

**AGRICULTURAL LEASE AGREEMENT**  
**( \_\_\_\_\_ Ranch)**

THIS AGRICULTURAL LEASE AGREEMENT (this "Lease") is made and entered into as of Month Day, Year (the "Effective Date") by and between \_\_\_\_\_, a Delaware limited liability company ("Landlord"), as Landlord, and \_\_\_\_\_, a Delaware corporation ("Tenant"), as Tenant.

1. **Premises.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, that certain real property located in the County of \_\_\_\_\_ ("County"), State of California (the "State"), more particularly identified as Assessor Parcel number (APN) XXX-XXX-XXX as depicted on Exhibit 1 attached to, and made a part of, this Lease (the "Premises"), upon all the conditions and agreements set forth in this Lease.

2. **Term.** The term of this Lease shall commence as of the Effective Date and shall terminate on Month Day Year, unless sooner terminated as provided in this Lease (the "Term"). Landlord may elect to terminate this Lease at any time during the Term by delivering written notice of such termination to Tenant, which termination shall be effective not earlier than ninety days after the date such notice is delivered to Tenant. In the event that Landlord elects to terminate this Lease for any reason other than a default by Tenant, the Annual Rent (as hereinafter defined) paid by Landlord to Tenant prior to the date of such termination shall be prorated, and Tenant shall be entitled to an immediate refund of that portion of the Annual Rent that was paid by Tenant to Landlord for the period of time after the termination of the Lease.

3. **Rent.**

3.1 **Rent.** Tenant shall pay Landlord annual rent during the Term in the amount of \$X,XXX (individually and collectively, "Annual Rent") on the Effective Date and continuing on the first day of each calendar year thereafter. The Annual Rent for any fractional part of a calendar year at the beginning or end of the Term shall be a proportionate part of the Annual Rent for a full calendar year based upon a three hundred sixty (360) day year

3.2 **Additional Rent.** In addition to Annual Rent, Tenant shall pay all costs and expenses relating to Tenant's use of the Premises, including, without limitation all costs and expenses associated with Tenant's operations on the Premises and Landlord shall not have any obligation whatsoever to pay any such costs or expenses. Specifically, without limitation, Tenant shall: (i) pay all costs of Tenant's obligations under this Lease; and (ii) pay to Landlord any out of pocket third party costs reasonably incurred by Landlord in connection with Tenant's use of the Premises within ten days after Landlord requests such payment and provides Tenant with evidence that such third-party costs have been incurred. Landlord shall use commercially reasonable efforts to notify Landlord of such third-party costs before such costs are incurred.

3.3 **Rent Payment.** Every payment required to be made by Tenant pursuant to this Lease shall be rent due Landlord under this Lease, whether or not expressly designated as rent. Tenant's failure to pay rent to Landlord when due shall entitle Landlord to exercise all rights and remedies provided in this Lease. Any amount due from Tenant to Landlord under this Lease which is not paid when due shall bear interest at the maximum lawful rate of interest from the due date until paid. In addition to such interest, if Annual Rent is not paid within five business days after the same is due, a late charge equal to 6% of the amount overdue or \$100, whichever is greater, shall be assessed and shall accrue for each calendar month or part thereof until such rental, including the late charge, is paid in full, which late charge Tenant hereby agrees is a reasonable estimate of the damages Landlord shall suffer as a result of Tenant's late payment. The payment of such interest and/or late charge shall not excuse or cure any default by Tenant under this Lease. All rent payments payable to Landlord shall be remitted to Landlord at the address set forth in Section 19.7 (or such other address as designated by Landlord).

4. **Utilities and Services.** Tenant shall pay all gas, heat, light, power, sewer, and water charges and all other utilities and services supplied to the Premises, including any and all utility standby and/or connection charges, trash collection charges and telephone expenses. Landlord shall have no obligation whatsoever to maintain or supply (or cause to be supplied) any utilities or services to the Premises.

5. **Taxes.**

5.1 **Personal Property Taxes.** Tenant shall pay, before delinquency, any and all taxes and charges assessed, and which become payable during any full or partial tax year during the Term in connection with any and all temporary improvements to the Premises made by Tenant and any and all fixtures and personal property, including all trade fixtures, furnishings, equipment and all other personal property located at the Premises on behalf of Tenant (collectively, the "Personal Property Taxes"). Payment of all Personal Property Taxes shall be made before the last day when payment may be made without interest or penalty (the "Payment Date") and upon request by Landlord, Tenant shall furnish proof of such payment to Landlord. When possible, Tenant shall cause any temporary improvements, fixtures and personal property, including all trade fixtures, furnishings, equipment and all other personal property located on the Premises, to be assessed and billed separately from the real property of Landlord.

