buffet, Inc. ("Lessee") is hereby amended as follows:

Upon expiration of the original Lease Term on May 31, 2009, Lessor grants Lessee the right but not the obligation to extend the lease term for an additional five (5) years provided that:

1. Lessee is not in any monetary default with Lessor at the time of exercising the option;
2. Lessee agrees to pay the then fair market rental rate; and
3. Lessee gives Lessor written notice of its intent to extend the lease term no more than twelve (12) months but no less than six (6) months before the Lease Expiration Date.

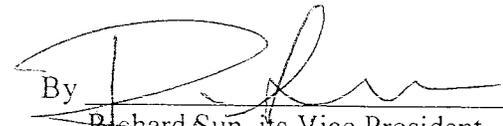
Witness our hands;

LESSOR
JAS Madison I, LLC,
As Successor-In-Interest to ML Apartments, LLC

By 

Date 2/12/07

LESSEE
CHINA BUFFET, INC.

By 
Richard Sun, its Vice President

Date 25/08/07

TENDER OF POSSESSION

In regards to that certain lease (the "Lease"), dated, for reference purposes only, November 24, 1998, is made by and between **ML APARTMENTS, L.L.C.** ("Landlord"), and **CHINA BUFFET, INC.**, a California corporation, with the trade name of and doing business as **China Buffet**, ("Tenant") for those certain premises (the "Premises") known as Suites G, H, I, J, & K of 3525 Pacific Coast Highway, Torrance, California, Tenant hereby acknowledges the following:

1. Landlord hereby tenders possession (as defined in the Lease) of the Premises to Tenant and concurrently delivers keys to such Premises to Tenant.
2. Tenant hereby accepts tender of possession (as defined in the Lease) of the Premises from Landlord and concurrently accepts keys to such Premises.
3. Tenant is responsible for changing the locks on such Premises if it so desires as Landlord cannot warrant that no other keys exist for the existing locks.
4. Tenant shall place the utility accounts into accounts bearing Tenant's name (Electric and Gas) for such services used within the Premises. Tenant agrees to cause such accounts to be changed within 72 hours and acknowledges that Landlord may, at the expiration of such period, remove its name from such accounts.
4. Tenant shall deliver evidence of insurance to Landlord as required under the Lease and shall promptly make such other deliveries as may be required under the lease.

ACKNOWLEDGED, UNDERSTOOD, AND AGREED

TENANT

Qingmei Sun
Name

Qingmei Sun
Title

1/29/1999
Date

CONSENT TO SUBLEASE

THIS CONSENT TO SUBLEASE, is made by the City of Torrance, a municipal corporation ("Lessor") with regard to that certain lease (the "Ground Lease") dated February 20, 1987 and as amended, between Lessor and M.L. Apartments, LLC ("Lessee") for that real property located in the City of Torrance, County of Los Angeles, State of California, commonly known as Madison Park, 3445, 3511, & 3525 Pacific Coast Highway (the "Property").

RECITALS:

A. Lessee has entered into, or desires to enter into, a lease (the "Sublease") with China Buffet, Inc., a California corporation ("Tenant") under which Tenant will lease from Lessee approximately 6,900 square feet of the Property identified as suites "G, H, I, J, & K" of the building located at 3525 Pacific Coast Highway (the "Premises").

B. The term of the Sublease is for ten (10) years. The Size of the Premises is at least 10% of the overall square footage of the retail portion of the Property.

C. Based upon the size of the Premises and the term of the Sublease, the City's consent to the Sublease is required under Section 22.A(1)(a) of the Ground Lease.

D. Lessee and Tenant have requested City's consent to the Sublease.

The undersigned, the Lessor under the Ground Lease, hereby:

1. Consents to the Sublease; and
2. Confirms that such consent was approved by the City Council of the undersigned at a meeting held on February 9, 1999.

DATED: February 9, 1999

City of Torrance, a municipal corporation

By: Dee Hardison
Dee Hardison, Mayor

ATTEST:

Sue Herbers
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III, City Attorney

By: Heather K. Whitham
Heather K. Whitham,
Deputy City Attorney

116 2738

DUPLICATE ORIGINAL

ACKNOWLEDGEMENT

I, Hiping Liu, wife of Qing Kai Sun, state that I am not an owner of China Buffet, Inc., a California corporation, Tenant under that certain lease dated November 24, 1998 between such tenant and M.L. Apartments, LLC as Landlord for the Premises located at 3525 Pacific Coast Highway, Torrance, California. I state further that if such landlord takes any action to enforce the guarantee made by Qing Kai Sun in relation to the foregoing lease, I will take to action which would prevent or hinder such actions taken by landlord and will not object to the same.

x Hiping Liu

STATE OF New York)
COUNTY OF Monroe)

On February 3, 1999 before me, Hiping Liu, 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 and understood the meaning of 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 instrument.

WITNESS my hand and official seal.

[Signature]

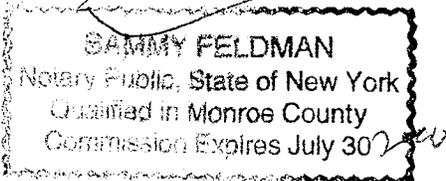


EXHIBIT "A"

GUARANTY OF LEASE

STANDARD RETAIL LEASE (TRIPLE NET) DATED AS OF NOVEMBER 24, 1998
AS AMENDED BY ASSIGNMENT AND AMENDMENT NO. 1 TO LEASE, DATED
DECEMBER 15, 2003

THIS GUARANTY OF LEASE (this "Guaranty") is made as of January 1, 2004, by China Buffet, a California corporation, Qing Kai "Peter" Sun, a married individual, Bi Xiang Li, a married individual, and Qing Wen "Joe" Sun (each, individually, a "Guarantor" and collectively, "Guarantors"), whose addresses are set forth in Section 9 below in favor of M.L. Apartments, LLC ("Landlord").

WHEREAS, M.L. Apartments, LLC as Landlord, and China Buffet, Inc., as Assignor and SCB Restaurants, Inc., as Assignee, are about to execute a document (the "Agreement") entitled "Assignment and Amendment No. 1 to Lease", dated December 15, 2003, concerning the Premises commonly known as 3525 Pacific Coast Highway, Suite Numbers G, H, I, J & K, Torrance, California, wherein Assignor will assign its right, title and interest in and to the Lease to Assignee, and

WHEREAS, the Landlord under said Lease requires as a condition to its execution of said Agreement that the undersigned guarantee the full performance of the obligations of Assignee under said Lease; and

WHEREAS, the undersigned is desirous that Landlord enter into said Agreement with Assignor and Assignee,

NOW, THEREFORE, in consideration of the execution of said Agreement by Landlord, the undersigned hereby jointly and severally unconditionally guarantees the full performance of each and all of the terms, covenants and conditions of said Lease to be kept and performed by said Assignee, including the payment of all rentals and other charges to accrue thereunder. Each of the undersigned further agrees as follows:

NOW, THEREFORE, for and in consideration of the execution of the Lease by Landlord and as a material inducement to Landlord to execute said Lease, Guarantors and each of them hereby unconditionally and irrevocably guaranties the payment and performance by Assignee of each and every one of the terms, conditions and covenants of the Lease to be paid and performed by Assignee during the term of the Lease (including, without limitation, the payment by Assignee of all Rentals (as defined below) and other sums payable by Assignee under the Lease), all in the manner set forth in the Lease (individually and collectively, the "Guaranteed Obligations"). Guarantors further agree as follows:

1. It is specifically agreed and understood that the terms of the Lease may be altered, affected, modified or changed by agreement between Landlord and Assignee (or by course of conduct) and the Lease may be assigned by or with the consent of Landlord or any assignee of Landlord without consent or notice to Guarantors and that this Guaranty shall thereupon and thereafter guaranty the Guaranteed Obligations as so changed, modified, altered or assigned.

2. This Guaranty shall not be released, modified or affected by failure or delay on the part of Landlord to enforce any of the rights or remedies of Landlord under the Lease, whether pursuant to the terms thereof or at law or in equity, or by any release of any person or entity liable under the terms of the Lease.

3. The liability of Guarantors under this Guaranty shall continue until all Rentals and other sums due during the term of the Lease have been paid in full and until all other obligations to Landlord have been satisfied. If all or any portion of Assignee's obligations due under the Lease are paid or performed by Assignee, the obligations of Guarantors hereunder shall continue and remain in full force and effect in the event that all or any part of such payment(s) or performance(s) is avoided or recovered directly or indirectly from Landlord as a preference, fraudulent transfer or otherwise.

4. Guarantors warrant and represent to Landlord that Guarantors now have and will continue to have full and complete access to any and all information concerning the Lease, the value of the assets owned or to be acquired by Assignee, Assignee's financial status and its ability to pay and perform the Guaranteed Obligations. Guarantors further warrant and represent that Guarantors have reviewed and approved copies of the Lease and are fully informed of the remedies Landlord may pursue, with or without notice to Assignee, in the event of default under the Lease. So long as any of the obligations of Guarantors hereunder remain unsatisfied or owing to Landlord, Guarantors shall keep fully informed as to all aspects of Assignee's financial condition and the performance of the Guaranteed Obligations.

5. The liability of Guarantors under this Guaranty is a guaranty of payment and performance and not of collectibility, and is not conditioned or contingent upon the genuineness, validity, regularity or enforceability of the Lease or the pursuit by Landlord of any remedies which it now has or may hereafter have with respect thereto, at law, in equity or otherwise.

6. Guarantors hereby waive to the extent permitted by law: (i) all notices to Guarantors, to Assignee, or to any other person, including, but not limited to, notices of the acceptance of this Guaranty or the creation, renewal, extension, assignment, modification or accrual of any of the obligations owed to Landlord under the Lease and, except to the extent set forth in Paragraph 8 hereof, enforcement of any right or remedy with respect thereto, and notice of any other matters relating thereto; (ii) notice of acceptance of this Guaranty; (iii) demand of payment, presentation and protest; (iv) any right to require Landlord to apply to any default any security deposit or other security it may hold under the Lease; (v) any statute of limitations affecting the liability of Guarantors hereunder or the enforcement hereof; and (vi) all principles or provisions of law which conflict with the terms of this Guaranty. Guarantors further agree that Landlord may enforce this Guaranty upon the occurrence of a default under the Lease, notwithstanding any dispute between Landlord and Assignee with respect to the existence of said default or the payment or performance of the Guaranteed Obligations or any counterclaim, set-off or other claim which Assignee may allege against Landlord with respect thereto, provided, however, that if Assignee prevails in its assertion of such counterclaim, set-off or other claim, then Guarantors' monetary obligations to Landlord shall be appropriately reduced, and if Guarantors previously have paid to Landlord any amount(s) with respect to the subject matter of such asserted counterclaim, set-off or other claim, Landlord promptly shall return such amount(s) to Guarantors. Moreover, Guarantors agree that the obligations of Guarantors shall not be affected by any circumstances which constitute a legal or equitable discharge of a guarantor or surety.

7. Each Guarantor agrees that Landlord may enforce this Guaranty without the necessity of proceeding against Assignee or any other Guarantor. Each Guarantor hereby waives the right to require Landlord to proceed against Assignee or any other Guarantor or to exercise any right or remedy under the Lease or to pursue any other remedy or to enforce any other right.

8. (a) Each Guarantor agrees that nothing contained herein shall prevent Landlord from suing on the Lease or from exercising any rights available to it thereunder and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of such Guarantor.

(b) Each Guarantor agrees that such Guarantor shall have no right of subrogation against Assignee or any right of contribution against any other Guarantor unless and until all Rentals and all other sums due under the Lease have been paid in full and all other obligations under the Lease have been satisfied. Each Guarantor further agrees that, to the extent the waiver of such Guarantor's rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation such Guarantors may have against Assignee shall be junior and subordinate to any rights Landlord may have against Assignee, and any rights of contribution such Guarantors may have against any other Guarantor shall be junior and subordinate to any rights Landlord may have against such other Guarantor.

(c) To the extent any dispute exists at any time between any Guarantor and a third party as to such Guarantor's right to contribution or otherwise, such Guarantor agree to indemnify, defend and hold Landlord harmless from and against any loss, damage, claim, demand, cost or any other liability (including, without limitation, reasonable attorneys' fees and costs) Landlord may suffer as a result of such dispute.

(d) The obligations of each Guarantor under this Guaranty shall not be altered, limited or affected by any case, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Assignee or by any defense which Assignee may have by reason of the order, decree or decision of any court or administrative body resulting from any such case. Landlord shall have the sole right to accept or reject any plan on behalf of any Guarantor proposed in such case and to take any other action which such Guarantor would be entitled to take, including, without limitation, the decision to file or not file a claim. Each Guarantor acknowledges and agrees that any payment which accrues with respect to Assignee's obligations under the Lease (including, without limitation, the payment of Rentals) after the commencement of any such proceeding (or, if any such payment ceases to accrue by operation of law by reason of the commencement of said proceeding, such payment as would have accrued if said proceedings had not been commenced) shall be included in such Guarantor's obligations hereunder because it is the intention of the parties that said obligations should be determined without regard to any rule or law or order which may relieve Assignee of any of its obligations under the Lease. Each Guarantor hereby permits any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors or similar person to pay Landlord, or allow the claim of Landlord in respect of, any such payment accruing after the date on which such proceeding is commenced. Each Guarantor hereby assigns to Landlord such Guarantor's right to receive any payments from any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors or similar person by way of dividend, adequate protection payment or otherwise.

9. Any notice, statement, demand, consent, approval or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Guaranty or pursuant to any applicable law or requirement of public authority, shall be in writing

(whether or not so stated elsewhere in this Guaranty) and shall be deemed to have been properly given, rendered or made only if hand-delivered or sent by first-class mail, postage pre-paid, addressed to the other party at its respective address set forth below, and shall be deemed to have been given, rendered or made on the day it is hand-delivered or on the third business day after the day it is mailed. By giving notice as provided above, either party may designate a different address for notices, statements, demands, consents, approvals or other communications intended for it.

To Guarantors: China Buffet, Inc. Attention President
Qing Kai "Peter" Sun
Bi Xiang Li
Qing Wen Sun

3525 Pacific Coast Highway, Suite G
Torrance, CA 90505

To Landlord: c/o Aspen Property Management
12555 High Bluff Drive, Suite 333
San Diego, California 92130

10. Each Guarantor represents and warrants to Landlord as follows:

(a) No consent of any other person, including, without limitation, any creditors of such Guarantor, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by such Guarantor in connection with this Guaranty or the execution, delivery, performance, validity or enforceability of this Guaranty and all obligations required hereunder. This Guaranty has been duly executed and delivered by such Guarantor, and constitutes the legally valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms.

(b) The execution, delivery and performance of this Guaranty will not violate any provision of any existing law or regulation binding on such Guarantor, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on such Guarantor, or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which such Guarantor is a party or by which such Guarantor or any of such Guarantor's assets may be bound, and will not result in, or require, the creation or imposition of any lien on any of such Guarantor's properties, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

11. The obligations of Assignee under the Lease to execute and deliver estoppel statements and financial statements, as therein provided, shall be deemed to also require each Guarantor to do and provide the same relative to such Guarantor.

12. This Guaranty shall be binding upon Guarantors, the heirs, representatives, administrators, executors, successors and assigns of Guarantors and shall inure to the benefit of and shall be enforceable by Landlord, its successors, transferees and assigns.

13. Each Guarantor shall have joint and several liability for the Guaranteed Obligations.

14. All initial capitalized terms not specifically defined in this Guaranty shall have the meanings assigned to them in the Lease. As used herein, the following terms shall include the meanings specified below:

(a) "Landlord" refers to and means the landlord specifically named in the Lease and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee in the Lease or any part thereof or in the building or the part thereof that includes the property covered by the Lease, whether by assignment or otherwise. So long as the Landlord's interest in or to the property or the rents, issues and profits therefrom, or in, to or under the Lease, are subject to any mortgage or deed of trust or assignment for security, no acquisition by any Guarantor of the Landlord's interest in the property or under the Lease shall affect the continuing obligations of Guarantors under this Guaranty, which obligations shall continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment, of any purchaser at sale by judicial foreclosure or under private power of sale, and of the successors and assigns of any such mortgagee, beneficiary, trustee, assignee or purchaser.

(b) "Assignee" refers to and means the tenant specifically named in the Lease and also any assignee, sublessee or transferee of said Lease and also any successor to the interests of said Assignee, assignee, sublessee or transferee of such Lease or any part thereof, whether by assignment, sublease or otherwise.

(c) "Rentals" refers to and includes (i) all Base Rent payable under the Lease, as such Base Rent may be adjusted from time, (ii) any Common Area Maintenance Expenses payable under the Lease, (iii) any Adjustments or other additional rent or other charges payable from time to time under the Lease, and (iv) all amounts (whether or not characterized as rents) that may be owing by Assignee under the Lease or by law after any default by Assignee under the Lease.

15. In the event of any dispute or litigation regarding the enforcement or validity of this Guaranty, the non-prevailing party shall be obligated to pay all charges, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the prevailing party, whether or not any action or proceeding is commenced regarding such dispute and whether or not such litigation is prosecuted to judgment.

16. Every provision of this Guaranty is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

17. This Guaranty may be executed in any number of counterparts each of which shall be deemed an original and all of which shall constitute one and the same Guaranty with the same effect as if all parties had signed the same signature page. Any signature page of this Guaranty may be detached from any counterpart of this Guaranty and re-attached to any other counterpart of this Guaranty identical in form hereto but having attached to it one or more additional signature pages.

18. No failure or delay on the part of Landlord to exercise any power, right or privilege under this Guaranty shall impair any such power, right or privilege, or be construed to be a waiver of any default or an acquiescence therein, nor shall any single or partial exercise of such

power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the day and year first above written.

China Buffet, Inc., a California Corporation

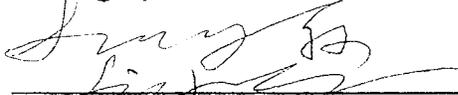
By: Qing Kai Sun
President

X

Qing Kai "Peter" Sun, a married individual



Bi Xiang Li, a married individual



Qing Wen "Joe" Sun, a married individual

Executed at _____

on _____

STATE OF _____)

COUNTY OF _____)

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 instrument.

