



**Coffee Shop / ABCDE, LLC**

**Date Reviewed: 03/16/2017 LPID: ABC-DE-001**

**Commercial Lease, dated May 5, 2007 ("Lease")**

Basic Information:	Document	Section	
<b>Landlord:</b> <small>[As reflected in the most recent legal document]</small>	2 <sup>nd</sup> Amend	Recitals	ABCDE, LLC
<b>Tenant:</b> <small>[As reflected in the most recent legal document]</small>	2 <sup>nd</sup> Amend	Recitals	All Things Coffee, dba Coffee Shop
<b>Property Address:</b>	Lease	1	The Shopping Center 1234 One Way Street, Hollywood, CA
<b>Suite #:</b>	Lease	1, Ex. A	Space #205
<b>Rentable Square Feet:</b>	Lease	1	Approx. 1,215 sq. ft.
<b>Pro Rata Share:</b>	Lease		1.12%
<b>Business Hours:</b>	Lease	5.3	9:00 a.m. -6:00 p.m. Monday – Friday; 10:00 a.m. – 5:00 p.m. Saturday and Sunday.

Term:	Document	Section	
<b>Lease Commencement Date:</b>	1 <sup>st</sup> Amend	Recitals A	06/15/2007
<b>Rent Commencement Date:</b>	Lease	3.1	06/15/2007
<b>Lease Expiration Date:</b>	2 <sup>nd</sup> Amend	3	06/30/2027
<b>Term:</b>			Approx. 20 yrs. (Abstractor calculated.)
<b>Holdover:</b>	Lease	23.10	At 150% of Base Rent plus all other charges, if w/out LL's consent.

Rent:	Document	Section	<u>Period Annual Monthly Annual PSF</u>			
			Period	Annual	Monthly	Annual PSF
<b>Base Rent:</b>	2 <sup>nd</sup> Amend	3	07/01/2015-06/30/2017			
			07/01/2017-06/30/2027	\$123,750.00		
				\$127,575.00	\$10,312.50	
				\$10,631.25	\$99.00	
				\$105.00		



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Rent:	Document	Section	
<b>Renewal Rent:</b>	2 <sup>nd</sup> Amend	3	07/01/2027-06/30/2032 07/01/2032-06/30/2037 FMV  FMV FMV  FMV FMV  FMV
<b>Rent Abatement:</b>	2 <sup>nd</sup> Amend	6	Rent is abated from 11/01/2017 to 12/31/2017.
<b>Security Deposit:</b>	Lease	43	\$10,312.50; w/o interest.
<b>Late Fee / Interest:</b>	Lease	14.2c	<b>Late Fee:</b> If T fails to pay any sum w/in 10 days of date due, T pays a late charge of 7% of such amount. Late charge does not apply to the first time in any calendar yr. unless T fails to make payment w/in 10 days of receipt of LL's written notice. LL is not required to give written notice more than once in any calendar yr. prior to late charge. <b>Interest:</b> Any amount not paid w/in 10 days after due, shall bear interest at the lesser of (i) 18% or (ii) max legal rate.

Percentage Rent:	Document	Section	
<b>Gross Sales:</b>			
<b>Inclusions:</b>	Lease	44	Standard inclusions detailed in Lease.
<b>Exclusions:</b>	Lease	44	Standard exclusions detailed in Lease.
<b>Breakpoints:</b>	Lease	44	<b>Period Breakpoint Percentage Type</b> 07/01/2012-06/30/2015 07/01/2015-06/30/2017 \$600,000.00  \$700,000.00 5%  5% Artificial  Artificial
<b>Sales Reporting:</b>	Lease	44	Annually: w/in 30 days after the end of each yr.
<b>Landlord Audit Rights:</b>	Lease	44	LL may audit books and records upon 10 days' prior notice, w/in 90 days after the end of any given yr.