5.2 **Real Property Taxes.** Subject to Paragraph 5.1, Landlord shall pay, prior to delinquency, all taxes assessed against and levied upon the real property of the Premises, including any permanent real property improvements on the Premises, which are customarily included in the County's real property tax bill.

6. Acceptance of the Premises. Tenant accepts and agrees to occupy the Premises under this Lease “AS-IS” without any agreements, representations, warranties or other understandings made by or on behalf of Landlord with respect to the Premises (either before, after or concurrently with the execution of this Lease). Specifically, without limitation, Landlord has no obligations to alter, repair and/or improve the Premises. Further, Landlord has not made any representations or warranty concerning the conditions or suitability of the Premises for the use intended and/or contemplated by Tenant. Tenant expressly assumes all risk involved in, connected with, or resulting from the use, rental and/or occupancy of the Premises. Tenant hereby waives any rights, claims or actions against Landlord under express or implied warranties of habitability or suitability.

7. Use. The Premises shall be used and occupied by Tenant for grazing purposes and uses incidental thereto and for no other purpose whatsoever. Without limiting the foregoing, in no event shall Tenant plant any crops on the Premises. Tenant shall cause the Premises to be operated and maintained in good condition and repair, in a prudent and reasonable manner in accordance with good and approved grazing practices in the vicinity of the Premises and in compliance with (i) all federal, state and local laws, rules and regulations, including laws, rules and regulations applicable to Hazardous Substances as defined in Paragraph 9 (individually and collectively, “Applicable Law”), (ii) all requirements of all governmental, quasi governmental and public agencies having jurisdiction over the Premises and/or the operations of Tenant (“Governmental Agencies”), and (iii) all restrictions and reservations now or hereinafter recorded against the Premises, including, without limitation, that certain Grant of Perpetual Conservation Easement for the XXXX Ranch Preserve recorded in the Official Records of XXXXX County on Month Day, Year as Instrument No. XXXX-XXXXXX (the “Conservation Easement”). Tenant shall not use or permit the use of the Premises in any manner that may tend to create waste or a nuisance. Additionally, without limiting the generality of the foregoing, the following provisions shall govern the use of the Premises:

7.1 Tenant shall, at all times, use, occupy and operate the Premises in a clean and healthful manner so that at all times the Premises and Tenant’s operations on the Premises satisfy all requirements of all Governmental Agencies and Applicable Law.

7.2 Tenant shall, at all times, comply with and satisfy all waste discharge requirements of all Governmental Agencies and Applicable Law.

7.3 Tenant shall at all times install, operate and maintain in good, safe and working condition and repair all safety equipment required by any Governmental Agencies and Applicable Law.

7.4 Prior to Tenant’s use of the Premises, and in any event prior to occupancy by any cattle on the Premises, Tenant shall obtain at Tenant’s expense any and all applicable permits or approvals necessary for Tenant’s use of the Premises pursuant to this Agreement, including, without limitation, any permit required from the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service and any other applicable agency, in accordance with any and all existing permits, restrictions and approvals affecting the Premises, including, without limitation, the Conservation Easement.

8. Maintenance, Repair and Alternations.

8.1 Maintenance of the Premises. Subject to the provisions of Paragraphs 13 and 14 and except for reasonable wear and tear, during the Term Tenant shall keep the Premises, including all of the improvements, equipment, trade fixtures and personal property thereon, in good order, condition and repair. Landlord shall have no obligation to repair or maintain the Premises and/or any improvements, equipment, trade fixtures and personal property thereon Tenant hereby waives the provisions of Section 1941 and 1942 of the California Civil Code or any law in replacement thereof which would otherwise permit Tenant to make repairs at Landlord’s expense. Should Tenant at any time fail, neglect or refuse to make such repairs, replacements, alterations, improvements or do such maintenance as is reasonably necessary to keep and place the Premises, and all parts thereof, in good order, condition and repair as called for by the terms of this Lease, Landlord shall have the right, at its option (but this shall in no way obligate Landlord, nor relieve Tenant from its obligations hereunder) to make such repairs, alterations and improvements and do such maintenance as is necessary and to charge the cost of the same to Tenant, to be paid by Tenant within five business days.

8.2 Alterations. Except for fencing improvements, Tenant shall not, without Landlord’s prior written consent, construct any permanent improvements or addition in, on or about the Premises. As a condition to giving such consent, Landlord may require that Tenant agree to remove, at Tenant’s cost, any such improvements or additions prior to termination of this Lease.