WITNESS my hand and official seal.

STATE OF _____)

COUNTY OF _____)

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 instrument.

WITNESS my hand and official seal.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On DECEMBER 30, 2003 before me, H. C. WANG, personally appeared BI XIANG LI, personally known to me - OR - XX 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 instrument.

WITNESS my hand and official seal.

H. C. Wang
H. C. WANG



STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On DECEMBER 30, 2003 before me, H. C. WANG, personally appeared SUN QING WEN aka QING WEN JOE SUN, personally known to me - OR - XX 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 instrument.

WITNESS my hand and official seal.

H. C. Wang
H. C. WANG



12/30/2003 15:43 6715957
FROM : CHINA BUFFET

PETER SUN
FAX NO. : 7145269100

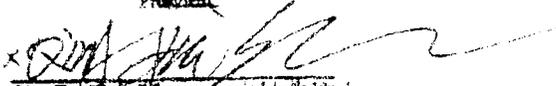
Dec. 30 2003 01:30 PM '03

power, right or privilege provided either in further execution thereof or of any other right, power or privilege.

IN WITNESS WHEREOF, Witnesses have executed this Certificate as of the day and year first above written.

China Buffet, Inc., a California Corporation

By: Qing Kai Sun
President


Qing Kai "Peter" Sun, a married individual

Bi Xiang Li, a married individual

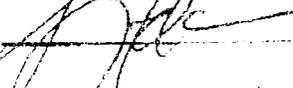
Qing Wen "Joe" Sun, a married individual

Executed at _____
on _____

STATE OF New York
COUNTY OF Mauad

On December 30, 2003 before me, Sammy Feldman, personally
appeared Qing Kai Sun, 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 individual 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
instrument.

WITNESS my hand and official seal.



STATE OF _____
COUNTY OF _____

2006

power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

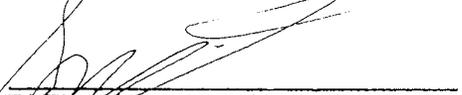
IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the day and year first above written.

China Buffet, Inc., a California Corporation

By: Qing Kai Sun
President



Qing Kai "Peter" Sun, a married individual



Bi Xiang Li, a married individual



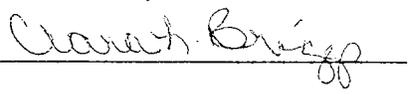
Qing Wen "Joe" Sun, a married individual

Executed at _____

on _____

STATE OF New York)
COUNTY OF Monroe)

On January 18 2004 before me, Clara Briggs, personally appeared Kai Sun, 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 instrument.

WITNESS my hand and official seal.


STATE OF New York)
COUNTY OF Monroe)

CLARA L. BRIGGS
No. 01BR4963511
Notary Public, State of New York
Qualified in Monroe County
My Commission Expires 03/12/06

2 witnesses

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of New York

County of Monroe

On February 3, 2004 before me, Constance Jones, Notary
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Qing Kai Sun
Name(s) of Signer(s)

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 instrument

WITNESS my hand and official seal.

Constance Jones
Signature of Notary Public
CONSTANCE Y. JONES
Notary Public, State of New York
Qualified in Monroe County,
Commission Expires June 25, 2007

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

**STANDARD RETAIL LEASE
(TRIPLE NET)**

1. Basic Lease Provisions

1.1 Parties: This Lease, dated, for reference purposes only, November 24, 1998, is made by and between **ML APARTMENTS, L.L.C.** ("Landlord"), and **CHINA BUFFET, INC.**, a California corporation, with the trade name of and doing business as China Buffet, ("Tenant").

1.2 Premises: The Store Designated by the letter G, H, I, J, & K, consisting of approximately 6,900 rentable square feet, more or less, as defined in Paragraph 2 and as shown on the cross-hatched portion of Exhibit "1" hereto. The area of the Premises shall be refined to maintain the natural bay split between suites K and L. If, as a result of such alignment, the square footage of the Premises is other than 6,900 square feet, Sections 1.7, 1.8, 1.10, 1.11 shall each be appropriately adjusted, and such adjustments shall be based on a dollar per square foot basis as appropriate. The Premises shall include the outdoor patio located adjacent to the above-referenced suites.

1.3 Building: Building: Commonly described as being located at 3525 Pacific Coast Highway, in the City of Torrance, County of Los Angeles, State of California, as shown on Exhibit "2" hereto, and as defined in Paragraph 2

1.4 Use: Tenant shall use the Premises for either (i) Retail sales of buffet-style Chinese and Asian food and uses related thereto or (ii) a Chinese restaurant and uses related thereto only and for no other use or purpose (see Paragraph 6).

1.5 Minimum Business Hours: (see Paragraph 6.3)

- a. Monday - Saturday: 10:00 AM to 8:00 PM
- b. Sunday: 10:00 AM to 8:00 PM

Nothing herein shall prevent Tenant from lawfully operating longer hours if Tenant so desires.

1.6 Term: Ten (10) years commencing on the earlier to occur of (i) one hundred (100) days from the day Landlord tenders possession of the Premises to Tenant or (ii) the day Tenant commences its business operations from within the Premises, (the "Commencement Date") and ending on 120 months thereafter, unless sooner terminated pursuant to any provision hereof. (See Paragraph 3). The parties agree to execute an amendment to this Lease which clarifies and memorializes the Commencement Date based upon its establishment in accord with the above alternatives.

1.7 Base Rent: Nine Thousand Seven Hundred Seventy Five and 00/100ths (\$9,775.00) per month, payable in advance on the first day of each month (See Paragraph 4.1). Base Rent is subject to annual 3.5% increases as described in paragraph 4.3.

1.8 Advance Base Rent Paid Upon Execution: Nine Thousand Seven Hundred Seventy Five and 00/100ths (\$9,775.00) for the first (1st) monthly installment of Base Rent payable hereunder.

1.9 Percentage Rent: 0.00% (See Paragraph 4.4)

1.10 Security Deposit: Nine Thousand Seven Hundred Ninety Eight and 00/100ths (\$9,798.00), payable upon execution of this Lease. (See Paragraph 5).

1.11 Tenant's Share of Common Area Maintenance Expenses: 14.82% (See Paragraph 4.2)

1.12 Amount of Liability Insurance Tenant is Required to Obtain: \$1,000,000 per occurrence (See Paragraph 8.1).

1.13 Promotional Fund Contributions (See Paragraph 6.5): 0.00%.

- a. Initial Fee: \$0.00
- b. Monthly Contribution: \$0.00

1.14 Real Estate Brokers (See Paragraph 15).

- (a) Tenant's Broker (if any): Franklin Commercial Realty
- (b) Landlord's Broker: The Seeley Company

1.15 Attached hereto and incorporated herein by reference are the following documents which constitute a part of this Lease:

- (a) Addendum Paragraphs 1-4
- (b) Exhibit "1": Outline of Floor Plan of Premises.
- (c) Exhibit "2": Map of Building and Center.
- (d) Exhibit "3": Rules and Regulations, including Sign Criteria.

- (e) Exhibit "4": Work Letter.
- (f) Exhibit "5": Guaranty with Notary.
- (g) Exhibit "6": Tenancy Statement
- (h) Exhibit "7": Monument Sign

1.16 (a) Although this document is entitled a "Lease" and the parties hereto are identified as "Landlord" and "Tenant", there is a Ground Lease, dated February 20, 1987, and subsequently amended, by and between the City of Torrance, as Ground Landlord, and Landlord, as Ground Tenant (the "Ground Lease") which demises the real property upon which the Premises are located, and therefore, this Lease is technically a sublease between Landlord, as sublessor, and Tenant, as sublessee. Accordingly, the occupancy and use of the Premises are subject to the terms and conditions of the Ground Lease, a copy of which is available for review at the office of the Center manager for the Center (as hereinafter defined) and is incorporated herein by this reference. In the event of conflict between this Lease and the Ground Lease, in regard to Tenant's occupancy and use of the Premises, the latter shall control.

(b) Notwithstanding the foregoing, nothing set forth hereinabove shall in any way or manner establish Tenant as a third party beneficiary of any rights or benefits contained in the Ground Lease. Furthermore, it is not intended that Tenant shall benefit from the Ground Lease in regard to the ultimate completion, size, scope and timing for the development, if any, of the real property constituting the leased premises in the Ground Lease. Landlord does not warrant or represent that the terms of the Ground Lease will be fully complied with by the parties to the Ground Lease, however Landlord shall not intentionally cause a default under the Ground Lease which would constitute a termination of this Lease. Landlord reserves the right to revise and amend the Ground Lease with the City of Torrance, without notice to, approval of or liability to Tenant, all of which are hereby expressly waived by Tenant.

2. Premises, Parking, and Common Areas.

2.1 **Premises.** The Premises are a portion of a building, herein sometimes referred to as the "Building" identified in Paragraph 1.3 of the Basic Lease Provisions. "Building" shall include adjacent parking structures and facilities used in connection therewith. The Premises, the Building, the Common Areas, the land upon which the same are located, which land is further described as Lot 1 of Tract No. 44555, Torrance, California, along with all other buildings and improvements thereon or thereunder, are herein collectively referred to as the "Center". The Premises, Building, and Center are shown on Exhibit "1" attached hereto. Landlord hereby leases to Tenant and Tenant leases from Landlord for the term, at the rental, and upon all of the conditions set forth herein, the real property referred to in the Basic Lease provisions, Paragraph 1.2, as the "Premises", including rights to the Common Areas as hereunder specified.

2.2 **Vehicle Parking.** Tenant and its employees shall only park their vehicles in those areas on, or nearby, the Center that are designated for said purpose by Landlord, in its sole discretion, from time to time. Landlord may, in its sole discretion, allocate certain portions of the parking area for the exclusive use of one or more tenants of the Center. Tenant shall furnish Landlord with a list of its employees' vehicle license numbers within fifteen (15) days after the Commencement Date. Tenant thereafter shall notify Landlord of any change in employees' vehicle license numbers within five (5) days after the change occurs. If Tenant or its employees park in violation of these provisions, or other parking rules and regulations implemented by Landlord with respect to the Center, Landlord, in addition to other remedies provided by this Lease, may charge Tenant Fifty Dollars (\$50.00) per day per violation for each day or partial day the violation continues and Tenant shall pay such sum with the rent next falling due. Tenant authorizes Landlord to tow, at Tenant's expense, any vehicle belonging to Tenant or Tenant's employees parked in violation of these provisions and/or to attach violation stickers or notices to the vehicle. Tenant agrees to assume responsibility for compliance by its employees with these parking provisions. If Landlord implements any program related to parking, parking facilities, or transportation facilities, including, but not limited to, any program or parking validation, or other program to limit, control, enhance, regulate or assist parking by customers of the Center, Tenant agrees to participate in the program and pay a share of the cost of the program under the rules and regulations from time to time established by Landlord.

2.3 **Common Areas-Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the boundaries of the land on which the Building is located that are provided and designated by the Landlord from time to time for the general non-exclusive use of the Landlord, Tenant and of other tenants of the Center and their respective employees, suppliers, shippers, customers and invitees, including but not limited to exterior walls, basements, service areas, elevators, roofs, roads (including access roads), walkways, curbs, hallways, ramps, restrooms, drinking fountains, trash receptacles, all areas used for utility systems, including heating, ventilating and air conditioning, any parking area and/or parking structure that Landlord may provide from time to time, common entrances, corridors, stairways and stairwells, parkways, driveways, landscaped areas, aquascaped areas, decorative and boundary walls, sewer and storm drains and the median strip adjacent to Tract 44555 on Aero Way, Torrance, California. Without limiting the generality of the foregoing, The Common Areas include the common areas associated with both 3211 and 3525 Pacific Coast Highway, Torrance, California.

2.4 **Common Areas-Rules and Regulations.** Tenant agrees to abide by and conform to the rules and regulations attached hereto as Exhibit "3" concerning the Center and Common Areas, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Landlord or such other person(s) as Landlord may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Landlord shall not be responsible to Tenant for the non-compliance with said rules and regulations by other tenants of the Center.

2.5 **Common Areas-Changes.** Landlord shall have the right, in Landlord's sole discretion, from time to time:

a. To make changes to the Building Interior and Exterior and Common Areas, including without limitation, changes in the location, size, shape, number, and appearance thereof, including but not limited to the lobbies, windows,

stairways, airshafts, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways;

b. To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

c. To designate other land and improvements outside the boundaries of the Center to be a part of the Common Areas, provided that such other land and improvements have a reasonable and functional relationship to the Center;

d. To add additional buildings and Improvements to the Common Areas;

e. To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Center, or any portion thereof;

f. To do and perform such other acts and make such other changes in, to, or with respect to the Common Areas and Center as Landlord may, in the exercise of sound business judgment deem to be appropriate, including without limitation to the right to lease space within the Common Areas for the sale of merchandise and/or services.

2.5.1 Landlord shall at all times provide the parking facilities required by applicable law.

3. **Term.** The term and Commencement Date of this Lease shall be as specified in Paragraph 1.6 of the Basic Lease Provisions.

3.1. **Delay in Possession.** Notwithstanding said Commencement Date, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date or within a reasonable time after the execution hereof, Landlord shall not be subject to any liability therefor, nor shall such failure affect of this Lease or the obligations of Tenant hereunder or extend the term hereof, but in such case, Tenant shall not be obligated to pay rent or perform any other obligation of Tenant under the terms of this Lease, except as may be otherwise provided in this lease, until possession of the Premises is tendered to Tenant, as hereunder defined.

3.2. **Possession Tendered-Defined.** Possession of the Premises shall be deemed tendered to Tenant ("tender of possession") upon the earlier of (a) the date upon which (1) Tenant has reasonable access to the Premises, and (b) the actual taking of possession of the Premises by Tenant; provided, however, Landlord shall not be obligated to deliver possession of the Premises to Tenant until Landlord has received from Tenant all of the following: (i) Security Deposit, the first monthly installment of Tenant's estimated share of Common Area Maintenance Expenses and the first monthly installment of Base Rent (as each is defined in this Lease); (ii) executed copies of policies of insurance or certificates or binders thereof as required under this Lease; (iii) copies of governmental permits and authorizations as required under this Lease; (iv) Final Plans for Tenant's Work as required under this Lease; and, (v) a copy of Tenant's building permit, construction contract and any other documents or requirements that Landlord or any governmental agency may request or require as a condition of Landlord's or such governmental agency's approval of Tenant's Work as required under this Lease. Tenant shall pay to Landlord, upon its execution of this Lease, the sums specified in sub-paragraph (i) above. If Landlord chooses not to deliver possession of the Premises to Tenant because one (1) or more of the above items are not received by Landlord, the Premises shall nonetheless be deemed tendered for possession and the Commencement Date shall not be affected or delayed thereby.

3.3. **Delays Caused by Tenant, Its Agents, Employees, or Contractor.** There shall be no abatement of rent and all provisions of this Lease shall be fully binding and enforceable upon tender of possession of the Premises by Landlord notwithstanding any delay in Tenant's ability to open for business in the Premises as a result of any delay in construction caused by Tenant, its agents, employees or contractors.

3.4. **Uncertain Commencement.** Upon Landlord's request, Tenant and Landlord shall execute an amendment to this Lease establishing the date of tender of possession (as defined in Paragraph 3.2) and the Commencement Date.

4. Rent

4.1. **Base Rent.** Subject to adjustment as hereinafter provided in Paragraph 4.3, and except as may be otherwise expressly provided in this Lease, Tenant shall pay to Landlord the Base Rent for the Premises set forth in Paragraph 1.7 of the Basic Lease Provisions, without offset or deduction on the first (1st) day of each month. Tenant shall pay Landlord upon execution hereof the Advance Base Rent described in Paragraph 1.8 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved.

All rents or sums due Landlord shall be payable in lawful money of the United States (i) through Landlord's property management company, payable to Madison Park Retail and delivered to Madison Park, c/o The Remm Group, 505 Villa Real Drive, Suite 201, Anaheim Hills, California 92807, or (ii) in the case on any uncertainty related to the foregoing, to Landlord's office located at 12555 High Bluff Drive, Suite 160, San Diego, California 92130, or (iii) at such other place as designated by Landlord from time to time.