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<b>Additional Rent:</b>	<b>Document</b>	<b>Section</b>	
<b>CAM / Operating Expenses:</b>	Lease 2 <sup>nd</sup> Amend.	12 10	<p>T shall pay its PRS of all costs incurred by LL in operating, maintaining, repairing and managing the Common Areas ("CAM").</p> <p>CAM includes (i) repairing, maintaining and replacing the Common Areas, including the roofs of all bldgs. w/in the Shopping Center, (ii) overlay of the parking lot, (iii) reasonable depreciation of equipment used in operating and maintaining the Common Areas, (iv) fees paid or assessed by LL for mgmt. of the Shopping Center, (v) admin. costs equal to 15% of CAM and (vi) amortized cost of structural repair or replacement.</p> <p>CAM excludes (i) the cost of any capital addition or replacement to the Shopping Center (or reserves therefor), except CAM may include the amortized cost of such capital addition or replacement and (ii) admin. and/or mgmt. fees, except as included above.</p> <p>Cap: Following the expiration of the calendar yr. in which the Lease commences, T's PRS of CAM (excluding cost of Common Area snow and ice removal, utilities and security) in each subsequent calendar yr. of the Initial Term shall not increase by more than 7% of the amount payable for the immediately preceding calendar yr., on a non-cumulative basis. T's PRS of CAM, including all mgmt. and admin. fees, and Insurance Charge, was not to exceed \$3.50 PSF 2012 calendar year.</p>
<b>Gross Up:</b>	Lease	12	100%
<b>Real Estate Taxes:</b>	Lease	10	T pays PRS of RE Taxes over the Base Yr.
<b>Base Year / Expense Stop:</b>	2 <sup>nd</sup> Amend.	10	Base Yr.: calendar yr. 2012.
<b>Landlord's Insurance:</b>	Lease	12	T pays its PRS of LL's insurance. Included in CAM.
<b>Tenant Audit Rights:</b>	Lease	12	T may audit LL's records w/in 90 days after receipt of statement.
<b>Utilities-Premises:</b>	Lease	11	T pays all utilities.
<b>Landlord Services:</b>			Retail Lease – N/A
<b>After Hours / Excess Services:</b>			Retail Lease – N/A
<b>Marketing Fund:</b>	Lease	1.1p, 14.1	<p><b>Promotional Fund:</b> T shall pay \$0.50 PSF / annum, provided at least 75% of the other non-Major Tenants are similarly obligated. Such amount shall be increased annually by the CPI, but not more than 5% of the prior yr.'s charge.</p> <p><b>Media Fund:</b> T shall pay \$0.50 PSF / annum, provided at least 75% of the other non-Major Tenants are similarly obligated. Such amount shall be adjusted annually by the increase or decrease in the local advertising rates, maximum 5%, and not less than initial amount.</p>



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<b>Additional Rent:</b>	<b>Document</b>	<b>Section</b>	
<b>Repairs / Maintenance – Premises:</b>	Lease	6.1, 6.2	<p>T, at T’s expense, shall keep the Premises and its outdoor seating area in good order and repair including: maintaining all plumbing, HVAC, electrical and lighting facilities and equipment w/in and exclusively serving the Premises; store front; plate glass; and T shall steam clean the sidewalk in front of the Premises. T shall not be required to make any structural or seismic repairs, improvements or alterations to the Premises or the Bldg.</p> <p>LL, at its cost, to make all other repairs and/or replacements to the Premises and the Bldg. such repairs, replacements and maintenance shall include the upkeep of the roof, foundation, exterior walls, interior structural walls, all structural components of the Bldg., drainage systems on the property, and all utility systems including mechanical, electrical and HVAC systems and plumbing systems which serve the Bldg.</p> <p>LL may allocate the cost of such maintenance equitably among all tenants pursuant to Sec. 12.</p>
<b>Tenant Options:</b>	<b>Document</b>	<b>Section</b>	
<b>Renewal:</b>	2 <sup>nd</sup> Amend	2	Two remaining 5 yr. option by written notice at least 180 days prior to the ED.
<b>Expansion:</b>	2 <sup>nd</sup> Amend.	14	T has the right to lease additional Basement Space at \$30.00 PSF annually. T has further option to reduce Basement Space upon one mo. written notice.
<b>Contraction:</b>			See Expansion above.
<b>Right of First Refusal:</b>	2 <sup>nd</sup> Amend.	15	T has a ROFR to lease Space #207 (currently the laundromat space) for the Permitted Use. T to exercise ROFR by written notice w/in 30 days of LL’s written notice.
<b>Right of First Offer:</b>	2 <sup>nd</sup> Amend.	16	T has a ROFO to purchase the Property. T to exercise ROFO by written notice and execution of joint escrow instructions w/in 90 days of LL’s written Offer Notice. Option is personal to T.
<b>Termination:</b>	Lease	19	<p>T may terminate by written notice at least 120 days prior to the Early Termination Date. T shall pay LL a sum equal to (i) the undepreciated value of leasing commission, and (ii) the unamortized value of the cost of LL’s work.</p> <p>Early Termination Date: On or after the last day of the 5<sup>th</sup> full Lease Yr.</p>
<b>Purchase:</b>			See ROFO above.