8.3 No Liens. Tenant shall pay, when due, all claims for labor or materials furnished, or alleged to have been furnished, to or for Tenant or for use on the premises, which claims are or may be secured by any mechanics’ or materialmen’s lien against the Premises or any interest in the Premises. Tenant shall give Landlord not less than fifteen days’ notice prior to the commencement of any work on the Premises and Landlord shall have the right to post notice of non-responsibility in or on the Premises as provided by law.

8.4 Maintenance. Tenant shall maintain the Premises in its current condition and in compliance with all Applicable Law, recorded covenants and Governmental Agency requirements, and to the extent any improvements, replacements and repairs to the Premises are made (which shall be in accordance with the terms of this Lease), including, without limitation, all roads, canals, field ditches, drains, reservoirs and all pumping plants, motors and other irrigation equipment located thereon, they will be made in compliance with Applicable Law and Governmental Agency requirements.

9. Hazardous Substances. Tenant shall not dispose of or otherwise allow the release of any “Hazardous Substances” in, under, over and/or on the Premises or any property within the vicinity of the Premises; provided, however, that Tenant shall be permitted to release those Hazardous Substances customarily released as part of standard farming practices in the amounts customarily released in connection with such farming practices so long as such release is permitted by, and made in compliance with, Applicable Law and provided further that, in no event, shall there be any underground storage or placement of any Hazardous Substance on or in the vicinity of the Premises. Tenant shall be wholly responsible for any costs incurred for removal or remediation of any Hazardous Substances released and/or any contamination incurred in connection with Tenant's use of the Premises (regardless of whether any such release or contamination is or results from any permitted activity). Tenant shall promptly comply with all Applicable Laws and all orders, decrees or judgments of any Governmental Agency relating to Hazardous Substances. Tenant shall immediately provide Landlord with copies of any notice, report or other correspondence between Tenant and any Governmental Agency concerning any Hazardous Substances on or in the vicinity of the Premises. As used in this Agreement, the term “Hazardous Substances” means all hazardous substances, hazardous wastes, hazardous materials, toxic materials, or toxic substances and any other substances, including asbestos, petroleum and its by-products, sewage, raw or treated, and any other substance identified in or regulated pursuant to the provisions of any federal, state or local statutes, laws, ordinances, regulations, permit conditions, administrative orders and similar requirements pertaining to health, safety and the environment or any legislation or ordinance of any Governmental Agency identified by its terms as pertaining to hazardous or toxic wastes, substances or materials. Without limiting the generality of Paragraph 11, the provisions of Paragraph 11 shall apply to Tenant's obligations under this Paragraph 9, including any Hazardous Substance removal and/or remediation costs and obligations which are the responsibility of Tenant under this Paragraph 9. The provisions of this Paragraph 9 shall survive any expiration or termination of this Lease.

10. Insurance.

10.1 Liability Insurance. Tenant shall maintain in effect comprehensive general liability, bodily injury and death liability and broad form property damage liability insurance, including coverage for all of Tenant's contractual and indemnification obligations under this Lease, in an amount of not less than One Million Dollars (\$1,000,000) for injury to, or death of, one person in any one accident or occurrence and in an amount of not less than Three Million Dollars (\$3,000,000) for injury to, or death of, more than one person in any one accident or occurrence, and against liability for property damage of at least One Million Dollars (\$1,000,000), which insurance shall be endorsed to add Landlord as an additional insured, to provide that such coverage shall be primary and non-contributory and that any other insurance maintained by or for Landlord and/or any additional insured shall be excess insurance only. If Tenant employs any person to work upon the Premises, Tenant shall also maintain Workers' Compensation insurance in accordance with California law, and employer's liability insurance with a limit of not less than One Million Dollars (\$1,000,000) per employee and per accident or disease.

10.2 Extended Coverage. Landlord, at Landlord's sole and absolute discretion, may, but shall not be obligated to, maintain a policy of insurance covering fire and comprehensive damage to the Premises. Tenant, at Tenant's sole and absolute discretion, may, but shall not be obligated to, maintain a policy of insurance covering fire and comprehensive damage to the equipment and other personal property located on the Premises.