4.2. **Common Area Maintenance Expenses.** Tenant shall pay to Landlord during the term hereof, in addition to the Base Rent, Tenant's share, as hereinafter defined, of all Common Area Maintenance Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

a. "Tenant's Share" is defined, for purposes of this Lease, as the percentage set forth in Paragraph

1.11 of the Basic Lease Provisions, which percentage has been determined by dividing the approximate rentable square footage of the Premises by the total approximate square footage of the rentable space in the Center. It is understood and agreed that the square footage and percentage figures set forth in the Basic Lease Provisions are approximations which Landlord and Tenant agree are reasonable and shall not be subject to revision except in connection with an actual change in the size of the Premises or a change in the space available for lease in the Center.

b. "Common Area Maintenance Expenses" (otherwise referred to as "CAMs") is defined, for purposes of this Lease, to include all costs, if any, incurred by Landlord in the exercise of its reasonable discretion, for:

(i) The operation, repair, maintenance, improvement and replacement, in neat, clean, safe, good order and condition, of the Center, including but not limited to, the following:

(aa). The Common Areas, including any surfaces, coverings, decorative items, signage, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, aquascaped areas, paving, striping, decorative and boundary walls, bumpers, irrigation systems, including sewer and storm drains, Common Area lighting facilities, building exteriors and roofs, fences and gates and the median strip adjacent to Tract 44555 on Aero Way, Torrance, California;

(bb): All heating, air conditioning, plumbing, electrical system, life safety equipment, telecommunications and other equipment used in common by, or for the benefit of, tenants or occupants of the Center, including tenant directories, fire detection systems including sprinkler system maintenance and repair;

(ii) Trash disposal, janitorial and security services;

(iii) Any other service to be provided by Landlord that is elsewhere in this Lease stated to be a "Common Area Maintenance Expense" or a "CAM";

(iv) The cost of the premiums for the liability and property insurance policies maintained by Landlord under Paragraph 8 hereof;

(v) The amount of the real property taxes to be paid by Landlord under Paragraph 10 hereof;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services to the Center and the cost of maintaining The Center's water, sewer, gas and electricity lines;

(vii) Labor, salaries and applicable fringe benefits and costs, materials, supplies and tools used in the maintenance and/or cleaning the Center and property management fees;

(viii) Replacing, adding, and/or modifying improvements mandated now or in the future by any governmental agency, and any repairs or removals necessitated thereby amortized over its useful life according to Federal Income Tax regulations or guidelines for depreciation thereof (including interest on the un-amortized balance at the rate established pursuant to Paragraph 19 of this Lease);

(ix) Replacing, adding and/or modifying equipment or improvements that have a useful life for depreciation purposes according to Federal Income Tax guidelines of eight (8) years or less;

(x) Replacing, adding and/or modifying equipment or improvements that have a useful life for Federal Income Tax purposes in excess of eight (8) years amortized over its useful life according to Federal Income Tax regulations or guideline for depreciation thereof (including interest at the rate established pursuant to Paragraph 19 of this Lease);

(xi) Fees for permits, approvals, entitlements, exactions and licenses;

(xii) Attorneys' and accountants' fees and disbursements and court costs.

c. Common Area Maintenance Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Landlord is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

d. Tenant's Share of Common Area Maintenance Expenses shall be payable by Tenant within ten (10) days after a reasonably detailed statement of actual expenses is presented to Tenant by Landlord. At Landlord's option, however, an amount may be estimated by Landlord from time to time of Tenant's Share of annual Common Area Maintenance Expenses and the same shall be payable monthly or quarterly, as Landlord shall designate, during each calendar year of the Lease term on the same day as the Base Rent is due hereunder. In the event that Tenant pays Landlord's estimate of Tenant's Share of Common Area Maintenance Expenses as aforesaid, Landlord shall endeavor to deliver to Tenant within sixty (60) days after the expiration of each calendar year a reasonably detailed statement showing Tenant's Share of the actual Common Area Maintenance Expenses incurred during the preceding year. The failure by Landlord to timely deliver a detailed statement of Tenant's Share of Common Area Maintenance Expenses shall not constitute a waiver of Landlord's right to collect Common Area Maintenance Expenses from Tenant. If Tenant's payments under this Paragraph 4.2(d) during said preceding calendar year exceed Tenant's Share of Common Area Maintenance Expenses next falling due, then Tenant shall receive a credit in the amount of such overpayment against Tenant's share of Common area Maintenance Expenses next coming due. If Tenant's payments under this Paragraph during said preceding calendar year were less than

Tenant's Share as indicated on said statement, Tenant shall pay to Landlord the amount of the deficiency within ten (10) days after delivery by Landlord to Tenant of said statement.

e. Landlord and Tenant shall promptly adjust between them by appropriate cash payment any balance determined to exist with respect to Tenant's Share of Common Area Maintenance Expenses after the end of the Calendar year in which this Lease terminates, prorating for any partial year involved.

(f) **Audit.** Tenant shall have the right to contest the amount of Tenant's Share of actual Common Area Maintenance Expenses; provided, however, that Tenant shall have paid Tenant's Share of actual Common Area Maintenance Expenses, as specified in Landlord's Statement, to Landlord within ten (10) days after Tenant's receipt of Landlord's Statement. In the event of such contest, the Common Area Maintenance Expenses for the Center shall be audited by a certified public accountant, professional auditor or independent professional real property manager selected by Landlord. No audit shall, under any circumstances, be conducted by any auditor on a contingency fee basis. Tenant shall pay for all costs of the audit. If Tenant's Share of actual Common Area Maintenance Expenses, as determined by the audit, is ninety-five percent (95%) or more of the amount specified in Landlord's Statement, then Tenant shall reimburse Landlord for all costs and expenses Landlord incurred as a result of, or related directly or indirectly to, the contest or conducting the audit. If Tenant's Share of actual Common Area Maintenance Expenses, as determined by the audit, is less than ninety-five percent (95%) of the amount specified in Landlord's Operating Statement, then Tenant shall receive a credit for the amount of Common Area Maintenance Expenses that Tenant has overpaid, as well as for the costs incurred by Tenant in conducting the audit, against Tenant's Share of future Common Area Maintenance Expenses. Notwithstanding anything contained herein to the contrary, Tenant shall be deemed to have accepted and approved the accuracy of Landlord's Statement if Tenant does not furnish Landlord with a written statement contesting the amount of Tenant's Share of actual Common Area Maintenance Expenses within thirty (30) days after Tenant's receipt of Landlord's Statement.

(g) **Annual Increases.** Commencing after the first anniversary of Commencement date and during the primary lease term, but not during any option periods, Tenant's Share of CAM charges shall not increase by more than 4% over the previous year's level.

4.3 Rent Increase.

4.3.1 On each and every yearly anniversary of the Commencement Date, the monthly Base Rent payable hereunder shall be increased by three and one half percent (3.5%). In other words, on each such anniversary date, the Base Rent shall become 103.5% of the Base Rent previously in effect.

4.3.2 Intentionally deleted

4.3.3 Intentionally deleted

4.3.4 Intentionally deleted

4.3.5 At such time as the amount of any change in rental required by this Lease is known or determined, Landlord and Tenant shall execute an amendment to this Lease setting forth such change.

5. **Security Deposit.** Tenant shall deposit with Landlord upon execution hereof the security deposit set forth in Paragraph 1.10 of the Basic Lease Provisions (the "Security Deposit") as security for Tenant's faithful performance of Tenant's obligations hereunder. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may, but does not have the obligation to, use or apply or retain all or any portion of the Security Deposit for the payment of any rent or other charge in default for the payment or any other sum to which Landlord may become entitled by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written demand therefor deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the full amount then required by Tenant. If the monthly Base Rent shall, from time to time, increase during the term of this Lease, Tenant shall, at the time of such increase, deposit with Landlord additional money so that the total amount of the Security Deposit held by Landlord shall at times bear the same proportion to the then current Base Rent set forth in Paragraph 1.7 of the Basic Lease Provisions. Landlord shall not be required to keep the Security Deposit separate from its general accounts. After Tenant has vacated the Premises, If Tenant performs all of Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use to Tenant or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder) following the expiration of the term hereof. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

6. **Use.** The Premises shall be used and occupied only for the purpose set forth in Paragraph 1.4 of the Basic Lease Provisions. Tenant acknowledges that its identity, skill, experience, and reputation, the character of its business and the use of the Premises and the relationship of such use to other uses in the Center are material considerations to Landlord's entry into this Lease. Landlord represents that the Premises have been operated as a buffet restaurant and that Landlord is not aware that this use violates any law.

6.1 Compliance with Law.

a. During the term of this Lease or any part hereof, Tenant shall, at Tenant's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any public or quasi-public governmental entity or agency or of any fire insurance underwriters or rating

bureau, relating in any manner to the Premises or to the use or occupation or alteration of the Premises By Tenant, which are now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing. Tenant shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Center.

6.2 Condition of Premises

Except as otherwise expressly provided in this Lease, Tenant hereby accepts the Premises and the Center and their condition existing as of the Lease Commencement Date or the date that Tenant takes possession of the Premises, whichever is earlier subject to all applicable zoning, municipal, county and state and Federal laws, ordinances and regulations governing and regulating the Premises, and any easements, aviation easements, liens, deeds of trust, ground leases, covenants or restrictions of record, and accepts the Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Landlord nor Landlord's employee(s) or agent(s) have made any representations or warranties as to (i) the present of future suitability of the Premises, Common Areas, or Center for the conduct of Tenant's business, (ii) the state of construction or repair of the Premises or (iii) the agreement by Landlord to alter, remodel, improve, repair, decorate or paint the Premises, other than as set forth in the Work Letter attached hereto in Exhibit 4. Tenant's opening of business in the Premises shall constitute Tenant's acknowledgement that the Premises are in the condition called for by this Lease, that Landlord has performed all work required of it (if any) with respect to the Premises and Center and the Premises are in good and acceptable condition and repair. If the Lease includes an estimate for the rentable or usable square footage of the Premises, Tenant acknowledges that such estimate is reasonably acceptable and that the rent due hereunder has been negotiated and is based upon an overall evaluation of the Premises, and is not based solely on the estimated size of the Premises. Tenant expressly waives all implied warranties including implied warranties of merchantability and fitness, if any. Tenant hereby waives all rights under Sections 1941 and 1942 of the California Civil Code, as amended or recodified from time to time, or any similar provisions, permitting Tenant to make repairs at the expense of Landlord.

6.3 Tenant's Operation of Business

a. Tenant shall continuously during the entire term hereof conduct and carry on Tenant's business in the Premises and shall keep the Premises open for business and cause Tenant's business to be conducted therein during the Minimum Business Hours specified in Paragraph 1.5 of the Basic Lease Provisions; provided however, that this provision shall not apply if the Premises are closed and the business of Tenant is temporarily discontinued on account of damage or destruction, strikes, lockouts or similar causes beyond the reasonable control of Tenant.

b. Intentionally deleted.

c. Tenant shall not, without Landlord's prior written consent: (1) advertise any distress, fire, bankruptcy, liquidation, relocation or going of business sale; (ii) warehouse or stock in the Premises any goods, wares or merchandise other than those offered for sale in the Premises; or (iii) use or permit the use of the Premises for the sale or display of pornography, drug-related paraphernalia, or any goods and/or services which, in the sole discretion of Landlord are inconsistent with the image of a community or family oriented shopping center. WITHOUT LIMITING THE GENERALITY OF THE USE RESTRICTIONS SET FORTH IN PARAGRAPH 1.4, TENANT SHALL NOT SELL OR PROVIDE ANY OF THE FOLLOWING GOODS OR SERVICES FROM THE PREMISES:

- i. Groceries, food, candy or deli items, except for Chinese and Asian dishes for on-site consumption;
- ii. Sushi, except for one station which shall feature no more than 12 types of sushi daily, provided however that the parties agree that if Tenant's sale of sushi has an adverse affect on Landlord's sushi tenant as demonstrated by such tenant's quantifiable evidence of the same, Tenant shall reduce its sales/features of sushi to mitigate such adverse affect, but in no event shall Tenant be required to feature less than four (4) types of sushi daily;
- iii. magazines, newspapers, or sundries;
- iv. temporary employment or resume preparation services;
- v. bakery items, except as such items may be part of, and complementary to, the Tenant's business and are consumed on-site.
- vi. Computer Products, software, or Hardware.
- vii. Optometry services, eyewear or eyecare products, or dispensing of prescription lenses.
- viii. Veterinary products or services, including pet foods or supplies, or the sale of animals.

d. In the event of a breach by the Tenant of any of the conditions of this Paragraph 6.3, Landlord shall have, in addition to any and all remedies herein provided, the right at its sole option to collect not only the Base Rent herein provided, but additional rent at the rate of one-thirtieth (1/30th) of the Base Rent herein provided for each and every day that the Tenant shall fail to conduct its business as herein provided. Prior to implementing such a remedy, Landlord shall, on the first occasion of such a breach, provide Tenant with a fifteen (15) day period, following written notice of the breach, to correct such breach.

6.4 Tenant Mix

a. Landlord reserves the absolute right to effect such other tenancies in the Center as Landlord in the exercise of its sole business judgment shall determine to best promote the interest of the Center. Tenant does not rely on the fact nor does Landlord represent that any specific tenant or number of tenants shall during the term of this Lease occupy any space in the Center. Notwithstanding the foregoing, Landlord shall not, during any such time that Tenant is not in default under the Lease, lease any other space in the Center to another tenant whose primary business is a Chinese restaurant

or an Asian-oriented buffet.

6.5 Promotional Program/Promotional Fund. Landlord may, without obligation, provide or cause to be provided a program of advertising or promotion which, in Landlord's sole judgment, will serve to promote the Center. Landlord shall determine the composition and manner of implementation of such program. Landlord shall be compensated for promotional services provided by Landlord in an amount equal to fifteen percent (15%) of the promotional charges collected from lessees in the Center. Under no circumstances shall Landlord be obligated to expend more than it has actually collected from Tenants. Any promotional services and personnel so provided shall be under the exclusive control and supervision of Landlord, who shall have the sole authority to employ and discharge personnel. As its contribution to such promotional program, Tenant shall pay Landlord without deduction or offset: (i) on or before the Commencement Date, the Initial Fee set forth in Paragraph 1.13(A) of the Basic Lease Provisions and (ii) in equal monthly installments concurrently with each payment of the Base Rent, the Monthly Contribution as set forth in Paragraph 1.13(b) of the Basic Lease Provisions. On each and every yearly anniversary of the Commencement Date, the amount of the Monthly Contribution set forth in Paragraph 1.13(b) shall be adjusted by the increase, if any, in the Consumer Price Index in accordance with the method and procedure established in Paragraph 4.3 of this Lease. In addition to the Initial Fee and the Monthly Contribution, other promotional charges may be assessed to and shall be payable by Tenant, if such assessment is approved by a majority of committee composed of a representative of Landlord and a representative of each of four(4) lessees in the Center, as selected by Landlord on a rotating basis annually.

6.6 Hazardous Substances.

(a) **Hazardous Substance Defined.** A "Hazardous Substance" as used in this Lease is defined as any product, substance, chemical, material or waste (including without limitation, harmful, medical waste or material) whose nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other material or materials: (i) is potentially injurious to the public health, safety or welfare, the environment, the Premises or the Center, (ii) is or becomes regulated or monitored by any governmental authority, or (iii) may give rise to liability to third parties under any common law theory such as nuisance (public or private), waste, trespass, negligence, strict liability or tort.

(b) **Hazardous Substance Use.** Tenant shall not cause or permit any Hazardous Substance to be used, generated, handled, possessed, stored, released or disposed of in, under or about the Premises or the Center, except that Tenant may use such Hazardous Substances in or transport to or from the Premises ordinary and customary quantities of general office, household and/or consumer products or materials. The use of any Hazardous Substances on the Premises or the Center is prohibited without the consent of Landlord, which consent shall be in the sole discretion of Landlord and which can be conditioned on reasonable assurances and safeguards by Tenant. Landlord may, as a condition to such approval, require, any or all of the following: (i) appropriate certificates as to the safe and non-polluting use and disposal of such substances; (ii) proof of adequate environmental impairment insurance coverage (if applicable), or guarantee insurance coverage (if applicable), or guarantee, letter of credit, substantial security deposit or other form of financial assurance; and (iii) other reasonable protections. Tenant shall give Landlord at least thirty (30) days prior written notice of Tenant's intention to use a Hazardous Substance which requires Landlord's prior consent under this Lease.

(c) **Waste Management.** Tenant shall sort and separate all of its waste products, garbage, refuse and trash into such categories as provided by law, and stored in separate receptacles reasonably approved by Landlord. Such separate receptacles may, at Landlord's option, be removed from the Premises in accordance with a collection schedule prescribed by law. Landlord reserves the right to refuse to collect or accept from Tenant any waste products, garbage, refuse, or trash that is not separated and sorted as required by law, and to require Tenant to arrange for such collection at Tenant's sole cost and expense, utilizing a contractor satisfactory to Landlord. Tenant shall pay all costs, expenses, fines, penalties and/or damages imposed on Landlord or Tenant by reason of Tenant's failure to comply with the provisions of this Paragraph 6.3(c).

(d) **Spills; Compliance With Law.** Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on or under the Premises (including through the plumbing or sanitary sewer system) and shall at all time comply with any and all applicable laws, ordinances, rules, restrictions, regulations, and permit and licensing requirements, as well as the recommendations of Landlord's experts and/or consultants and Board of Fire Underwriters, pertaining to: (i) Medical waste and/or industrial hygiene, (ii) the environmental conditions on, under or about Premises or the Center, (iii) the use, generation, manufacture, production, storage or disposal on, under or about the Premises or the Center of Hazardous Substances, or (iv) the transfer to or from the Premises of any Hazardous Substance. Tenant shall promptly, at Tenant's expense, and in accordance with work plans and contractors approved by Landlord, take all investigatory and/or remedial action recommended by Landlord or Landlord's experts and/or consultants and Board of Fire Underwriters, whether or not formally ordered or required, for the cleanup and/or removal of any contamination of, and for the maintenance, security and/or monitoring of the Premises, the elements surrounding same, or neighboring properties, that was caused during the term of this Lease, or pertains to or involves any Hazardous Substance brought onto the Premises during the term of this Lease. Such work shall be performed by qualified contractors under the supervision of qualified consultants in a good, safe and workmanlike manner in accordance with plans and specifications approved by Landlord and in compliance with all applicable laws, rules and regulations. Landlord reserves the right to review, approve and participate, at Tenant's expense, in any cleanup, abatement or removal decisions and processes pertaining to the presence of Hazardous Substances in or near the Premises. Upon completion of such work, Tenant shall furnish to Landlord, for review and approval, two (2) copies of the final report of the consultant (or engineer) certifying the satisfactory completion of such work, and unconditional lien releases establishing that the work has been paid for in full.

(e) **Duty To Inform Landlord.** If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located on, in, under or about the Premises, other than as previously consented to by Landlord, or if Tenant received any notice or claim with respect thereto, Tenant shall immediately upon discovery or receipt thereof give

written notice of such condition, notice or claim to Landlord. Tenant shall concurrently serve Landlord with a copy of any statement, report, notice, registration, permit, license, claim, action or proceeding given or received from any governmental authority or private party, or to persons entering or occupying the Premises, concerning any Hazardous Substance on, in, under or about the Premises, and shall provide Landlord with a detailed description of the precautions being taken with reference to any and all Hazardous Substances Tenant is then using or maintaining on, or disposing of from, the Premises or the Center. Within thirty (30) days after the end of each calendar year, Tenant shall furnish to Landlord a written statement certified by Tenant or its authorized representative: (i) listing by type, quantity and use all Hazardous Substances that have been used, stored or disposed of in or near the Premises during the preceding calendar year; (ii) certifying that Tenant has complied with all governmental laws, ordinances, rules, regulations and orders pertaining to Hazardous Substances; (iii) certifying that no soil or groundwater contamination has occurred during the term of the Lease; and (iv) certifying that all required licenses and permits have been obtained, maintained and complied with.