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<b>Landlord Options:</b>	<b>Document</b>	<b>Section</b>	
<b>Termination:</b>	2 <sup>nd</sup> Amend.	17	LL may terminate, if T's gross sales are less than \$1,100,000 per annum, any time after 06/30/2018, by providing 90 day notice. Notice must be given w/in 60 days of T providing annual gross sales statement.
<b>Relocation:</b>	Lease	45	LL may at any time, upon 30 days prior notice, relocate T to other space in the Shopping Center.

  

<b>Use / Restrictions:</b>	<b>Document</b>	<b>Section</b>	
<b>Permitted Use:</b>	Lease	5	T may use Premises for a coffee store, including the retail sale of (i) whole and ground coffee beans, (ii) coffee by the cup, (iii) espresso-based drinks, (iv) pre-packaged coffee beans, (v) teas and spices (vi) coffee and tea related equipment and supplies, (vii) books, magazines and newspapers (viii) baked goods; and (ix) assorted salads, sandwiches and gourmet food items.
<b>Prohibited Use:</b>	Lease	5.2	T shall comply w/ all rules and regulations made by any government authority w/ jurisdiction over T's use of the Premises pertaining to the physical condition of any improvement constructed by T and T's operations in the Premises.
<b>Exclusive Use:</b>	Lease	5.4	LL shall not allow any other person or entity (except tenants in the Shopping Center as of the date of the Lease) to use their premises for the sale of: (i) freshly ground or whole coffee beans, (ii) espresso or espresso-based coffee drinks, or (iii) gourmet, brand-identified brewed coffee. Restriction also applies to kiosks and carts. Any person or entity that becomes a tenant in the Shopping Center following the date of the Lease may sell T's exclusive items provided such sales do not exceed 10% of such tenants' gross sales. Restriction does not apply House Pizza ("HP") provided that to the extent LL has approval rights over a successor and/or assign of HP and their use, LL shall not allow such tenant to sell whole beans, drip coffee in excess of 10% of such tenants gross sales or espresso in excess of 5% of such tenants' gross sales.
<b>Radius Restrictions:</b>	Lease	5.5	3 miles.
<b>Go Dark:</b>	Lease	5.6	T shall continuously operate.
<b>Co-tenancy:</b>	Lease	5.7	If at any time during the Term Barnes and Noble cease to operate in the Shopping Center for more than 90 days, T may pay 5% of Gross Sales in lieu of Base Rent ("Alternate Rent"). If T pays Alternate Rent for more than 6 months, T shall terminate or resume paying Base Rent.