10.3 Insurance Policies. All liability insurance maintained by Tenant shall provide for severability of interests; shall provide that any act or omission of one of the named and/or additional insureds shall not reduce or void coverage to the other named insureds; and shall be written on an occurrence basis (and not a “claims made” basis). The limits of insurance required by this Lease shall not limit the liability of Tenant nor relieve Tenant of any obligation under this Lease. All insurance policies required to be carried under this Lease shall be written by insurance companies and be in a form and content reasonably satisfactory to Landlord. Concurrently with the execution of this Lease, and in any event prior to any entry upon the Premises by or on behalf of Tenant and/or “Tenant's Related Persons” (as defined in Paragraph 11.1) and prior to each policy's renewal date, Tenant shall deliver to Landlord certificates of insurance naming Landlord as an additional insured, evidencing that such insurance is in effect and is in compliance with Section 10. If Tenant does or permits to be done anything which shall increase the cost of Landlord's insurance policy, if any, referred to in Section 10.2, then Tenant shall forthwith upon Landlord's demand increase such insurance and pay any additional premiums attributable to any act or omission or operation of Tenant causing such increase in the cost of insurance. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Section 10.

11. Indemnification.

11.1 Generally. Tenant shall, to the fullest extent permitted by law, indemnify, defend (with legal counsel reasonably acceptable to Landlord) and hold Landlord and Landlord's partners, members, shareholders, directors, officers, employees, consultants, contractors, parent, subsidiary and affiliate entities, sureties, insurers, attorneys, agents, predecessors, successors and assigns (individually and collectively “Landlord's Related Persons”) and the Premises harmless from any and all claims, actions, causes of action, rights, defenses, demands, allegations, damages, fines, penalties, liabilities, losses, encumbrances, liens, obligations, settlements, judgments, awards, appeals, costs and expenses (including actual fees and costs of attorney's, expert witnesses and other consultants) of any kind or character in law, equity or otherwise (individually, a “Claim” and collectively, “Claims”) regarding, arising out of, or in connection with or in any manner relation to Tenant's use of the Premises, the conduct of Tenant's business, any activity, work or things done, permitted or suffered by or on behalf of Tenant's business, any activity, work or things done, permitted or suffered by or on behalf of Tenant or any Tenant's trustee, beneficiaries, subtenants, assignees and other successors in interest and Tenant's and such other persons' respective agents, contractors, employees, customers, guest and/or invitees (individually and

collectively “Tenant’s Related Persons”) on or about the Premises or otherwise in connection with this Lease, any breach or default in the performance of any obligation on Tenant’s part to be performed under the terms of this Lease, any act or omission of Tenant or any of Tenant’s Related Persons, including all costs, attorney’s fees, expenses and liabilities incurred in the defense of any such Claim or any action or proceeding brought against Landlord by reason of any such Claim. The foregoing indemnity by Tenant shall not apply to Claims to the extent caused by the negligence or willful misconduct of Landlord or Landlord’s Related Persons. Tenant, as a material part of the consideration to Landlord hereunder, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises in connection with Tenant’s use of the Premises, and Tenant hereby waives all claims in respect thereof against Landlord.

11.2 Liens. Without limiting the generality of the foregoing, if any subcontractor, materialman, or laborer of any other person performing any activity for or on behalf of Tenant and/or any of Tenant’s Related Person’s files a mechanic’s or materialman’s lien, claim or encumbrance against the Premises, or any other property of Landlord or any of Landlord’s Related Persons for or on account of any work, labor, services, materials or equipment or other items furnished in connection with any activities by or on behalf of Tenant and/or Tenant’s Related Persons, Tenant shall discharge or remove such lien, claim or encumbrance at Tenant’s own expense by bond, payment or otherwise within ten days from the date of the filing thereof, and upon Tenant’s failure to do so, Landlord shall have the right (but not the obligation) to, without limiting Landlord’s other rights and remedies, cause any such lien, claim or encumbrance to be removed or discharged by whatever means Landlord chooses, at the entire cost and expense of Tenant (such costs and expenses include legal fees and costs, disbursements and interest at the maximum rate permitted by law until paid). Tenant shall pay any and all such costs and expenses within ten days after Landlord’s demand.

11.3 Landlord’s Liability. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant’s business or any loss of income there from, or for damage to any property of Tenant or Tenant’s Related Persons, or any other person in or about the Premises, nor shall Landlord be liable for injury to Tenant or Tenant’s Related Persons, whether such damage or injury is caused by or result from fire, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, or from any other cause, whether the damage or injury results from conditions arising upon the Premises or upon other portions of the property of which the Premises are a part, or from other sources or places; provided, however, that the foregoing shall not apply to the breach of this Lease by Landlord or the negligence or willful misconduct of Landlord or Landlord’s Related Persons. Landlord shall, to the fullest extent permitted by law, indemnify, defend (with legal counsel reasonably acceptable to Tenant) and hold Tenant and Tenant’s Related Persons harmless from any and all Claims regarding, arising out of, or in connection with or in any manner related to the breach of this Lease by Landlord.