(f) **Inspection; Costs.** Landlord shall have the right to periodically inspect the Premises and Center for compliance by Tenant and all applicable laws, ordinances, rules, restrictions, regulations, permits and licensing requirements and consultant and/or Board of Fire Underwriters recommendations and to employ experts and/or consultants in connection therewith and/or to advise Landlord with respect to Tenant's activities and/or requests or proposals involving the installation, operation, use, monitoring maintenance, or removal of any Hazardous Substances on or from the Premises. The costs and expenses of inspections made by Landlord shall be paid by Landlord unless (i) Tenant has breached any covenant or fail to perform any obligation under this Paragraph 6.3, or (ii) a contamination caused or materially contributed to by Tenant is found to exist or be imminent, or (iii) the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent contamination. In any of such cases Tenant shall be responsible for all such costs and expenses, including attorney's fees. The cost and expenses incurred by Landlord in connection with reviewing requests or proposals made by Tenant shall be paid by Tenant, subject to Tenant's having previously approved of the consultant selected and of an estimate of the cost involved. Tenant's approval shall not be unreasonably withheld or delayed, and Landlord may withhold or condition its consent to any proposal or request made by Tenant until and upon Tenant's approval of the consultant selected by Landlord and the estimated cost thereof.

(g) **Tenant's Failure to Perform:** If Tenant fails to perform any obligation under this Paragraph 6.3, Landlord may, but is not obligated to, after notice (except in the event of an emergency) either, (i) suspend some or all of Tenant's activities in the Premises until satisfied that such investigation, removal and/or abatement work is being diligently pursued, and/or (ii) undertake such removal and disposal by contractors selected by Landlord, at Tenant's expense. Tenant shall, upon demand, reimburse Landlord for costs and expenses incurred in connection therewith and shall fully cooperate therewith. No such action or any inaction by Landlord shall constitute a waiver of any right of the Landlord to enforce Tenant's obligation hereunder.

(h) **Indemnification.** Tenant shall indemnify, protect, defend and hold Landlord, its agents, employees, lender(s) and/or ground Landlord, if any, and the Premises, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, costs, claims, liens, expenses, penalties, permits and attorney's and consultant's fees arising out of or involving any Hazardous Substance brought onto the Premises or Center by or for Tenant or under Tenant's control, including, but not limited to (i) the contamination or injury to person, property or the environment created or suffered by Tenant in or about the Premises, (ii) the investigation, remediation and/or abatement of any contamination therein involved, and (iii) the failure of Tenant to faithfully, fully, and in a timely manner, observe and perform any other provision, term, covenant or condition of this Lease or applicable law with respect to Hazardous Substances.

(i) **Survival of Obligations.** No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease pertaining to Hazardous Substances unless said release agreement specifically sets forth Landlord's intention to so release Tenant with respect thereto.

(j) **Assignment and Subletting.** Landlord shall not be deemed to have unreasonably withheld consent to any assignment, sublease or other transfer if the proposed transfer would increase the use, storage or risk of a release of a Hazardous Substance.

7. Maintenance, Repairs, Alterations, and Common Service Area Services.

7.1 **Landlord's Obligations.** Subject to the provisions of paragraphs 4.2 (Common Area Expenses), 6 (Use), 7.2 (Tenant's Obligations) and 9 (Damage or Destruction) and except for damage caused by any negligent or intentional act or omission of Tenant, Tenant's employees, suppliers, shippers, customers, or invitees, in which event Tenant shall repair the damage, Landlord, at Landlord's expense, but subject reimbursement under the provisions of paragraph 4.2 (Common Area Expenses), shall keep in good condition and repair the foundations, exterior walls, structural condition of interior bearing walls, and roof of the Premises, as well as the parking lots, walkways, driveways, landscaping, fences, signs and utility installations of the Common Areas and all parts thereof. Landlord shall not, however, be obligated to paint the exterior or interior surface of exterior walls, nor shall Landlord be required to maintain, repair or replace windows, doors or plate glass of the Premises. Landlord shall have no obligation to make repairs under this paragraph 7.1 until reasonable time after receipt of written notice from Tenant of the need for such repairs. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair. Landlord shall not be liable for damages or loss of any kind or nature by reason of Landlord's failure to furnish any Common Area services when such failure is caused by accident, breakage, repairs, strikes, lockout, or other labor disturbances or disputes of any character, or by any other cause beyond the reasonable control of Landlord.

7.2 Tenant's Obligations.

- a. Subject to the provisions of paragraphs 6 (Use), 7.1 (Landlord's Obligations), and 9 (Damage or

Destruction), Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof (whether or not the damaged portion of the Premises or the means of repairing the same are reasonably or readily accessible to Tenant) including, without limiting the generality of the foregoing, all plumbing, including the repair, maintenance, and replacement of the heating, ventilating and air conditioning systems, electrical and lighting facilities and equipment within the Premises, fixtures, interior walls and interior surfaces of exterior walls, ceilings, windows, doors, plate glass, and skylights located within the Premises. Landlord reserves the right to procure and maintain a ventilating and air conditioning system maintenance contract and, if Landlord so elects, Tenant shall reimburse Landlord, upon demand, for the costs thereof.

b. The parties acknowledge and agree that as of the Commencement Date, Landlord shall so procure and maintain, at Tenant's sole expense, a ventilating and air conditioning system maintenance contract with a licensed subcontractor. This maintenance agreement covers routine maintenance only, and not repairs which shall remain Tenant's responsibility. Said contract shall (i) be obtained through Landlord at Tenant's expense, which is to be paid concurrently each month with Base Rent and any other monies due under the Lease, (ii) may be terminated by Landlord with 30 days notice (but without offset, reduction, or cost to Landlord); and (iii) include terms which may be subject to reasonable change without notice.

c. If Tenant fails to perform Tenant's obligations under this paragraph 7.2 or under any other paragraph of this Lease, Landlord may enter upon the Premises after ten (10) days' prior written notice to Tenant (except in the case of emergency, in which no notice shall be required), perform such obligations on Tenant's behalf and put the Premises in good order, condition and repair, and the cost thereof together with interest thereon at the maximum rate then allowable by law shall be due and payable as additional rent to Landlord together with Tenant's next Base Rent installment.

d. On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Tenant shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing and fencing on the Premises in good operating condition.

7.3 Alterations and Additions.

a. Tenant shall not, without Landlord's prior written consent make any alterations, improvements, additions, Utility installations or repairs in, on, or about the Premises, or the Center. As used in this Paragraph 7.3 the term "Utility Installation" shall mean carpeting or other floor covering, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing and telephone and telecommunications wiring and equipment. At the expiration or earlier termination of the term, Landlord may require the removal of any or all said alterations, improvements, additions, or Utility Installations, and the restoration of the Premises and the Center to their prior condition, at Tenant's expense. Should Landlord permit Tenant to make its own alterations, improvements, additions or Utility Installations, Tenant shall use only such contractor as been expressly approved by Landlord, and Tenant may require Tenant to provide Landlord, at Tenant's sole cost and expense, a lien and complete bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Landlord against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Tenant make any alterations, improvements, additions or Utility Installations without the prior approval of Landlord, or use a contractor not expressly approved by Landlord, Landlord may, at any time during the term of this Lease, require that Tenant remove any part or all of the same.

b. Any alterations, improvements, additions or Utility Installations in or about the Premises or the Center that Tenant shall desire to make shall be presented to Landlord in written form, with proposed detailed plans, for approval. Landlord shall not be required to review Tenant's request to make any alterations, improvements, additions or Utility Installations or to grant its consent to such request during any period in which Tenant is in default under the terms of this Lease. In connection with a request by Tenant for approval to make alterations, improvements, additions or Utility Installations, Landlord, at Tenant's expense, may have mechanical, electrical and plumbing drawings prepared, may confer with consultants in connection with the preparation of such drawings and may also submit to such consultants for review any of the plans prepared by Tenant. If Landlord or such consultants shall disapprove of any of Tenant's plans. Tenant shall be advised of the reasons for such disapproval. If Landlord or such consultants shall disprove of any of Tenant's plans, Tenant shall be advised of the reasons for such disapproval. If Landlord shall give its consent to Tenant's making such alteration, improvement, addition or Utility Installation, the consent shall be deemed conditioned upon Tenant acquiring a permit to do so from the applicable governmental agencies, the furnishing of a copy thereof to Landlord prior to the commencement of the work, the compliance by Tenant with all conditions of said permit in a prompt and expeditious manner. In any event, Tenant agrees to pay Landlord, as additional rent, the cost of such consultation and review immediately upon receipt of invoices from either Landlord or such consultants.

c. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Center, or any interest therein.

d. Tenant shall give Landlord not less than twenty (20) days' notice prior to the commencement of any work in the Premises by Tenant, and Landlord shall have the right to post notices of non-responsibility in or on the Premises or the building as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises, the

Building or the Center, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises, the Building and the Center free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's reasonable attorney's fees and costs in participating in such action if Landlord shall decide it is to Landlord's best interest so to do.

e. All alterations, Improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Tenant), which may be made on the Premises by Tenant, including but not limited to, floor coverings, paneling, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Landlord requires their removal pursuant to Paragraph 7.3(a). Provided Tenant is not in default, notwithstanding the provisions of this Paragraph 7.3(e), Tenant's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the Building, and other than Utility Installations, shall remain the property of Tenant and may be removed by Tenant subject to the provisions of Paragraph 7.2.

f. Tenant, at Tenant's expense, shall provide Landlord with as-built plans and specifications for any alterations, improvements, additions or Utility Installations.

7.4 Additions. Landlord reserves the right to install new or additional utility facilities throughout the Center and/or the Common Areas for the benefit of Landlord or Tenant, or any other tenant of the Center, including, but not by way of limitation, such utilities as plumbing, electrical systems, security systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Tenant's use of the Premises.

8. Insurance; Indemnity.

8.1 Liability Insurance - Tenant. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease policy of Comprehensive General Liability insurance utilizing an Insurance Services Office standard form with broad Form General Liability Endorsement (GL0404), or equivalent, in the amount per occurrence of not less than the combined single limit for bodily injury, personal injury and property damage set forth in Paragraph 1.12 of the Basic Lease Provisions or in a greater amount as reasonably determined by Landlord from time to time, and shall insure Tenant, with Landlord and Landlord's property manager as additional insured, against liability arising out of the use, occupancy or maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Tenant hereunder.

8.2 Liability Insurance - Landlord. Tenant shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant, against liability arising out of the ownership use, occupancy or maintenance of the Center in an amount not less than \$1,000,000.00 per occurrence or in a greater amount as reasonably determined by Landlord from time to time.

8.3 Property Insurance - Tenant. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease for the benefit of Tenant, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler leakage endorsements, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Tenant's personal property, fixtures, equipment and tenant improvements.

8.4 Property Insurance - Landlord. Landlord shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Center improvements, but not Tenant's personal property, fixtures, equipment or tenant improvements, in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance services Office standard form, or equivalent, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Landlord deems advisable or may be required by a lender having a lien on the Center. In addition, Landlord shall obtain and keep in force, during the term of this Lease, a policy or rental value insurance covering a period of one year, with loss payable to Landlord, which Insurance shall also cover all Common Area Maintenance Expenses for said period. Tenant will not be named in any such policies carried by Landlord and shall have no right to any proceeds therefrom. The policies required by Paragraphs 8.2 and 8.4 shall contain such deductibles as Landlord or the aforesaid lender may determine. In the event that the Premises shall suffer an insured loss as defined in Paragraph 9.1(g) hereof, the deductible amounts under the applicable insurance policies shall be deemed a Common Area Maintenance Expense. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies carried by Landlord. Tenant shall pay the entirety of any increase in the property insurance premium for the Center over what it was immediately prior to the commencement of the term of this Lease if the increase is specified by Landlord's insurance carrier as being caused by the nature of Tenant's occupancy or any act or omission of Tenant.

8.5 Insurance Policies. Tenant shall deliver to Landlord copies of liability and property insurance policies required under Paragraphs 8.1 or 8.3, respectively, or certificates evidencing the existence and amounts of such insurance prior to Tenant taking possession of the Premises. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Landlord. Tenant shall, at least thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof. In addition, Landlord shall carry and maintain such insurance and Landlord and Tenant shall name such additional insured as may be required under the Ground Lease.

8.6 Waiver of Subrogation. Tenant and Landlord each hereby release and relieve the other, and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried or required to be carried by the waiving party, whether due to the negligence of Landlord or Tenant or their agents, employees, contractors and/or invitees. If necessary, all property insurance policies required under this Lease shall be endorsed to so provide.

8.7 Indemnity. Tenant shall indemnify, defend and hold harmless Landlord, Landlord's property manager and agents, and Landlord's partners, members, employees and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Tenant's use of the Center, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere and shall further indemnify, defend and hold harmless Landlord from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or omission of Tenant, or any of Tenant's officers, agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred by Landlord as the result of any such use, conduct, activity, work, things done, permitted or suffered, break, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property of Tenant or injury to persons, in, upon or about the Center arising from any cause, other than Landlord's gross negligence or willful misconduct, and Tenant hereby waives all claims in respect thereof against Landlord. Landlord need not have first paid any claim in order to be so indemnified. Tenant's indemnification of Landlord under this Paragraph 8.7 shall include all claims, costs and expenses, including reasonable attorneys' fees incurred by Landlord as the result of any use, conduct, request, activity, work, things done, permitted or suffered, breach, default or negligence by Tenant, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim, action or proceeding brought thereon, whether or not litigated and/or reduced to judgment, or, in the case of claims against Landlord, well founded or not; and in case any action or proceeding be brought against Landlord by reason of any such matter, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel satisfactory to Landlord.

8.8 Exemption of Landlord from Liability. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or, except to the extent caused by Landlord's gross negligence or willful misconduct, for loss of or damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises or the Center, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors, whether such damage or injury is caused by or results from the theft, fire, stream, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Center, or from other sources or places, or from new construction or the repair, alteration or improvement of any part of the Center, or of the equipment, fixtures or appurtenances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant, Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, occupant or user of the Center, nor from the failure of Landlord to enforce the provisions of any other lease of any other tenant of the Center.

8.9 No Representation of Adequate Coverage. Landlord makes no representation that the limits or forms of coverage of insurance specified in this Paragraph 8 are adequate to cover Tenant's property or obligations under this Lease.

9. Damage or Destruction.

9.1 Definitions

- a. "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent.
- b. "Premises Building Partial Damage" shall mean if the building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the Building.
- c. "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of then Replacement Cost of the Building.
- d. "Center Buildings" shall mean all of the buildings on the Center site.
- e. "Center Buildings Total Destruction" shall mean if the Center Buildings are damaged or destroyed to the extent that the cost of repair is fifty percent (50%) or more of the then Replacement Cost of the Center Buildings.
- f. "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in Paragraph 8. The fact that an Insured Loss has a deductible amount shall not make the loss an uninsured loss.
- g. "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by tenants, other than those installed by Landlord at Tenant's expense.

9.2 Premises Damage; Premises Building Partial Damage.

a. Insured Loss: Subject to the provisions of Paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Landlord, at Landlord's expense, shall, as soon as reasonably possible and to the extent that materials, labor and required insurance proceeds are readily available, repair such damage (but not Tenant's fixtures, equipment, tenant improvements originally paid for by Tenant) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

b. Uninsured Loss: Subject to the provisions of Paragraphs 9.4 and 9.5 of this Lease and subject to Landlord's and Ground Landlord's rights to terminate under Section 21 of the Ground Lease, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Damage or Premises Building Partial Damage unless caused by a negligent or willful act or omission of Tenant (in which event Tenant shall make the repairs at Tenant's expense) which damage prevents Tenant from making any substantial use of the Premises, Landlord may at Landlord's option either (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within sixty (60) days after the date of the occurrence or within ten (10) days following the conclusion of the arbitration proceeding, if any, conducted in accordance with the provisions of the Ground Lease with respect to such damage, of Landlord's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which case this Lease shall be canceled and terminated as of the date of the occurrence of such damage. If Landlord shall so elect to terminate this Lease, then neither Landlord nor Tenant shall be liable to the other for any reason having to do with this Lease from and after the termination hereof, except for rent and matters which shall have arisen prior to the termination and vacation of the Premises, and except for matured obligations of Tenant that exist upon termination.

9.3 Premises Building Total Destruction; Center Buildings Total Destruction.

Subject to the provisions of Paragraphs 9.4 and 9.5 of this Lease and subject to Landlord's and Ground Landlord's rights to terminate under Section 21 of the Ground Lease, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, and which falls into the classifications of either (i) Premises Building Total Destruction, or (ii) Center Buildings Total Destruction, then Landlord may at Landlord's option either

(1) Repair such damage or destruction as soon as reasonably possible at Landlord's expense (to the extent the required materials are readily available through usual commercial channels) to its condition existing at the time of the damage, but not Tenant's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or

(2) Give written notice to Tenant within sixty (60) days after the date of occurrence of such damage or within ten (10) days following the conclusion of the arbitration proceeding, if any, conducted in accordance with the provisions of the Ground Lease with respect to such damage, whichever is earlier, of Landlord's intention to cancel and terminate this Lease, in which case this Lease shall be cancelled and terminated as of the date of the occurrence or such damage.

9.4 Damage Near End of Term.

a. Subject to Paragraph 9.4(b) of this Lease and subject to Landlord's and Ground Landlord's rights to terminate under Section 21 of the Ground Lease, if at any time during the last twelve (12) months of the term of this Lease or during the last five (5) years of the term of the Ground Lease there is any damage whatsoever to the Premises, Building or Center, whether or not an Insured Loss, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

b. Notwithstanding Paragraph 9.4(a), if the damage did not occur during the last five (5) years of the term of the Ground Lease and if the loss was an Insured Loss and Tenant has an option to extend or renew this Lease, and the time within which said option maybe exercised has not yet expired, Tenant shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Partial Damage during the last twelve (12) months of the term of this Lease. If Tenant duly exercises such option during said twenty (20) day period, Landlord shall, at Landlord's expense, repair such damage, but not Tenant's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such option during said twenty (20) day period, then Landlord may at Landlord's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Tenant of Landlord's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

9.5 Abatement of Rent; Tenant's Remedies.

a. In the event Landlord repairs or restores the Building or Premises pursuant to the provisions of this Paragraph 9.5 and any part of the Premises are not usable (including loss of use due to loss of access or essential services), the rent payable hereunder (including Tenant's Share of Common Area Maintenance Expenses) for the period during which such damage, repair or restoration continues shall be abated, provided (1) the damage was not the result of the negligence of Tenant, and (2) such abatement shall only be to the extent the operation and profitability of Tenant's business as operated from the Premises adversely affected. Except for said abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

b. If Landlord shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or restoration within one hundred twenty (120) days after such occurrence, or if Landlord shall not complete the restoration and repair within eight (8) months after such occurrence, Tenant may at Tenant's option cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration in such event this Lease shall terminate as of the date of such notice.

c. Tenant agrees to cooperate with Landlord in connection with any such restoration and repair, including but not limited to the approval and/or execution of plans and specifications required.