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<b>Use / Restrictions:</b>	<b>Document</b>	<b>Section</b>	
<b>Landlord Restrictions:</b>	Lease	20	LL shall not allow any permanent kiosks, cart or other obstruction to be constructed or placed on the property w/in 150 ft. of the Premises. Any changes, additions or alterations to the Premises, or Shopping Center shall not materially affect the conduct of T's business, or detract from T's signage, create confusion regarding the business conducted in the Premises, or adversely affect the presentation of T's exterior signage and storefront.
<b>Legal / Financial:</b>	<b>Document</b>	<b>Section</b>	
<b>Assignment &amp; Subletting:</b>	Lease	13	T may not assign or sublet w/out LL's written consent, which shall not be unreasonably withheld. T may sublet or assign w/out LL's consent to a purchaser of substantially all of T's tangible property in the Premises and not less than 3 of T's other stores provided that as of the date of the transfer, the purchaser has a net worth of at least \$3M. LL shall not be entitled to any profits. T remains liable other than a Permitted Transfer. If LL's consent is required for an assignment/sublet then LL shall have been deemed to have given its consent, unless LL notifies in writing LL's disapproval for assignment or sublet w/in 14 days after receipt of request.
<b>Subordination / SNDA:</b>	Lease	23.13	Lease is subordinate to all current and future mortgages, provided lender agrees in writing that T's use or possession of the Premises shall not be disturbed, nor shall its obligations be enlarged, or its rights abridged.
<b>Default:</b>	Lease	14.1	Monetary: 10 business days after LL's written notification, provided LL shall not be required to give more than one notice in any 12 mo. period. During the remainder of such 12 mo. period, w/in 10 days of its due date. Non-monetary: 30 days after written notice.
<b>Estoppel Certificate:</b>	Lease	23.1	T to execute and deliver on not less than 20 days prior written notice, but no more than twice in any Lease Yr.
<b>Landlord Notices:</b>	2 <sup>nd</sup> Amend Lease	Recitals A 25	ABCDE, LLC c/o John Doe 100 Market Street New York, NY Attn: Legal Department
<b>Tenant Notices:</b>	Lease	25	All Things Coffee, dba Coffee Shop P.O. Box 1234 New York, NY Attn: Property Management Department

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Miscellaneous:	Document	Section	
<b>Tenant's Insurance:</b>			
<b>Liability:</b>	Lease	7.1.1	Personal injury, bodily damage and property damage insurance in an amount of not less than \$1M for injury or death of one person in any one accident or occurrence and in amount not less than \$2M for injury or death of more than one person in any accident or occurrence.
<b>Property:</b>	Lease	7.1.2	Commercial property form insurance w/ a special form endorsement of at least 80% of the insurable value of T's equipment and inventory of the Premises.
<b>Tenant Improvements:</b>	Lease	4.2	Improvement Allowance: \$30,000.00. None remaining.
<b>Alterations:</b>	Lease	6.5	T may make interior non-structural alterations to the Premises including: changing color schemes; installing new countertops; flooring; wall covering and modifying the layout of the tenant fixtures w/out LL's consent. T may not make alterations which affect the structure or the mechanical systems of the Bldg. w/out LL's written consent.
<b>Signage:</b>	Lease	16	T, at T's cost, may install signs in or about the Premises, or on the Bldg. to the maximum extent allowed by law; provided T receives LL's consent for the location and design of any pylon signs. All signs should comply w/ all laws, regulations and rules. LL shall not allow any signage other than T's to be erected on the exterior walls of the Premises or on the face of the Bldg. or on the roof above the Premises.
<b>Parking:</b>	Lease	48	T and employees shall part in designated areas.
<b>Merchants' Association:</b>	Lease	50	T shall join the Merchants' Association & pay minimum dues including increases.
<b>Additional Information:</b>			
<b>Guarantor:</b>	Guaranty		Coffee Headquarters
<b>Brokers:</b>	Lease	23.19	LL shall pay a commission to Broker & Associates pursuant to a separate letter agreement.
<b>Additional Documents:</b>			Second Amendment to Commercial Lease, dated 01/10/2014 ("2 <sup>nd</sup> Amend") First Amendment to Commercial Lease, dated 05/05/2007 (1 <sup>st</sup> Amend") Guaranty, undated