11.4 Survival. The provisions of this Paragraph 11 shall survive any expiration or termination of this Lease.

12. No Assignment or Subletting.

12.1 Generally. Tenant shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of the Premises, or permit the Premises to be occupied by any person or sublet the Premises or any portion thereof without first obtaining in each such instance Landlord’s prior written consent, which consent may be given or withheld in Landlord’s sole and absolute discretion.

12.2 No Release. No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its obligation to perform all of the obligations to be performed by Tenant under this Lease. The acceptance of rent by Landlord from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be consent to any assignment or subletting.

12.3 Effect. Any purported assignment, sale, encumbrance, pledge, transfer, or sublease in violation of the provision of this Paragraph 12 shall be null and void shall constitute an immediate material default of Tenant under this Lease.

12.4 Representation and Indemnity. Without limiting the generality of this Paragraph 12 or any other provision of this Lease, Tenant represents, warrants, consents and agrees that: (i) Tenant as named in this Lease is the sole occupant and user of the Premises; (ii) Tenant shall not cause, or permit, any person other than Tenant to occupy or use the Premises; and (iii) the sole person that Landlord shall be required to notice and/or name in any unlawful detainer action for Landlord to gain exclusive possession to all of the Premises shall be Tenant as named in this Lease at the address for Tenant set forth in this Lease. Tenant shall indemnify, defend, protect and hold Landlord and Landlord’s Related Persons harmless from any and all Claims arising from or in connection with any material inaccuracy in Tenant’s representation, warranty and agreement set forth in this Paragraph.

13. Damage or Destruction – Repairs and Restoration.

13.1 Damage. If the Premises are destroyed or damaged (in whole or in part) during the Term, Landlord may, at Landlord’s option, terminate this Lease effective as of the date of occurrence of such damage by giving Tenant written notice of such election (“Landlord’s Termination Notice”) not later than thirty days after Landlord received written notice from Tenant of the occurrence of such damage. Tenant shall give Landlord written notice of any damage to the Premises within five days after the occurrence of such damage.

13.2 Generally. Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration. Tenant shall have no claim or right to any proceeds of any insurance policy held by, or payable to, Landlord.

14. Condemnation. If the Premises 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. Landlord may, at Landlord’s option, terminate this Lease effective as of the date the condemning authority takes such possession. If Landlord does not so terminate this Lease, then this Lease shall remain in full force and effect as to the portion of the Premises remaining. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages.

15. Landlord Access. Landlord and Landlord’s Related Persons shall have the right to enter the Premises at any time for the purpose of inspecting the Premises, performing such tasks as Landlord deems necessary or appropriate in connection with applying for, processing and obtaining development approvals with respect to the Premises, showing the Premises to prospective purchasers, lenders or tenants, and making such alterations, repairs, improvements or additions to the Premises of which they are a part as Landlord may deem necessary or desirable, provided, however, that Landlord shall use commercially reasonable efforts not to unreasonably interfere with Tenant’s use of the Premises in connection with such entry. To the extent that it is necessary for Landlord and/or Landlord’s Related Persons to open any gates located on the Premises in order to gain access to the Property, Landlord and Landlord’s Related Persons shall promptly close and lock such gates.

16. Development Cooperation. Tenant shall reasonably and immediately cooperate with Landlord to enable Landlord to efficiently apply for, process and obtain such development approvals as Landlord may select for the Premises, provided that Tenant incurs no liability or costs in connection with such cooperation and provided that such documents do not interfere with Tenant’s use of the Premises during the Term. Tenant shall at all times provide such cooperation within a time and in a manner which will avoid delays and minimize losses and maximize profits to Landlord. Without limiting the generality of the foregoing: Tenant consents to, and shall, within five (5) business days after Landlord’s request, execute, acknowledge (as appropriate), deliver and record (as appropriate) any documents which are necessary or appropriate for the formation of community facilities district (s) and/or other assessment district (s), the recordation of subdivision maps and/or lot line adjustments, “Covenants, Conditions and Restrictions” (“CC&Rs”), the non-renewal, cancellation or other termination of any Williamson Act contract or similar contract relating to the Premises and all other instruments are documents which Landlord in good faith determines are necessary or appropriate for the development of the Premises as determined by Landlord and/or to apply for process and/or obtain any development approval for such development, provided that Tenant incurs no liability or cost in connection with the execution of such documents, and provided that such documents do not interfere with Tenant’s use of the Premises during the Term. Tenant further consents to, and shall, within five (5) business days after Landlord’s request, execute, acknowledge (as appropriate), deliver and record (as appropriate) such documents which are necessary or appropriate to subordinate this Lease to: (i) any easements which Landlord in good faith determines are necessary or appropriate for the development of the Premises, including for above or below ground utilities lines (including, storm drains, water, sewer, gas, cable TV, electricity and/or other utilities), provided that any use of such easements shall not unreasonably interfere with the calve fee lot operations on the Premises during the Term; (ii) any community facilities district or other assessment district which Landlord in good faith determines are necessary or appropriate for the development of the Premises; and (iii) any CC&Rs which Landlord in good faith determines are necessary or appropriate for the development of the Premises, provided that Tenant incurs no liability or cost in connection with the execution of such documents, and provided that such documents do not interfere with Tenant’s use of the Premises during the Term.