9.6 Waiver. Landlord and Tenant waive the provisions of any statute relating to the rights and obligations of landlords and tenants in the event of casualty, including without limitation, California Civil Code Sections 1932 and 1933, as amended or recodified from time to time, and any other statutes which relate to termination of leases when leased property is destroyed, and the parties agree that all such events shall be governed by the terms of this Lease.

10. Real Property Taxes.

10.1 **Payment of Property Taxes.** Landlord shall pay the real property tax, as defined in Paragraph 10.3, applicable to the Center subject to reimbursement by Tenant of Tenant's Share of such taxes in accordance with the provisions of Paragraph 4.2, except as otherwise provided in Paragraph 10.2.

10.2 **Additional Improvements.** Tenant shall not be responsible for paying any increase in real property tax specified in the tax assessor's records and work sheet as being caused by additional improvements placed upon the Center by other tenants or by Landlord for the exclusive enjoyment of any other tenant. Tenant shall, however, pay to Landlord at the time that Common Area Maintenance Expenses are payable under Paragraph 4.2 (d) the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Tenant or at Tenant's request.

10.3 **Definition of "Real Property Tax".** As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (excluding inheritance, personal income or estate taxes, but including any payment in lieu of taxes payable by Landlord under the terms of the Ground Lease) imposed on the Center or any portion thereof by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord in the Center or in any portion thereof, as against Landlord's right to rent or other income therefrom, and as against Landlord's business of leasing the Center. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax", or (ii) the nature of which was herein before included within the definition of "real property tax" or (iii) which is imposed as a result of a transfer, either partial or total, of Landlord's interest in the Center or which is added to a tax or charge herein before included within the definition of real property tax by reason of such transfer, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

10.4 **Joint Assessment.** If the improvements or property, the taxes for which are to be paid separately by Tenant under Paragraph 10.2 or 10.5 are not separately assessed, Tenant's portion of that tax shall be equitably determined by Landlord from respective valuations assigned in the assessor's work sheets or such other information (which may include the cost of construction) as may be reasonably available. Landlord's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes.

a. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment, all other personal property of Tenant contained in the Premises or elsewhere.

b. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

11. Utilities.

11.1 **Services Provided by Landlord.** Subject to Tenant's reimbursement to Landlord under Section 4.2 above, Landlord shall provide heating, ventilation, air conditioning as reasonably required, reasonable amounts of electricity for normal lighting and office machines and reasonable amounts of water for normal drinking and lavatory use.

11.2 **Services Exclusive to Tenant.** Tenant shall pay for all water, gas, heat, light, light bulbs and tubes, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Tenant together with any taxes thereon. If any such services are not separately metered to the Premises, Tenant shall pay at Landlord's option, either Tenant's Share or a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises in the Building.

11.3 **Hours of Service.** Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth.

11.4 Excess Usage by Tenant. Tenant shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any that causes extra burden upon the utilities or services, including but not limited to security services, over standard usage for the Center. Landlord shall require Tenant to reimburse Landlord for any excess expenses or costs that may arise out of a breach of this sub-paragraph by Tenant. Landlord may, in its sole discretion, install supplemental equipment and/or separate metering applicable to Tenant's excess usage or loading and at Tenant's expense.

11.5 Interruptions. In no event shall Landlord be liable for the quality, quantity, failure or interruption of any such utilities or services to the Premises. In addition, any such failure, interruption or impairment shall not be construed as an eviction of Tenant or a disturbance of Tenant's possession, and Tenant shall not be entitled to any abatement of rent in connection therewith.

12. Assignment and Subletting.

12.1 Landlord's Consent Required. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in the Lease or in the Premises, without Landlord's prior written consent, which Landlord shall not unreasonably withhold. Landlord shall respond to Tenant's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and confer no interest to any third party, and shall constitute a non-curable default and breach of this Lease without the need for notice to Tenant under Paragraph 13.1. If Tenant is a partnership, a transfer of any interest of a general partner, a withdrawal of any general partner from the partnership, or the dissolution of the partnership, shall be deemed to be an assignment of this Lease. If Tenant is a corporation (this provision shall not apply to Tenant if Tenant is a public corporation whose stock is regularly traded on a national stock exchange, or is regularly traded in the over-the-counter market and quoted on NASDAQ), any sale or other transfer of a percentage of capital stock of Tenant which results in a change of controlling persons, or the sale or other transfer of all of substantially all of the assets of Tenant, shall be deemed to be an assignment of this Lease.

12.2 Adjustment of Rent Upon Assignment or Subletting. If Tenant obtains consent from Landlord to assign or sublease the Premises, or a portion thereof, then Tenant shall use its best efforts to assign or sublease the Premises at the then market rent for the Premises, and, if the rent and/or any other consideration payable to Tenant under said assignment or subletting is greater than the rent to be paid by Tenant to Landlord under this Lease during the period of time which said assignment or subletting remains in effect, then Tenant shall pay to Landlord, as additional rent under this Lease, seventy five percent (75%) of such excess rent and/or other consideration immediately upon receipt thereof by Tenant. In the event of subletting of only a portion of the Premises, in calculating whether the rent received by Tenant exceeds the rent payable under this Lease, the rent payable under this Lease shall be prorated according to the square footage involved in order to reflect the rent applicable to the space sublet.

12.3 Terms and Conditions : Applicable to Assignment and Subletting.

a. Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Landlord's right to exercise its remedies for the breach of any of the terms or conditions of this Paragraph 12.3 of this Lease.

b. The consent by Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the sublessee. However, Landlord may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Tenant or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease; provided, however, that such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Tenant or sublessee under this Lease or such sublease.

c. In the event of any default under this Lease, Landlord may proceed directly against Tenant, any guarantors or anyone else responsible for the performance of this Lease, including the sublessee, without first exhausting Landlord's remedies against any other person or entity responsible therefor to Landlord, or any security held by Landlord or Tenant.

d. Landlord's written consent to any assignment or subletting of the Premises by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise stated in writing by Landlord at the time.

e. The discovery of the fact that any financial statement relied upon by Landlord in giving its consent to an assignment or subletting was materially false shall, at Landlord's election, render Landlord's said consent null and void.

12.4 Additional Terms and Conditions Applicable to Subletting. Regardless of Landlord's consent, the following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

a. Tenant hereby assigns and transfers to Landlord all of Tenant's interest in all rentals and income arising from any sublease heretofore or hereafter made by Tenant, and Landlord may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a default shall occur in the performance of

Tenant's obligations under this Lease. Tenant may receive, collect and enjoy the rents according under such sublease. Landlord shall not, by reason of this or any other assignment of such sublease to Landlord nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Tenant to perform and comply with any of Tenant's obligations to such sublease. Tenant hereby irrevocably authorizes and directs any such sublease, upon receipt of a written notice from Landlord stating that a default exists in the performance of Tenant's obligations under this Lease, to pay to Landlord the rents due and to become due under the sublease. Tenant agrees that such sublessee shall have the right to rely upon any such statement and request from Landlord, and that such sublessee shall pay such rents to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall have no right or claim against said sublessee or Landlord for any such rents so paid by said sublessee to Landlord.

b. No sublease entered into by Tenant shall be effective unless and until it has been approved in writing by Landlord. In entering into any sublease, Tenant shall use only such form of sublease as is satisfactory to Landlord, and once approved by Landlord, such sublease shall not be changed or modified without Landlord's prior written consent. Any sublessee shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Landlord, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Tenant in other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Landlord has expressly consented in writing.

c. In the event Tenant shall default in the performance of its obligations under this Lease, Landlord, at its option and without any obligation to do so, may require any sublessee to attorn to Landlord, in which event Landlord shall undertake the obligations of Tenant under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Landlord shall not be liable for any prepaid rents or security deposit paid by such sublessee to Tenant or for any other prior defaults of Landlord in under such sublease.

d. Each and every consent required of Tenant under a sublease shall also require the consent of Landlord.

e. No sublessee shall further assign or sublet all or any part of the Premises without Landlord's prior written consent.

f. With respect to any subletting to which Landlord has consented, Landlord agrees to deliver a copy of any notice of default by Tenant to the sublessee. Such sublessee shall have the right to cure a default of Tenant within ten (10) days after service of said notice of default upon such sublessee, and the sublessee shall have a right to reimbursement and offset from and against Tenant for any such defaults cured by the sublessee.

12.5 Conditions to Consent to Assignment or Subletting. Tenant acknowledges that Landlord's agreement to lease the Premises to Tenant at the rent and terms stated herein is in material reliance upon Landlord's evaluation of this particular Tenant's background, experience and ability, as well as the nature of the use of the Premises by this Tenant as set forth in Paragraph 1.4 of the Basic Lease Provisions. In the event that Tenant shall request Landlord's written consent to assign or sublease the Premises, then such request for consent shall be in writing and accompanied by the following:

(a) Compiled balance sheets, income statements and/or Federal and State tax returns of the proposed assignee or sublessee for the three (3) years immediately preceding the proposed transfer date..

(b) A statement of the specific uses for which the Premises will be utilized by the proposed assignee or sublessee.

(c) Preliminary plans prepared by an architect or civil engineer for all alterations to the Premises that are contemplated to be made by the proposed assignee or sublessee.

(d) Written approval of the proposed assignment or sublease and a reaffirmation of liability, in a form satisfactory to Landlord's counsel, from all guarantors and previous assignors of this Lease, not previously expressly released by Landlord, if any;

(e) A payment of \$750 which the parties agree is a reasonable fee for Landlord's review of Tenant's request to assign or sublease; and

(f) Once Landlord has received the fee and all of the information, in satisfactory form, as required in Paragraph 12 hereof, together with any additional information which Landlord may reasonably request, Landlord shall undertake to review Tenant's request for consent to assign or sublease. In determining whether to give its consent to such assignment or subletting, Landlord shall consider all commercially reasonable factors.

13. Default; Remedies.

13.1 **Default.** The occurrence of any one or more of the following events, among others, shall constitute a material default of this Lease by Tenant:

a. The vacation or abandonment of the Premises by Tenant. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of thirty (30) days or more, whether or not the rent is paid;

b. The breach by Tenant of any of the covenants, conditions, or provisions of Paragraph 4.4.6 (Percentage Rent), 6.3 (Tenant's operation of business), 7.3(a), (b), or (d) (alterations), 12.1 (assignment or subletting)13.1(a) (vacation

or abandonment), 13.1(e) insolvency, 13.1(f)(false statement), 16(a) (estoppel certificate), 30(b) (subordination), 33(auctions), or 41.1 (easements), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Landlord to Tenant thereof;

c. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant in the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph;

d. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant other than those referenced in Subparagraphs (b) and (c) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion within ninety (90) days. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Tenant under applicable Unlawful Detainer statutes;

e. (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure or substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this Paragraph 13.1 (e) is contrary to any applicable law, such provision shall be of no force or effect.

f. The discovery by Landlord that any financial statement given to Landlord by Tenant, or its successor in interest or by any guarantor of Tenant's obligation hereunder, was materially false.

g. If any guarantor of this Lease: (i) dies, (ii) ceases to be liable, (iii) becomes insolvent or files bankruptcy proceedings, (iv) refuses to honor the guaranty, (v) breaches its guaranty obligation on an anticipatory breach basis, or (vi) refuses to give to Landlord information, an estoppel statement or written confirmation that the guaranty is still in effect; and Tenant does not provide a replacement for said guarantor that is satisfactory to Landlord within ten (10) days following the occurrence of any event listed in Paragraphs 13.1 (g)(i) through 13.1 (g)(vi).

13.2 Remedies. In the event of any material default or breach of this Lease by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default;

a. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Premises; expenses or reletting, including without limitation necessary renovation and alteration of the Premises, reasonable attorney's fees, accounting and auditing expenses, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided; that portion of the leasing commission paid by Landlord applicable to the un-expired term of this Lease.

b. Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

c. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the rate established pursuant to Paragraph 19 of this Lease or the maximum rate then allowable by law, whichever is less.

d. Collect, upon demand, all reasonable attorney's fees and expenses incurred by Landlord in enforcing its rights and remedies hereunder.

13.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of Base Rent, Tenant's share of Common Area Maintenance Expenses or other such sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but

are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Center. Accordingly, if any installment of Base Rent, Common Area Maintenance Expenses, or any other sum due from Tenant shall not be received by Landlord or Landlord's designated agent within five (5) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of any of the aforesaid monetary obligations of Tenant, then Base Rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding Paragraph 4.1 or any other provision of this Lease to the contrary.

13.5 Cashier's Checks. In the event that any check given to Landlord by Tenant shall not be honored by the bank upon which it is drawn, then Landlord, at its option, may require all future payments to be made by Tenant under this Lease to be made by cashier's checks. Tenant shall pay to Landlord, as additional rent, twenty dollars (\$20.00) for each and every check which is given to Landlord by Tenant that is not honored by the bank upon which it is drawn. Any payment made by Tenant pursuant to a written notice to pay or be deemed in default under this Lease shall be made by cashier's check.

14. Condemnation. If the Premises or any portion thereof or the Center are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises or the Center are taken by such condemnation as would substantially and adversely affect the operation and profitability of Tenant's business conducted from the Premises, Tenant shall have the option, to be exercised only in writing within thirty (30) days after Landlord shall have given Tenant written notice of such taking (or in absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. The provisions of this Paragraph 14 are subject to the provisions of the Ground Lease which encumbers the Center and notwithstanding anything to the contrary contained herein, if Landlord elects to characterize any condemnation as "substantial" or "total" as those terms are defined in the Ground lease, then this Lease shall terminate on the date that Landlord elects to deliver possession of the Center to its ground Landlord or the date on which the condemning authority takes possession of the Center. If Landlord or Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent and Tenant's Share of Common Area Maintenance Expenses shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Tenant and no reduction of rent shall occur with respect thereto or by reason thereof. Landlord shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Tenant of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Premises or the Center. Any award for the taking of all or any part of the Premises or the Center under the power of eminent domain or any payment made under threat of the exercise of the leaseholder for the taking of Landlord's ground lease estate or the fee estate of the ground Landlord, or as severance damages; provided, however, that Tenant shall be entitled to any separate award for loss or of damage to Tenant's trade fixtures, removable personal property and un-amortized tenant improvements that have been paid for by Tenant. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any options. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of severance damages received by Landlord in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Tenant shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Commissions. Tenant and Landlord each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder (other than those whose names are set forth in Paragraph 1.14 of the Basic Lease Provisions) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction and Tenant and Landlord do each hereby indemnify, defend, and hold harmless from and against any costs, expenses, attorney's fees or liability for compensation, commission or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party.

16. Tenancy Statement.

a. Each party (as "responding party") shall at any time within five (5) business days following receipt of notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing in the form attached hereto as Exhibit "6" (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrance of the Center or of the business of Tenant.

b. At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the Party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) there are no uncured defaults in the requesting party's performance, and (iii) if Landlord is the requesting party, not more than one month's rent has been paid in advance.

c. If Landlord desires to finance, refinance, or sell the Center, or any part thereof, Tenant hereby agrees to deliver to any lender or purchaser designated by Landlord a tenancy statement in the form required by said lender or purchaser and such financial statements of Tenant as are then reasonably required by such lender or purchaser. All such financial statements shall be received by Landlord and such lender or purchaser in confidence shall be used only for the purposes herein set forth.

17. Landlord's Liability. The term "Landlord" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lessee's interest in a ground lease of the Center. In the event of any transfer of such title or interest, Landlord herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed, provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject as aforesaid, be binding on Landlord's successors and assigns, only during their respective periods of ownership. The liability of the Landlord arising under the terms of this Lease shall be limited to the assets of Landlord, and shall exclude any assets of Landlord's affiliates, principals, subsidiaries, parent entities, or other related entities.

18. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Interest on Past-Due Obligations. Except as expressly provided herein, any amount due to Landlord not paid when due shall bear interest at the greater of the following interest rates: (i) ten (10) percent, or five (5) percent per annum plus the rate prevailing on the twenty-fifth (25th) day of the month preceding the date of execution of this Lease as established by the Federal Reserve Bank of San Francisco on advances made to member banks under Sections 13 and 13(a) of the Federal Reserve Act as now in effect or hereafter from time to time amended (or if such rate is not determinable, such rate as shall be designated by Superintendent of Banks of the State of California or such other person or agency designated by the Legislature for such purpose); however, in no event shall the interest rate chargeable hereunder exceed the maximum rate allowable by law. Payment of such interest shall not excuse or cure any default by Tenant under this Lease; provided, however, that interest shall not be payable on late charges incurred by Tenant nor on any amounts upon which late charges are paid by Tenant.

20. Time of Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

21. Additional Rent. All monetary obligations of Tenant to Landlord under the terms of this Lease, including but not limited to Tenant's Share of Common Area Maintenance Expenses and any other expenses payable by Tenant hereunder shall be deemed to be rent.

22. Intentionally Deleted.

23. Notice. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified or registered mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Tenant or to Landlord at the addresses noted below the signature of the respective parties. If such notice is received on a Sunday or legal holiday, it shall be deemed received on the next business day. If notice is personally delivered upon Tenant, or upon an employee or agent of Tenant, then the Notice shall be effective upon delivery. If notice is mailed, the notice shall be deemed received forty-eight hours following deposit in the mail, postage prepaid, addressed as required by this Lease. Either party may notice to the other specify a different address for notice purposes except that upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for notice purposes. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

24. Waivers. No waiver by Landlord or any provision hereof shall be deemed a waiver of any provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary by the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

25. Recording. Neither Landlord nor Tenant shall record this Lease or a "short form" memorandum of this Lease without the prior written consent of the other. If such consent is granted, the parties shall execute a "short form" memorandum of this Lease for recording purposes and the party requesting such recording shall pay all recording costs and taxes related thereto.

26. Holding Over. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant, except that the Base Rent shall be One Hundred Fifty Percent (150%) of the Base Rent payable immediately preceding the expiration of the term hereof and all Options, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

29. **Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of Paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Center is located and any litigation concerning this Lease between the parties hereto shall be initiated in the county in which the Center is located.

30. **Subordination.**

a. This Lease, and any Option or right of first refusal granted hereby, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Center and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgage, trustee or ground Landlord shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease and such options shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

b. Tenant agrees to execute any documents required to effectuate an attornment, a subordination, or to make thus lease and any Option granted herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Tenant's failure to execute such documents within ten (10) days after the written demand shall constitute a material default by Tenant hereunder without further notice to Tenant. Tenant does not hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to execute such documents in accordance with this Paragraph 30 (b).

31. **Attorney's Fees, Professional's Fees and Additional Indemnity Provisions.**

31.1 If either party brings an action or proceeding to enforce the terms hereof or clear rights hereunder, the prevailing party in any such proceeding, action, or appeal thereon, shall be entitled to his reasonable attorney's fees and its actual professional's fees, such as fees for appraisers and accountants, and such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "prevailing party" shall include, without limitation, a party who obtains or defeats the relief sought, whether by compromise, settlement, judgment, or abandonment of the claim or defense by the other party.

31.2 The attorney's fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney's fees reasonably incurred in good faith.

31.3 Landlord shall be entitled to attorney's fees, costs, and expenses incurred in the preparation and service of notices of default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such default. Landlord and Tenant agree that \$350.00 is a reasonable sum per occurrence, in addition to whatever other attorney's fees and other fees that Landlord may be entitled to under other provisions of this Lease, for legal services and costs for preparation and service of a notice of default and that Landlord may include \$350.00 as additional rent due in each such notice of default as an amount that must be paid to cure said default.

32. **Landlord's Rights.**

32.1 Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, performing any services required of Landlord, showing the same to prospective purchasers, lenders, or tenants, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Center as Landlord may reasonably deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Tenant's use of the Premises. Landlord may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Landlord may at any time during the last six (6) months of the term hereof place on or about the Premises any ordinary "For Lease" signs.

32.2 All activities of Landlord pursuant to this Paragraph shall be without abatement of rent, nor shall Landlord have any liability to Tenant for the same.

32.3 Landlord shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults, and safes, and in the case of emergency to enter the Premises without notice by any reasonably appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the premises or an eviction. Tenant waives any charges for damages or injuries or interference with Tenant's property or business in connection therewith.

33. **Auctions.** Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Common Areas in violation of this Paragraph shall constitute a material default of this Lease.

34. **Signs.** Tenant shall not affix or maintain upon the glass panes and supports of the windows (and within thirty-six (36) inches of any window) doors and the exterior walls of the Premises, any signs, banner, advertising placards,

names, insignia, trademarks, descriptive material or any other such like item or items. In addition, no advertising medium shall be utilized by Tenant which can be heard or experienced outside the Premises, including without limitation flashing lights, searchlights, loudspeakers, phonographs, radios or televisions. Tenant shall not display, paint or place or cause to be displayed, painted or placed, any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Center, whether belonging to Tenant, or to Tenant's agent, or to any other person; nor shall Tenant distribute, or cause to be distributed, in the Center, any handbills or other advertising devices. Tenant shall only erect signs in accordance with plans and specifications approved in writing by Landlord in accordance with the Sign Criteria as set forth within Exhibit "3" attached hereto and approved by the City of Torrance. Under no circumstances shall Tenant place a sign on any roof of the Center.

Without limiting the foregoing, Tenant shall be entitled to use one panel on each side of the Center's West-most Monument sign. Tenant's shall use the panel location as shown on Exhibit "7" or such other location as Landlord may require, in its sole discretion, from time-to-time. Landlord may require a change from one panel location to another for any reason or for no reason. Tenant shall provide its monument sign design, layout, and materials specifications to Landlord for its written approval, which shall not be unreasonably withheld. Tenant shall not commence fabrication of its monument sign until it has received such written approval.

Except as set forth to the contrary herein, Tenant shall not be entitled to use any portion of the Center's monument sign or to have any reference to Tenant or Tenant's business included on such sign.

35. Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

36. Consents. Except as set forth herein to the contrary, and for Paragraphs 33 (auctions) and 34 (signs) hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld or delayed.

37. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Tenant under this Lease.

38. Quiet Possession. Upon Tenant paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Landlord represent and warrant to Tenant that they are fully authorized and legally capable of executing this Lease on behalf of Landlord and that such execution is binding upon all parties holding an ownership interest in the Center.

39. Center Planning. In the event that Landlord requires the Premises for use in conjunction with another suite or for other reasons connected with its Center planning program, upon giving Tenant thirty days' prior written notice, Landlord shall have the right to move Tenant to other space elsewhere in the Center, at Landlord's sole cost and expense, including all of Tenant's moving expenses and stationary reprinting charges. Upon such relocation, all terms and conditions of this Lease shall remain in full force and effect, save and excepting that (a) a revised Exhibit "1" shall become part of the terms and conditions of this Lease and shall reflect the location of the new space, (b) paragraph 1.2 of this Lease shall be amended to include and state all correct data with respect to the new space, and (c) the Base Rent and Tenant's Share of Common Area Expenses shall be reduced by the decrease, if any, in the rentable square footage of the new space as compared to that of the original Premises. Exercise by Landlord of said right to relocate Tenant shall not entitle Tenant to damages for any injury, inconvenience or lost earnings occasioned thereby, nor shall Tenant by reason thereof be entitled to any abatement of rent.

40. Security Measures - Building Rights.

40.1 Tenant hereby acknowledges that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Center. Tenant assumes all responsibility for the protection of Tenant, its agents, and invitees and the property of Tenant and of Tenant's agents and invitees from acts of third parties. Nothing herein contained shall prevent Landlord, at Landlord's sole option, from providing security protection for the Center or any part thereof, in which event the cost thereof shall be included within the definition of Common Area Maintenance Expenses, as set forth in paragraph 4.2 (B).

40.2 Landlord shall have the following rights:

- a. To, at Landlord's option, change the name, address or title of the Center or building in which the Premises are located upon not less than 90 days prior written notice;
- b. To place such signs, notices or displays as Landlord reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Center or pole signs in the Common Areas;

40.3 Tenant shall not:

- a. Use a representation (photographic or otherwise) of the Building or the Center in connection with Tenant's business;
- b. Suffer or permit anyone, except with Landlord's prior written consent to go upon the roof of the Building.

40.4 Tenant shall use in its advertised business address the words "Madison Park Shopping Center" or "The Shoppes at Madison Park". Tenant shall use its advertised business address in all of its advertisements which contain Tenant's address at the Premises.

41. Easements.

41.1 Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant shall sign any of the aforementioned documents upon request of Landlord and failure to do so shall constitute a material default of this Lease by Tenant without the need for further notice to Tenant.

41.2 The obstruction of Tenant's view, air, or light by any structure erected in the vicinity of the Building, whether by Landlord or third parties, shall in no way affect this Lease or impose any liability upon Landlord.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum or money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

43. Authority. If Tenant is a corporation, trust, or general or limited partnership, Tenant, and each individual executing this Lease on behalf of such entity, represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity. If Tenant is a corporation, trust or partnership, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority satisfactory to Landlord.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions, if such provisions are duly acknowledged by the parties hereto.

45. Offer. Preparation of this Lease by Landlord or Landlord's agent and submission of same to Tenant shall not be deemed an offer to Tenant to lease. This Lease shall become binding upon Landlord only when fully executed and delivered by Landlord to Tenant.

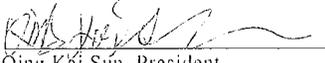
46. Lender Modification. Tenant agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Center.

47. Multiple Parties. If more than one person or entity is named as Tenant herein, except as otherwise expressly provided herein, the obligations of the Tenant herein shall be the joint and several responsibility of all persons or entities named herein as such Tenant.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

NO REPRESENTATION OR RECOMMENDATION IS MADE BY LANDLORD OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO. THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. THIS LEASE SHALL BE CONSTRUED ACCORDING TO ITS FAIR LANGUAGE AND ANY AMBIGUITIES SHALL NOT BE RESOLVED AGAINST THE DRAFTING PARTY.

IF THE TERM OF THIS LEASE (INCLUDING POTENTIAL EXTENSIONS OR RENEWALS RESULTING FROM THE EXERCISE OF OPTIONS) IS FOR A PERIOD OF AT LEAST TEN (10) YEARS AND THE GROSS LEASABLE AREA OF THE PREMISES DEMISED BY THIS LEASE EQUALS AT LEAST TEN PERCENT (10%) OF THE GROSS LEASABLE FLOOR AREA OF THE CENTER, OR IF THE PRINTED FORM OF THIS LEASE IS MODIFIED (EXCLUDING MODIFICATIONS MADE IN FILLING OUT THE BLANK LINES IN THE BASIC LEASE PROVISIONS OR IN THE WORK LETTER), THEN THIS LEASE WILL BE SUBJECT TO THE PRIOR APPROVAL BY THE CITY OF TORRANCE AND SHALL NOT BE BINDING ON LANDLORD UNTIL SUCH APPROVAL IS OBTAINED.

<p>"LANDLORD"</p> <p>M.L. Apartments, LLC.</p> <p>BY: Aspen Property Management, Inc. Its Administrative Member Doing business in California as Oregon Aspen Property Management, Inc.</p>	<p>"TENANT"</p> <p>China Buffet, Inc., a California corporation</p> <p>BY:  Qing Kai Sun, President</p> <p>BY: _____</p>
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By: Mark E. Nicol
Mark E. Nicol, Its President

Dana M. Nicol
SECRETARY
Executed at San Diego, CA on
2/4/99

Notice Address:

M.L. Apartments, L.L.C.
12555 High Bluff Drive, Suite 160
San Diego, CA 92130

(619) 350-9600 phone
(619) 350-0305 fax

, Secretary

Executed at Webster, NY on
February 2, 1999

Notice Address:

2186 Empire Blvd.
Webster, NY 14580

(716) 671-5280 phone
() ____-____ fax

**ADDENDUM TO
STANDARD GROSS OFFICE LEASE -- MULTI-TENANT**

Dated: November 24, 1998

By and Between: M.L. Apartments, L.L.C. as Landlord, and China Buffet, Inc., as Tenant.

1. Equipment.

Tenant acknowledges that I shall have the option to negotiate with the existing tenant of the Premises to purchase their equipment. Landlord agrees to assist in such discussions, at no cost to Landlord, but makes no representation that Tenant shall be able to acquire such equipment.

2. No-Disturbance and Attornment Agreements.

Landlord shall attempt to secure, on a commercially reasonable basis, a Non-Disturbance Agreement from its lender and a Non-Disturbance and Attornment Agreement from the Ground Lessor.

3. Standards of Reasonableness.

Other than as provided herein to the contrary, when either parties' consent is required, it shall not be unreasonably withheld.

4. Replacement of Lease Dated November 23, 1998

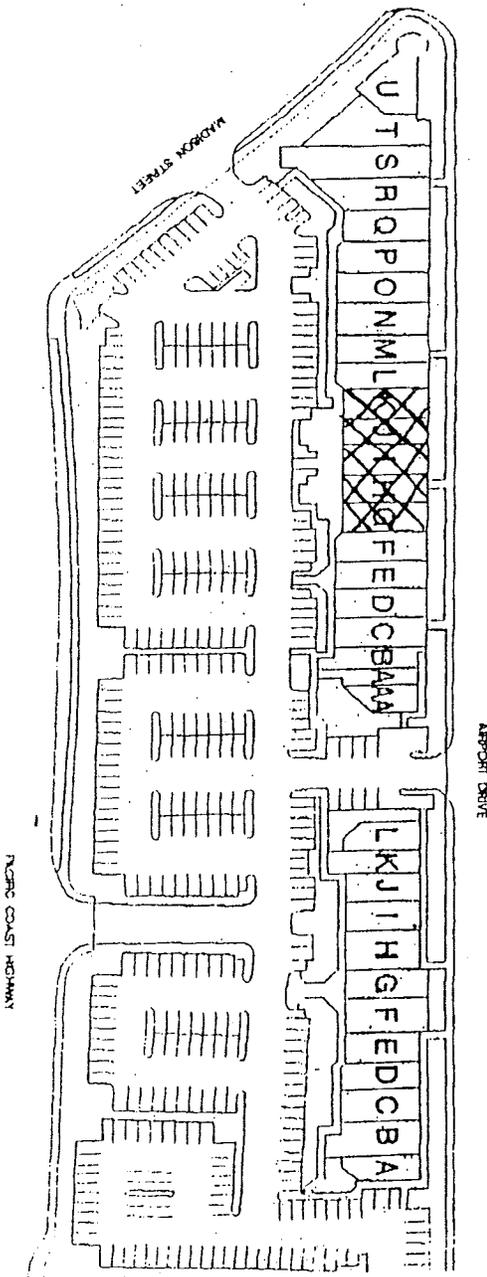
Landlord and China Buffet, Inc., a New York Corporation have entered into a lease dated November 23, 1998 which is substantially similar to this Lease. The November 23, 1998 lease included the following as paragraph 4 of the addendum:

"Assignment to a New To-Be-Formed Entity.

Tenant shall have a one-time right to assign this lease to a newly formed corporation which is wholly owned by Tenant's principals, provided that such entity is duly formed and that the assignment is completed within sixty (60) days of this Lease's execution."

This Lease is intended to replace and supercede the November 23, 1998 lease in the spirit described in the foregoing. Upon this Lease's complete execution (including the guarantee attached hereto as "Exhibit 5") by the parties and Landlord's reasonable approval of documents which evidence that Tenant has been duly formed and is wholly owned by the principals of the tenant under the November 23, 1998 lease, the November 23, 1998 lease and the guarantees thereunder shall become null and void and shall be replaced in whole by the provisions of this Lease and the guarantees hereunder.

EXHIBIT 1 42



Madison Park Retail Center

EXHIBIT "3"

RULES AND REGULATIONS FOR MADISON PARK

GENERAL

1. Tenant shall not suffer or permit the obstruction of any Common Areas, including driveways, parking areas, walkways, elevators and stairways.
2. Tenant shall implement a regular policy of pest control within the Premises and shall, at Landlord's request and at Tenant's expense, contract with a pest control contractor, approved by Landlord, to address pest control issues within the Premises as needed.
3. Landlord reserves the right to refuse access to any persons Landlord in good faith judges to be a threat to the safety, reputation, or property of the Center and its occupants. Canvassing, soliciting and distribution of hand bills or any written material and peddling in the Building shall be prohibited, and each Tenant shall cooperate to prevent same.
4. Tenant shall not make or permit any noise or odors which, in Landlord's judgment, annoy or interfere with other Tenants or persons having business with the Center, and Tenant shall not use any radio, loudspeaker, television, computer, stereo, or other device which can be seen (except computers) or heard from outside of the Premises, without Landlord's prior written consent. Tenant shall not place any antenna, aerial, transmitter, satellite dish, or similar device within or upon the Building or the Center without obtaining Landlord's written consent, which may be withheld in Landlord's sole discretion.
5. Tenant shall not keep animals or birds within the Center, and shall not bring bicycles, motorcycles or other vehicles into the Building or other areas not designated as authorized for same. Tenant shall not use in any space or in the public halls of the Building and mail carts or hand trucks except those equipped with non-marking rubber tires and sideguards or such other material-handling equipment as Landlord may approve.
6. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. If Tenant disposes of any trash, garbage or refuse in violation of this Lease, Landlord reserves the right to cure such violation and/or make arrangements for proper disposal of such materials, and Tenant shall be responsible for reimbursing Landlord for its costs associated therewith.
7. Landlord reserves the right to control and operate the Common Areas and public portions of the Building and the Center. Admission to the Building may be restricted by Landlord by means of traditional locks or other access devices. Tenant shall not alter any lock or install new or additional locks or bolts. Tenant shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost. Tenant shall obtain new keys only from Landlord.
8. Tenant shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
9. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except to install normal wall hangings. Landlord reserves the right to direct electricians as to where and how telephone, telegraph and computer wires are to be introduced to and within the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule. Tenant shall be responsible for paying for any damage caused by it, its employees, agents, invitees, guests, or customers to the Common Areas, the Building, or the Center.
10. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects, if such objects are considered necessary by Tenant, shall stand as determined by Landlord, on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any Tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building shall be acceptable to Landlord.
11. Furniture, significant freight and equipment shall be moved into or out of the Building only with the Landlord's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Landlord. Tenant shall be responsible for any damage to the Center arising from any activity. No machinery or mechanical equipment other than ordinary portable business machines may be installed or operated in the Premises, the Building, or the Center, without Landlord's prior written consent, which may be withheld in Landlord's sole judgment.
12. Except with the written consent of Landlord, Tenant shall not employ any service or contractor for services or work to be performed in the Building.
13. Landlord reserves the right to prevent access to the Building in case of invasion, mob riot, public excitement, threat of safety or to property, or other commotion by closing the doors or by other appropriate action, and in such case Tenant shall have no right for claim of offset. Landlord may preclude access to the Building on Sundays and Legal Holidays.
14. Tenant shall lock all exterior doors of its Premises when such Premises are not occupied.
15. No window coverings, shades or awnings shall be installed or used by Tenant. Tenant must use Landlord's window coverings in all exterior and atrium window offices. Tenant shall place no stickers or signs on internal or external

windows. If the Premises are visible from a Common Area, Tenant shall furnish and maintain the Premises in a first-class manner commensurate in cleanliness and quality with the Common Areas.