17. Removal of Personal Property; Restoration and Surrender.

17.1 Removal of Personal Property.

17.1.1 Subject to Paragraphs 17.1.2 and 17.1.3, prior to the termination or earlier expiration of this Lease, Tenant shall remove all of Tenant’s trade fixtures, temporary improvements and removable personal property located on the Premises belonging to Tenant or Tenant’s Related Persons. Notwithstanding the foregoing, Tenant shall return all pumping plants, motors and other irrigation equipment to Landlord in the same condition that existed at the commencement of this Lease, normal wear and tear excepted. Without limiting Tenant’s obligations set forth in this Section 17.1.1, any such personal property not removed by Tenant from the Premises on or before the termination or earlier expiration of this Lease shall, at Landlord’s option, be deemed abandoned by Tenant and shall become the property of Landlord, without claim by or remuneration to Tenant.

17.1.2 Tenant shall remove such personal property in a good, workmanlike and reasonable manner in accordance with all Applicable Laws and requirements of Governmental Agencies and shall promptly and in compliance with all Applicable Laws repair any damage to the Premises caused by removal of such personal property. Specifically, without limitation, Tenant shall fill and recompact any holes on the Premises resulting from the removal of such personal property so that the natural contour of the Premises is maintained.

17.1.3 Tenant’s removal rights shall be limited to the items set forth in Paragraph 17.1.1. Specifically, without limitation, Tenant shall not have the right to remove any landscaping, including without limitation, any trees, from the Premises.

17.2 Surrender. Upon the termination or earlier expiration of this Lease, Tenant shall surrender and deliver possession of the Premises to Landlord (so that neither Tenant nor any person claiming by or through Tenant is in possession of the

Premises) in the condition set forth in (and in compliance with) Paragraphs 17.1 and otherwise in at least as good a condition and repair as existed at the beginning of the Term.

18. Defaults; Remedies.

18.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

18.1.1 The vacation or abandonment of the Premises by Tenant.

18.1.2 The failure by Tenant to make any payment required to be made by Tenant hereunder, as and when due.

18.1.3 The failure by Tenant to comply with Applicable Law and the requirements of any Governmental Agency, the provisions of this Lease relating to Hazardous Substances and/or the provisions of this Lease relating to Landlord's ability to efficiently apply for, process and obtain development approvals (including the provisions of Paragraph 15 and 16) where such failure shall continue for a period of ten days after written notice thereof from Landlord to Tenant. However, Landlord shall not be obligated to give Tenant more than three notices pursuant to this Paragraph 18.1.3. After Landlord has given Tenant three notices pursuant to this Paragraph 18.1.3, any failure thereafter by Tenant to comply with Applicable Law, the provisions of this Lease relating to Hazardous Substances and/or the provisions of this Lease relating to Landlord's ability to efficiently apply for and obtain development approvals (including the provisions of Paragraphs 15 and/or 16) shall constitute an immediate material default and breach by Tenant without notice or opportunity to cure.

18.1.4 The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than those described in Paragraphs 18.1.1, 18.1.2 and 18.1.3 above, where such failure shall continue for a period of thirty days after written notice thereof from Landlord to Tenant.

18.1.5 Any of the following: (i) the making by Tenant of any general assignment, or general arrangement, for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy; (iii) the appointment of a trustee or receiver to take possession is not restored to Tenant within days; or (iv) that attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizures is not discharged within thirty days.