16. No Tenant, employee or invitee shall go upon the roof of the Building.
17. Tenant shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Landlord or by applicable governmental agencies as non-smoking areas. The Premises and Common Areas with the Building are designated as non-smoking areas.
18. Tenant shall not overload any electrical circuits. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations of which Tenant has actual notice, and Tenant shall refrain from attempting to adjust controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed, and shall close window coverings and turn off its lights at the end of each business day. Heat and air conditioning shall be available during ordinary business hours of generally recognized business days. Tenant shall not use any method of heating or air conditioning other than as provided by Landlord.
19. Tenant shall not install, maintain or operate any vending machines upon the Premises without Landlord's written consent.
20. The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of such equipment whose use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.
21. Tenants shall comply with all safety, fire protection and evacuation regulations established by Landlord or any applicable governmental agency. Tenant and its contractors, agents, employees, invitees, customers, and guests, shall not permit, use or keep in the Premises, the Building, or the Center, any kerosene, gasoline or inflammable or combustible fluids or explosive, corrosive, or otherwise dangerous substances, chemicals or material other than those quantities necessary for the operation or maintenance of office equipment. No acid, vapors, toxins or other dangerous, damaging, or hazardous materials shall be discharged or permitted to be discharged into the waste lines, vents or flues of the Center. All costs and damage resulting from such actions will be borne by Tenant.
22. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will any person (Tenant or otherwise) to any office without specific instructions from Landlord.
23. Landlord reserves the right to waive or alter any one of these rules or regulations, and/or as to any particular Tenant, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Tenant. Tenant shall be responsible for seeing that all of its employees, agents, contractors, guests and invitees comply with these rules, regulations, and applicable laws and agreements.
24. Tenant assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
25. Tenant shall not place any bars, gates, or fencing on, behind, or in front of the Premises' windows or doors without Landlord's written approval, which may be withheld in Landlord's sole, but reasonable, discretion.
26. Landlord reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Center and its occupants. Tenant agrees to abide by these and such rules and regulations.
27. Landlord shall not be responsible to any Tenant for any violation of these rules and regulations by any other Tenant or person.

PARKING RULES

28. Parking area shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "**Permitted Size Vehicles**". Vehicles other than Permitted Size Vehicles are herein referred to as "**Oversize Vehicles**".
29. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. Tenant shall furnish Landlord with state automobile license numbers for each of its cars and those owned or used by its employees, and shall notify Landlord of any changes thereto. In the event that Tenant or its employees park their vehicles in areas other than those specified by Landlord, the Landlord, at its option, may charge Tenant \$50.00 per day per car for any such car.
30. Unless otherwise instructed, every person using the parking area is required to park and lock his/her own vehicle. Landlord will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
31. Parking stickers or identification devices shall be the property of Landlord and be returned to Landlord by the holder thereof upon termination of the holder's parking privileges.
32. If Landlord implements any program related to parking, parking facilities, or transportation facilities, including, but not limited to any program of parking validation, or other program to limit, control, enhance, regulate or assist parking by visitors to the Center, then Tenant shall participate in such program.
33. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
34. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

35. If Tenant permits or allows any of the prohibited activities described in this Exhibit C, or elsewhere in this Lease, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.
36. Landlord reserves the right to waive, modify or alter these rules or any one of them, and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area and the Center. Any such waiver, shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Tenant.
37. Landlord may designate certain area of the parking areas as "visitor parking areas" and Tenant and its employees will not be permitted to park in such areas.

SIGN CRITERIA

38. All signs and their installation must comply with all local building and electrical codes.
39. Permanent signage to be attached directly on the storefront glass to be hung in the window openings must be approved in writing by Landlord prior to installation. This applies to sign that may indicate the name of the store or business, professional designation, symbol and or logo.
40. No illuminated signs are permitted without Landlord's express written consent
41. Landlord may establish standards for numbers identifying the suite number or address. In the absence of such standards Tenant shall secure Landlord's approval before installing any such sign.
42. A sign listing the business' operating hours is acceptable.
43. A sign or signs displaying nationally recognized credit cards accepted by Tenant are acceptable.
44. All signs must be prepared in a professional manner.
45. Signs may not be hand lettered, hand painted, or scripted.
46. No signs, banners, posters, notices, or advertisements may be placed outside of the Premises or on the Premises windows, unless approved in writing by Landlord.
47. All signs shall be kept in a "like-new" condition. On notice from Landlord, Tenant shall refurbish or repair any sign which does not, in Landlord's opinion, meet this standard.
48. To secure Landlord's consent or approval to these criteria, three (3) copies of the design drawing of the subject sign shall be submitted directly to Landlord's managing agent. The sign drawings are to be prepared by a reputable sign contractor, and must include an elevation drawing with the following information (a) the type, color, and sizes of all lettering; (b) the location of the sign in relation to the facade; (c) sectional representations of the sign to illustrate its fabrication type and quality; (d) colors, finishes, and types of materials; (e) linear footage of the space to be occupied by the sign; and (f) methods and means of attachment to the Premises.
49. Landlord may require all parapet signs to meet standard colors.
50. Any Tenant who is an established national franchise or chain store and has a recognized trademark letter style or logo shall be excused from complying with the foregoing criteria which apply to letter style or color.
51. Where Landlord's consent or approval is referenced within this criteria, such consent or approval may be withheld in Landlord's sole and absolute discretion. However, Landlord shall apply its discretion in a uniform and non-biased manner.
52. Landlord reserves the right to waive, modify or alter these criteria or any one of them, and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation, marketing, or presentation of Center. Any such waiver, shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Tenant.

EXHIBIT "4"

WORK LETTER

Lease Dated: November 24, 1998

By and Between: M.L. APARTMENTS, L.L.C., as Landlord, and CHINA BUFFET, INC., a California Corporation, as Tenant.

This Work Letter has been incorporated into the Lease by reference. In consideration of mutual covenants contained in this Lease, Landlord and Tenant agree that the Premises shall be improved by Tenant as set forth hereinafter with certain improvements desired to be made by Tenant hereunder (the "Tenant Improvements").

1. Tenant Improvements

1.1 Subject to Landlord's approval of preliminary and final plans and specifications as hereinafter provided, Tenant agrees to construct the Tenant Improvements in accordance with such approved plans and specifications. Landlord hereby agrees to provide Tenant with a cash allowance ("Tenant Improvement Allowance") in an amount not to exceed fourteen dollars \$14.00 per square foot (as described in Paragraph 1.2 of the Lease), in accordance with the terms and conditions of this Work Letter.

1.2 In addition to any other items that Landlord may require Tenant to remove pursuant to Paragraph 7.3 of the Lease, Tenant agrees to remove all or a portion of the Tenant Improvements installed pursuant to this Work Letter as may be required by Landlord at the expiration or earlier termination of the Lease.

2. Preliminary Plans

2.1 Within twenty (20) days following the date of execution of this Lease, Tenant, at its sole cost and expense, shall have preliminary plans and specifications prepared for the construction of the Tenant Improvements.

2.2 For a period of five (5) business days from the date Tenant delivers the preliminary plans and specifications to Landlord, Landlord shall have the right to accept and approve said preliminary plans and specifications, as delivered, or reject them. Such right of rejection or approval by Landlord shall be exercised reasonably. Acceptance or rejection of said preliminary plans and specifications shall be signified by Landlord delivering to Tenant, with said five (5) day period, the preliminary plans and specifications with each page marked "approved" or "rejected" as the case may be and signed by Landlord.

2.3 If Landlord shall not have delivered said preliminary plans and specifications marked "approved" or "rejected", as the case may be, to Tenant with said period of time, it shall be deemed that Landlord shall have rejected them.

2.4 If Landlord shall reject said preliminary plans and specifications either partially or totally, Tenant shall make a good faith effort to modify the preliminary plans and specifications so as to be acceptable to Landlord and Tenant.

3. Final Plans

3.1 Within ten (10) days following approval of the preliminary plans and specifications by the parties, Tenant, at Tenant's expense, shall have the final plans and specifications prepared (including an estimate of the cost of the Tenant Improvements), which final plans and specifications shall be in accordance with preliminary plans which shall be approved by Tenant and Landlord.

3.2 Landlord shall have the right to accept and approve said final plans and specifications, as delivered, or reject them. Such right of rejection or approval by Landlord shall be exercised reasonably. Acceptance or rejection of said final plans and specifications shall be signified by Landlord delivering to Tenant, within five (5) days following receipt thereof, a copy of said final plans and specifications with each page marked "approved" or "rejected", as the case may be, and signed by Tenant.

3.3 If Landlord shall not have delivered said final plans and specifications marked "approved" or "rejected", as the case may be, to Tenant by said date, it shall be deemed that Landlord shall have rejected them.

3.4 If Landlord shall reject said final plans and specifications either partially or totally, Tenant and Landlord shall make a good faith effort to modify the final plans and specifications so as to be acceptable to Landlord and Tenant.

3.5 The final plans and specifications when approved in writing by Landlord shall supersede the preliminary plans and any prior agreements concerning the Tenant Improvements.

3.6 In the event Tenant fails to meet any deadline set forth in Paragraph 2 and 3 of this Work Letter, all subsequent deadlines (except for the deadline set forth in Paragraph 3.7 hereof which shall remain unchanged) may be extended in Landlord's discretion by the period of such delay, and Tenant shall be chargeable with any delay in the completion of the Tenant Improvements resulting therefrom.

3.7 If, for whatever reason, Tenant and Landlord have not agreed and approved preliminary plans and specifications and final plans and specifications within forty (40) days following the execution of this Lease by both Tenant and Landlord, then Landlord, in its sole discretion, may terminate this Lease at any time after the expiration of said forty (40) day period. If Landlord so elects to terminate this Lease, then this Lease shall terminate and neither party shall thereafter be obligated to the other party for any reason whatsoever having to do with this Lease, except that Tenant shall be obligated to pay to Landlord the cost incurred by Landlord in reviewing the final plans and specifications and Landlord shall be obligated to refund to Tenant the remaining funds, if any, received pursuant to Paragraph 4 of this Lease.

4. Excess Cost

4.1 Promptly upon completion and Landlord's written approval of such final plans and specifications (including revisions), Tenant shall notify Landlord in writing of the cost of the Tenant Improvements based upon a successful bid approved in writing by Landlord selected from bids from at least three (3) contractors approved in writing by Landlord. If the amount of such successful bid exceeds the Tenant Improvement Allowance, Tenant shall demonstrate that such amounts are available and reserved for its contractor prior to disbursement by Landlord of any portion of the Tenant Improvement Allowance.

5. Change Orders.

5.1 Tenant may make reasonable modifications to the final approved plans, subject to Landlord's written approval of such changes, which approval shall not be unreasonably withheld. If any such modifications increase the cost of the construction, such additional costs shall be paid by Tenant in accordance with the terms of Section 4 above. For purposes of this Section 5.1, modifications which change the final plans significantly from their original intent, shall not be considered "reasonable modifications" under the first sentence of this Section 5.1.

6. Construction

6.1 Within one business day of their approval by the parties, Tenant shall submit its plans and specifications to the City of Torrance to obtain a building permit to construct the Tenant Improvements. Tenant shall provide Landlord with a copy of all documents submitted to or received from the City of Torrance which concern the Premises or their improvement.

6.2 Tenant shall construct the Tenant Improvements in accordance with said approved plans and specifications and all applicable County and City ordinances.

6.2 Landlord and Tenant shall cooperate with respect to design, construction procedures and work scheduled. Tenant will exercise reasonable care and judgment to both minimize interference or disruption of other tenants and to protect and preserve the Building and the Premises.

7. Completion

7.1 Tenant shall cause Substantial Completion (as hereinafter defined) of the Tenant Improvements as soon as reasonably possible after obtaining the necessary building permits.

7.2 The term " Substantial Completion ", as used with reference to the Tenant Improvements is hereby defined as the date the building department of the municipality having jurisdiction over the Premises shall have made a final inspection of the Tenant Improvements and authorized a final release of restrictions on the use of public utilities in connection therewith and the Premises and issued a Certificate of Occupancy for the Premises.

7.3 Tenant shall use its best efforts to cause Substantial Completion of the Tenant Improvements within the expiration of ninety (90) days following the issuance of necessary permits, hereinafter referred to as the "Estimated Completion Date".

7.4 If Tenant shall be delayed at any time in the progress of the construction of the Tenant Improvements by extra work, changes in construction ordered by Tenant, or by strikes, lockouts, fire, delay in transportation, unavoidable casualties, rain or weather conditions, or by any other cause beyond Tenant's control, then the Estimated Completion Date shall be extended by the period of such delay.

7.5 In the event that (i) the Tenant Improvements are not completed within either 45 days following the Estimated Completion Date or 180 days of the execution of this Lease; (ii) a lien associated with Tenant's construction remains undischarged (or is not "bonded" as described in Section 8.12 below) for a period of 30 days; or (iii) an Event of Default (as defined in Section 13.1 of the Lease) shall occur, Landlord may, in its sole and absolute discretion, (a) terminate this lease, and/or (b) complete the construction of the Tenant Improvement, and in either case or both cases, Landlord shall not be liable to Tenant for damages in any respect whatsoever and Tenant shall reimburse Landlord for any costs incurred by Landlord which it would not have incurred had the improvements been completed in a timely manner.

8. Work Done by Tenant

8.1 All work done by Tenant shall be done only in conformity with a valid building permit and all applicable rules, regulations, laws and ordinances, and shall be done in a good and workmanlike manner of good and sufficient materials. All work shall be done only by licensed contractors reasonably approved by Landlord, it being understood that all plumbing, mechanical, electrical wiring and ceiling work are to be done only by contractors approved by Landlord.

8.2 Tenant's contractor(s) shall diligently perform said work in a manner and at times which do not impeded or delay Landlord's construction in any other area of the Building.

8.3 Tenant's contractor(s) shall be responsible for the repair, replacement or clean-up of any damage caused by such contractor regardless of weather or not such damage occurs inside or outside of the Premises, or in common areas or accessways which may be used concurrently by others.

8.4 Tenant's contractor(s) shall maintain storage of their materials and supplies either within the Premises or in such areas as Landlord may designate from time to time.

8.5 All trash and surplus construction materials shall be stored only within the Premises, and shall be promptly removed from the Center. In no case are the Center's trash facilities to be used by Tenant's contractor(s).

8.6 Tenant's contractor(s) shall notify Landlord of any planned work to be done on weekends or other than during normal business hours.

8.7 Tenant's contractor(s) or subcontractors shall not post signs on any part of the Center, the Building, or the Premises.

8.8 Tenant shall be responsible for and shall obtain and record a Notice of Completion promptly following completion of the Tenant Improvements, and shall promptly forward a copy of the same to Landlord.

8.9 Prior to commencement of construction, Tenant shall obtain or cause its contractor(s) to obtain, payment and performance bonds covering the faithful performance of the construction contract(s) for the construction of the Tenant Improvements and the payment of all obligations arising thereunder. Such bonds shall be for the mutual benefit of both Landlord and Tenant and shall be issued in the names of both Landlord and Tenant as obligees and beneficiaries. Prior to the date Tenant commences construction of the Tenant Improvements, Tenant shall submit evidence satisfactory to Landlord that such bonds have been issued.

8.10 Prior to commencement of construction, Tenant shall submit to Landlord evidence of insurance as required under Paragraph 8.1 of the Lease.

8.11 Tenant's contractor(s) shall carry worker's compensation insurance as required by law. Tenant's contractor(s) shall carry liability insurance insuring against bodily injury and property damage arising out of such contractor's (s') work in or about the Premises with minimum limits of at least One Million Dollars (\$1,000,000) combined single limit coverage, insuring such contractor(s), all subcontractors, Tenant, Landlord, and Ground Landlord.

8.12 Tenant shall give Landlord not less than twenty (20) days notice prior to the commencement of any work in the Premises by Tenant, and Landlord shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. Tenant shall pay or cause its contractor(s) to pay, when due, all claims for labor and materials furnished or alleged to have been furnished to or for Tenant at, or for use in, the Premises, which claims are or may be secured by a mechanic's or materialmen's lien against the Premises, Building or Center, or any interest therein. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement against the Landlord or the Premises, the Building or the Center, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises, the Building and the Center free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's reasonable attorneys fees and costs in participating in such action if Landlord shall decide it is in Landlord's best interest so to do.

8.13 The indemnity provisions of Paragraph 8.7 of the Lease shall apply to Tenant during construction of the Tenant Improvements.

8.14 Tenant's contractor(s) shall include or acknowledge the provisions of this Section 8 within their contracts.

9. Tenant Improvement Allowance.

9.1 Tenant shall use the Tenant Improvement Allowance for the improvement and fixturing of the Premises only. In no event shall the Tenant Improvement Allowance be used for personal property.

9.2 The Tenant Improvement Allowance shall be paid in the form of progress payments based on the portion of Tenant Improvements completed, and in accordance with Tenant's draw requests as follows: Tenant shall submit to Landlord, on the first day of the calendar month after the month in which the Tenant Improvement work is commenced, Tenant's draw request consisting of an architect's "Application and Certificate for Payment" form, certified by Tenant's architect, which shall show thereon the percentage of work completed and the amount of the payment requested by Tenant's contractor, and which shall, in addition, show in sufficient detail the work performed for which payment is sought. Similar draw requests shall be submitted on the first day of each subsequent calendar month until Substantial Completion has occurred. All such draw requests shall be accompanied by conditional or unconditional lien releases, receipted bills for work already paid for, and in the case of work not yet paid for, such evidence of payment shall be submitted within ten (10) days thereafter. Provided Landlord shall approve such draw requests by Tenant, Landlord shall within ten (10) days

thereafter, pay to Tenant ninety percent (90%) of the amount of such request and shall retain ten percent (10%) until final disbursement. With regard to such final draw request, Landlord shall pay to Tenant the amount of such final draw request (including the ten percent (10%) retainage) within 30 days after the date of Substantial Completion of the Tenant Improvements has occurred and Tenant has submitted to Landlord (i) an architect's certificate certifying completion of the work in full compliance with the approved final plans, (ii) evidence of payment by Tenant of all costs and claims on account of labor and materials furnished to Tenant by any contractors, subcontractors, and materialmen, together with mechanics lien releases and other lien releases on account of all work performed on the Premises and a copy of the Notice of Completion, and (iii) final "as-built" plans.

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EXHIBIT "5"

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (this "Guaranty") is made as of November 24, 1998, by Qing Kai Sun, a married individual ("Guarantor") whose addresses are set forth in Section 9 below in favor of M.L. APARTMENTS, L.L.C. ("Landlord").

WHEREAS, Landlord and China Buffet, Inc., a New York Corporation ("Tenant"), desire to enter into that certain Standard Retail Lease (Triple Net) (the "Lease"), concerning the premises located at Suite(s) G-K of 3525 Pacific Coast Highway, in the City of Torrance, County of Los Angeles, State of California and more particularly described in the Lease;

WHEREAS, Guarantors have a financial or other significant interest in or relationship with Tenant; and

WHEREAS, Landlord would not execute the Lease if Guarantors did not execute and deliver to Landlord this Guaranty.

NOW, THEREFORE, for and in consideration of the execution of the Lease by Landlord and as a material inducement to Landlord to execute said Lease, Guarantors and each of them hereby unconditionally and irrevocably guaranties the payment and performance by Tenant of each and every one of the terms, conditions and covenants of the Lease to be paid and performed by Tenant during the term of the Lease (including, without limitation, the payment by Tenant of all Rentals (as defined below) and other sums payable by Tenant under the Lease), all in the manner set forth in the Lease (individually and collectively, the "Guaranteed Obligations"). Guarantors further agree as follows:

1. It is specifically agreed and understood that the terms of the Lease may be altered, affected, modified or changed by agreement between Landlord and Tenant (or by course of conduct) and the Lease may be assigned by or with the consent of Landlord or any assignee of Landlord without consent or notice to Guarantors and that this Guaranty shall thereupon and thereafter guaranty the Guaranteed Obligations as so changed, modified, altered or assigned.
2. This Guaranty shall not be released, modified or affected by failure or delay on the part of Landlord to enforce any of the rights or remedies of Landlord under the Lease, whether pursuant to the terms thereof or at law or in equity, or by any release of any person or entity liable under the terms of the Lease.
3. The liability of Guarantors under this Guaranty shall continue until all Rentals and other sums due during the term of the Lease have been paid in full and until all other obligations to Landlord have been satisfied. If all or any portion of Tenant's obligations due under the Lease are paid or performed by Tenant, the obligations of Guarantors hereunder shall continue and remain in full force and effect in the event that all or any part of such payment(s) or performance(s) is avoided or recovered directly or indirectly from Landlord as a preference, fraudulent transfer or otherwise.
4. Guarantors warrant and represent to Landlord that Guarantors now have and will continue to have full and complete access to any and all information concerning the Lease, the value of the assets owned or to be acquired by Tenant, Tenant's financial status and its ability to pay and perform the Guaranteed Obligations. Guarantors further warrant and represent that Guarantors have reviewed and approved copies of the Lease and are fully informed of the remedies Landlord may pursue, with or without notice to Tenant, in the event of default under the Lease. So long as any of the obligations of Guarantors hereunder remain unsatisfied or owing to Landlord, Guarantors shall keep fully informed as to all aspects of Tenant's financial condition and the performance of the Guaranteed Obligations.
5. The liability of Guarantors under this Guaranty is a guaranty of payment and performance and not of collectibility, and is not conditioned or contingent upon the genuineness, validity, regularity or enforceability of the Lease or the pursuit by Landlord of any remedies which it now has or may hereafter have with respect thereto, at law, in equity or otherwise.
6. Guarantors hereby waive to the extent permitted by law: (i) all notices to Guarantors, to Tenant, or to any other person, including, but not limited to, notices of the acceptance of this Guaranty or the creation, renewal, extension, assignment, modification or accrual of any of the obligations owed to Landlord under the Lease and, except to the extent set forth in Paragraph 8 hereof, enforcement of any right or remedy with respect thereto, and notice of any other matters relating thereto; (ii) notice of acceptance of this Guaranty; (iii) demand of payment, presentation and protest; (iv) any right to require Landlord to apply to any default any security deposit or other security it may hold under the Lease; (v) any statute of limitations affecting the liability of Guarantors hereunder or the enforcement hereof; and (vi) all principles or provisions of law which conflict with the terms of this Guaranty. Guarantors further agree that Landlord may enforce this Guaranty upon the occurrence of a default under the Lease, notwithstanding any dispute between Landlord and Tenant with respect to the existence of said default or the payment or performance of the Guaranteed Obligations or any counterclaim, set-off or other claim which Tenant may allege against Landlord with respect thereto, provided, however, that if Tenant prevails in its assertion of such counterclaim, set-off or other claim, then Guarantors' monetary obligations to Landlord shall be appropriately reduced, and if Guarantors previously have paid to Landlord any amount(s) with respect to the subject matter of such asserted counterclaim, set-off or other claim, Landlord promptly shall return such amount(s) to Guarantors. Moreover, Guarantors agree that the obligations of Guarantors shall not be affected by any circumstances which constitute a legal or equitable discharge of a guarantor or surety.
7. Each Guarantor agrees that Landlord may enforce this Guaranty without the necessity of proceeding against Tenant or any other Guarantor. Each Guarantor hereby waives the right to require Landlord to proceed against Tenant or any other Guarantor or to exercise any right or remedy under the Lease or to pursue any other remedy or to enforce any other right.

8. (a) Each Guarantor agrees that nothing contained herein shall prevent Landlord from suing on the Lease or from exercising any rights available to it thereunder and that the exercise of any of the aforesaid rights shall not constitute a legal or equitable discharge of such Guarantor.

(b) Each Guarantor agrees that such Guarantor shall have no right of subrogation against Tenant or any right of contribution against any other Guarantor unless and until all Rentals and all other sums due under the Lease have been paid in full and all other obligations under the Lease have been satisfied. Each Guarantor further agrees that, to the extent the waiver of such Guarantor's rights of subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation such Guarantors may have against Tenant shall be junior and subordinate to any rights Landlord may have against Tenant, and any rights of contribution such Guarantors may have against any other Guarantor shall be junior and subordinate to any rights Landlord may have against such other Guarantor.

(c) To the extent any dispute exists at any time between any Guarantor and a third party as to such Guarantor's right to contribution or otherwise, such Guarantor agree to indemnify, defend and hold Landlord harmless from and against any loss, damage, claim, demand, cost or any other liability (including, without limitation, reasonable attorneys' fees and costs) Landlord may suffer as a result of such dispute.

(d) The obligations of each Guarantor under this Guaranty shall not be altered, limited or affected by any case, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant or by any defense which Tenant may have by reason of the order, decree or decision of any court or administrative body resulting from any such case. Landlord shall have the sole right to accept or reject any plan on behalf of any Guarantor proposed in such case and to take any other action which such Guarantor would be entitled to take, including, without limitation, the decision to file or not file a claim. Each Guarantor acknowledges and agrees that any payment which accrues with respect to Tenant's obligations under the Lease (including, without limitation, the payment of Rentals) after the commencement of any such proceeding (or, if any such payment ceases to accrue by operation of law by reason of the commencement of said proceeding, such payment as would have accrued if said proceedings had not been commenced) shall be included in such Guarantor's obligations hereunder because it is the intention of the parties that said obligations should be determined without regard to any rule or law or order which may relieve Tenant of any of its obligations under the Lease. Each Guarantor hereby permits any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors or similar person to pay Landlord, or allow the claim of Landlord in respect of, any such payment accruing after the date on which such proceeding is commenced. Each Guarantor hereby assigns to Landlord such Guarantor's right to receive any payments from any trustee in bankruptcy, receiver, debtor-in-possession, assignee for the benefit of creditors or similar person by way of dividend, adequate protection payment or otherwise.

9. Any notice, statement, demand, consent, approval or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Guaranty or pursuant to any applicable law or requirement of public authority, shall be in writing (whether or not so stated elsewhere in this Guaranty) and shall be deemed to have been properly given, rendered or made only if hand-delivered or sent by first-class mail, postage pre-paid, addressed to the other party at its respective address set forth below, and shall be deemed to have been given, rendered or made on the day it is hand-delivered or on the third business day after the day it is mailed. By giving notice as provided above, either party may designate a different address for notices, statements, demands, consents, approvals or other communications intended for it.

To Guarantor: Qing Kai Sun
2186 Empire Blvd.
Webster, NY 14580

To Landlord: c/o Aspen Property Management
12555 High Bluff Drive, Suite 160
San Diego, California 92130

10. Each Guarantor represents and warrants to Landlord as follows:

(a) No consent of any other person, including, without limitation, any creditors of such Guarantor, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by such Guarantor in connection with this Guaranty or the execution, delivery, performance, validity or enforceability of this Guaranty and all obligations required hereunder. This Guaranty has been duly executed and delivered by such Guarantor, and constitutes the legally valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms.

(b) The execution, delivery and performance of this Guaranty will not violate any provision of any existing law or regulation binding on such Guarantor, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on such Guarantor, or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which such Guarantor is a party or by which such Guarantor or any of such Guarantor's assets may be bound, and will not result in, or require, the creation or imposition of any lien on any of such Guarantor's properties, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

11. The obligations of Tenant under the Lease to execute and deliver estoppel statements and financial statements, as therein provided, shall be deemed to also require each Guarantor to do and provide the same relative to such Guarantor.

12. This Guaranty shall be binding upon Guarantors, the heirs, representatives, administrators, executors, successors and assigns of Guarantors and shall inure to the benefit of and shall be enforceable by Landlord, its successors, transferees and assigns.

13. Each Guarantor shall have joint and several liability for the Guaranteed Obligations.

14. All initial capitalized terms not specifically defined in this Guaranty shall have the meanings assigned to them in the Lease. As used herein, the following terms shall include the meanings specified below:

(a) "Landlord" refers to and means the landlord specifically named in the Lease and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee in the Lease or any part thereof or in the building or the part thereof that includes the property covered by the Lease, whether by assignment or otherwise. So long as the Landlord's interest in or to the property or the rents, issues and profits therefrom, or in, to or under the Lease, are subject to any mortgage or deed of trust or assignment for security, no acquisition by any Guarantor of the Landlord's interest in the property or under the Lease shall affect the continuing obligations of Guarantors under this Guaranty, which obligations shall continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment, of any purchaser at sale by judicial foreclosure or under private power of sale, and of the successors and assigns of any such mortgagee, beneficiary, trustee, assignee or purchaser.

(b) "Tenant" refers to and means the tenant specifically named in the Lease and also any assignee, sublessee or transferee of said Lease and also any successor to the interests of said Tenant, assignee, sublessee or transferee of such Lease or any part thereof, whether by assignment, sublease or otherwise.

(c) "Rentals" refers to and includes (i) all Base Rent payable under the Lease, as such Base Rent may be adjusted from time, (ii) any Common Area Maintenance Expenses payable under the Lease, (iii) any Adjustments or other additional rent or other charges payable from time to time under the Lease, and (iv) all amounts (whether or not characterized as rents) that may be owing by Tenant under the Lease or by law after any default by Tenant under the Lease.

15. In the event of any dispute or litigation regarding the enforcement or validity of this Guaranty, the non-prevailing party shall be obligated to pay all charges, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the prevailing party, whether or not any action or proceeding is commenced regarding such dispute and whether or not such litigation is prosecuted to judgment.

16. Every provision of this Guaranty is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

17. This Guaranty may be executed in any number of counterparts each of which shall be deemed an original and all of which shall constitute one and the same Guaranty with the same effect as if all parties had signed the same signature page. Any signature page of this Guaranty may be detached from any counterpart of this Guaranty and re-attached to any other counterpart of this Guaranty identical in form hereto but having attached to it one or more additional signature pages.

18. No failure or delay on the part of Landlord to exercise any power, right or privilege under this Guaranty shall impair any such power, right or privilege, or be construed to be a waiver of any default or an acquiescence therein, nor shall any single or partial exercise of such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

19. Landlord shall release this Guarantee after five (5) years of Tenant's operation within the Premises, so long as no default exists under the Lease at such time.

IN WITNESS WHEREOF, Guarantors have executed this Guaranty as of the day and year first above

written.


Qing Kai Sun, a married individual

Executed at Buckhara, N.Y.

on February 2, 1999

EXHIBIT "6"

TENANCY STATEMENT

MADISON PLAZA STANDARD RETAIL LEASE

TO WHOM IT MAY CONCERN:

RE: Madison Park Standard Retail Lease (Triple Net) ("Lease"), dated November 24, 1998 by and between M.L. Apartments, L.L.C., as Landlord, and China Buffet, Inc., a New York Corporation as Tenant, concerning the premises known as Suites G-K of 3525 Pacific Coast Highway, in the City of Torrance, County of Los Angeles, State of California, ("Premises"), which Lease was amended on _____ and guaranteed by _____ ("Guarantor(s)") (it will be presumed no amendments or guarantees exist unless they are specified above).

The undersigned does hereby certify to you as follows:

1. True copies of the above referenced Lease as amended and the guarantees, if any, are attached hereto marked Exhibit "1". (Attach copy of Lease, all amendments and guarantees).

2. The lease term commenced _____ and expires on _____.

3. The current monthly rent and common area maintenance expenses are as follows:

Amount	\$ _____
Day Of Month Due	_____
Paid Up To Date	_____
Rent	\$ _____
Operating Expenses	\$ _____

No rents or pass-throughs have been prepaid except as reflected in the Lease. (It will be presumed that no expense pass-throughs are currently required unless set forth above).

4. The current amount of security deposit held by Landlord is _____.

5. The Lease has not been modified, orally or in writing, since its execution, except as hereinabove identified. The Lease as so amended is in full force and effect and contains the entire agreement between Landlord and Tenant except (it will be assumed no exceptions exist unless they are specified here):

6. The improvements and space required to be furnished by Landlord have been furnished and completed in all respects to the satisfaction of Tenant, and all promises of an inducement nature by Landlord have been fulfilled except (it will be assumed no exceptions exist unless they are specified here):

7. To the undersigned's best knowledge, there are no uncured defaults by Landlord or Tenant under the Lease, and the undersigned is not aware of the existence of any circumstances that would constitute a default under the Lease if not cured within the applicable grace period after written notice by either Landlord or Tenant to the other party except (it will be assumed no exceptions exist unless they are specified here):

8. There is no dispute between Landlord and Tenant concerning the Lease, the Premises, or the improvements therein or thereon except (it will be assumed no exceptions exist unless they are specified here):

9. Tenant is in full and complete possession of the Premises and has not assigned or sublet any portion of the Premises except (it will be assumed no exceptions exist unless they are specified here):

10. The undersigned has no notice or knowledge of any prior sale, transfer, assignment or encumbrance of the Landlord's or Tenant's interest in the Lease, except (it will be assumed no exceptions exist unless they are specified here):

11. Tenant has made no alterations or additions to the Premises, except (it will be assumed no exceptions exist unless they are specified here):

If alterations or additions have been made by Tenant, to the undersigned's best knowledge, all such alterations and additions by Tenant were done in accordance with the terms of the Lease and were in compliance with all applicable laws, rules and regulations.

12. The guarantees of the Guarantors named above are still in force and effect, except (it will be assumed no exceptions exist unless they are specified here):

13. Neither the Tenant, nor Guarantor are currently the subject of a bankruptcy proceeding, except (it will be assumed no exceptions exist unless they are specified here):

14. The undersigned is aware that buyers, lenders and others will rely upon the statements made in this Statement, and the undersigned has therefore adjusted the language of this Statement as necessary to make it an accurate statement of the current facts concerning the Lease. If no such adjustments have been made, said parties may rely upon the

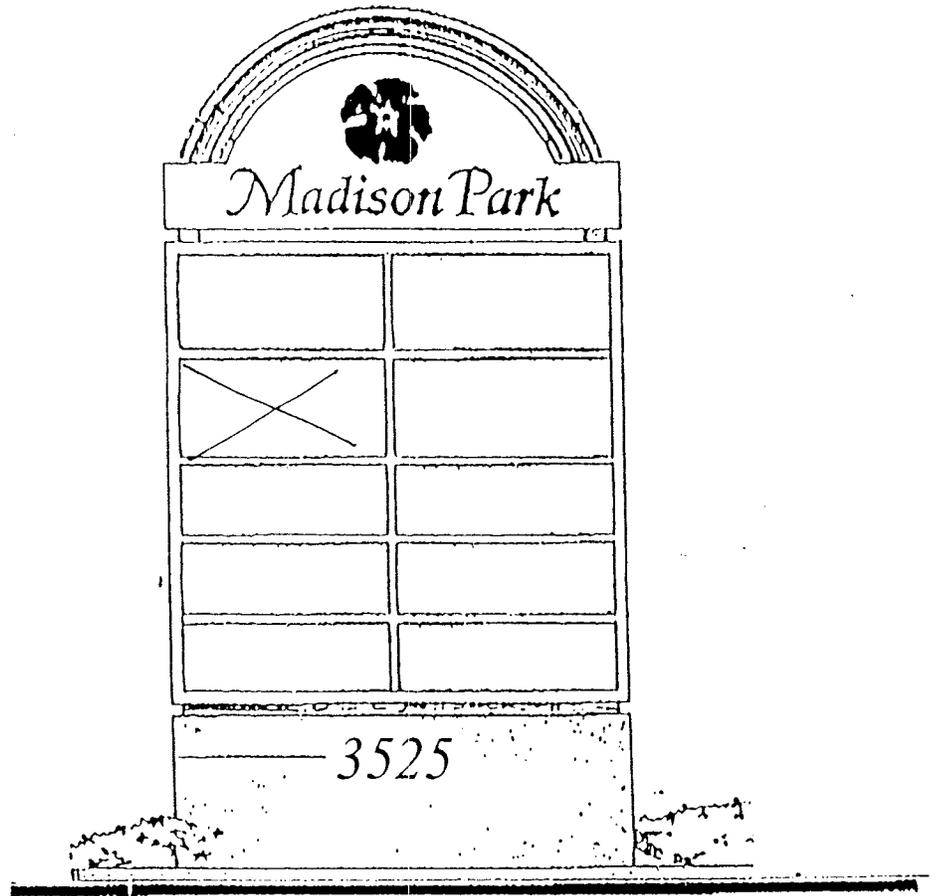
statements in the form as printed.

15. The person or entity signing this Tenancy Statement is { } the Tenant, { } the Landlord, { } the Guarantor.

16. Additional items (it will be assumed no exceptions exist unless they are specified here):

Date: January 2, 1999 [Signature]
(Fill in date of execution)

EXHIBIT 7



ILLUMINATED DOUBLE-FACED MONUMENT SIGN

FACING EAST

EXHIBIT 7



ILLUMINATED DOUBLE-FACED MONUMENT SIGN

FACING WEST