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

18.2.1 Immediately re-enter and remove all persons and property from the Premises, storing said property in a public warehouse or elsewhere at Tenant's expense without liability on the part of Landlord;

18.2.2 Should Landlord elect to re-enter as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease or Landlord may from time to time without terminating this Lease, re-let said Premises, or any part thereof, for the account of Tenant either in Landlord's name or otherwise, upon such terms and conditions, and for such period (whether longer than the balance of the Term or not as Landlord may deem advisable) either with or without any equipment or fixtures that may be situated thereon or therein, in which event the rents received on any such re-letting during the balance of the Term or any part thereof shall be applied first to the expenses of re-letting and collecting, including necessary renovation and alteration of the Premises and a reasonable attorney's fees and any real estate commission actually paid, and, thereafter toward payment of all sums due or to become due to become due to Landlord hereunder, and if a sufficient sum shall not be thus realized to pay such rent and other charges, Tenant shall pay to Landlord monthly any deficiency and Landlord may sue therefore as each monthly deficiency shall arise; such monthly deficiencies shall be paid punctually when due, as herein provided. No re-entry or taking possession of said Premises shall terminate this Lease unless written notice of such intention is given to Tenant.

18.2.3 Collect, by suit or otherwise, each installment of rent or other sum as it becomes due or enforced by suit or otherwise any covenant or condition or term of this Lease required to be performed by Tenant.

18.2.4 Terminate this Lease, in which event Tenant agrees to immediately surrender possession of the Premises and to pay Landlord all damages Landlord may incur by reason of Tenant's default, including the cost of recovering possession of the Premises and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to the rent reserved in this Lease for the remainder of the Term over then reasonable rental value of the premises for the remainder of the Term.

18.2.5 Perform the obligation breached by Tenant and recover from Tenant all costs incurred by Landlord in connection with such performance plus interest at the expense of Tenant and for the benefit of Landlord on all such costs at the maximum rate permitted by law from the date incurred by Landlord until the date repaid by Tenant.

18.2.6 Recover any and all damages and obtain any other legal or equitable relief to the fullest extent permitted by California law. Landlord's efforts to mitigate any damages caused by Tenant's default or breach shall not waive Landlord's right to recover any and all damages to which Landlord is entitled to under law, equity and/or this Lease.

18.2.7 Acts of maintenance, efforts to re-let and/or the appointment of a receiver to protect Landlord's interests shall not constitute a termination of this Lease unless and until written notice of termination is given to Tenant.

18.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within thirty days after written notice by Tenant to Landlord, specifying wherein Landlord has failed to perform such obligations; provided that if the nature of Landlord's obligation is such that more than thirty days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty day period and thereafter diligently prosecuted the same to completion.

19. General Provisions.

19.1 Waivers. No waiver by Landlord of any provision hereof shall be deemed a waiver of any other 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 the obtaining of Landlord's consent to or approval of any subsequent act by Tenant.

19.2 Holding Over. If Tenant remains in possession of the Premises or any part thereof after the expiration or earlier termination of this Lease without the express written consent of Landlord, which consent may be given or withheld in Landlord's sole and absolute discretion, then such occupancy shall be a tenancy from month to month with monthly rent increased to an amount equal to the greater of 150% of the Annual Rent (prorated on a monthly basis) or 150% of the monthly rent then customarily charged for a similar lease in the areas of the Premises between unrelated third parties plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy. Further, if upon the expiration date or earlier termination of this Lease, Tenant fails to surrender and deliver possession of all of the Premises to Landlord in the condition specified in this Lease, then Tenant shall indemnify, defend (with legal counsel selected by Landlord) protect and hold harmless Landlord from all Claims resulting in such failure, including any consequential damages, lost profits and/or other damages incurred by Landlord arising out of such failure to surrender the Premises and deliver possession of the Premises to Landlord in the condition specified in this Lease. Tenant acknowledges and agrees that this Section 19.2 does not grant any right to Tenant to holdover. Further, acceptance of rent by Landlord allowing Tenant to remain on the Premises after the termination date shall not result in a renewal of this Lease, an extension of the Term and/to waiver of any default or circumstances of termination. The provisions of this paragraph 19.2 shall survive any expiration or termination of this Lease.

19.3 Remedies Cumulative. All rights and remedies of Landlord and Tenant pursuant to this Lease are cumulative with one another and with any other rights or remedies that may be available at law or in equity, and the exercise or failure to exercise any right or remedy shall not preclude the exercise of that right or remedy at any other time or of any other right or remedy at any time. Specifically, without limitation, termination of this Lease shall not be deemed a waiver of the defaulting parties breach and the other party shall be entitled to all appropriate relief at law or in equity.

19.4 Brokers. Tenant and Landlord represent to each other that no brokerage commission is payable in connection with this Lease.

19.5 Quiet Enjoyment. If Tenant shall pay the rent as herein provided, and shall keep, observe and perform all of the other covenants of this Lease, by it to be kept, performed and observed, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises, subject to the terms and conditions of this Lease.

19.6 Subordination. Tenant agrees that this Lease shall be subordinated to the lien of any deed of trust now or hereafter recorded against the Premises. This clause shall be self-operative and no further instrument of subordination shall be required to perfect such subordination. However, Tenant shall, upon Landlord's written request, execute a subordination agreement, in form proper for recording, confirming such subordination.

19.7 Notices. Any notice or other communication given pursuant to this Lease ("Notice") shall be in writing and personally delivered, sent by United States registered or certified mail, or sent by a nationally or regionally recognized courier service such as Fed Ex or Overnight Express, or sent by fax, addressed as follows:

IF TO TENANT:            Name  
                                  Street  
                                  City, State Zip  
                                  Attention: \_\_\_\_\_

IF TO LANDLORD:        Name  
                                  Street  
                                  City, State Zip  
                                  Attention: \_\_\_\_\_

with a copy to:

Name  
Street  
City, State Zip  
Attention: \_\_\_\_\_

Delivery of any notice shall be deemed made on the date of its actual delivery if personally delivered, and on the date indicated in the return receipt or courier's records as the date of its delivery or first attempted delivery if sent by mail or courier. Any notice given by fax shall be deemed delivered when received by the fax machine of the receiving party if received before 5:00 p.m. Pacific on the business day received; otherwise, delivery shall be deemed to have occurred on the next business day. The transmittal confirmation receipt produced by the fax machine of the sending party shall be prima facie evidence of its receipt. Any party may change its address or fax number for notice purposes by giving notice to the other party.

19.8 Attorney's Fees. In any action, judicial, reference, arbitration, mediation or other proceeding between Landlord and Tenant involving this Lease (including any exhibits to this Lease) or the Premises, the prevailing party shall recover from the other party, in addition to any damages, injunctive or other relief, all costs and expenses (whether or not allowable as "cost" items by law) actually incurred at, before and after hearing, session, arbitration, trial or on appeal, or in any bankruptcy proceeding, including reasonable attorneys' and witness (expert and otherwise) fees, deposition costs, copying charges and other reasonable expenses.

19.9 Binding Effect; No Beneficiaries. Subject to Paragraph 12, this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their successors and assigns. No parties other than Landlord and Tenant and their successors and assigns shall have any rights or remedies under or by reason of this Lease.

19.10 Further Assurances. Landlord and Tenant shall each promptly execute (and acknowledge, as appropriate) and deliver to the other party any and all additional documents and perform any and all acts reasonably necessary in connection with the performance of its obligations and to carry out the intent and agreements as expressed in this Lease.

19.11. Interpretation; Miscellaneous. This Lease is made and entered into in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California. The language in all parts of this Lease shall be in all cases construed as a whole according to their fair meaning and not strictly for or against either Tenant or Landlord. This Lease has been negotiated and prepared by both Landlord and Tenant. Any rule of contract interpretation to the effect that ambiguities or uncertainties are to be interpreted against the drafting party, or the party that caused it to exist, shall not be employed in the interpretation of this Lease or any document executed in connection with this Lease. The use of the words "include" and/or "including" shall not imply exclusively and shall be interpreted to mean "include(ing) without limitation." Except as otherwise expressly provided in this Lease, whenever Landlord has the right to approve or consent to or make any selection or determination as to any matter, Landlord may give or withhold such approval or consent and make such selection and determination in Landlord's sole and absolute discretion. Headings in this Lease are for reference purposes only and shall not affect the meaning of any provisions of this Lease. The obligations of all persons comprising Tenant are joint and several as to each of them. The recitals set forth at the beginning of this Lease and the exhibits attached to and referred to in this Lease are incorporated into this Lease. Time is of the essence with respect to the performance by Landlord and Tenant of each and every obligation under any provision of this Lease. If any term, provision, condition or covenant of this Lease or its application to any party or circumstance shall be held, to any extent, invalid or unenforceable, then the remainder of this Lease, or the application of such term, provision, condition or covenant to any party or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be effected and shall be valid and enforceable to the fullest extent permitted by law.

19.12 Entire Agreement; Amendment. This Lease is intended by Landlord and Tenant as the final expression and the complete and exclusive statement of their agreement with respect to the transaction contemplated by this Lease and any prior or contemporaneous agreements or understandings, oral or written, which may contradict, explain or supplement these terms are superceded and merged into this Lease and shall not be admissible or effective for any purpose. This Lease may not be amended or modified except by a writing signed by Landlord and Tenant which expressly states that it amends this Lease.

19.13 Recordation. Neither this Lease nor any memorandum of this Lease nor any other instrument in connection with this Lease shall be recorded by or behalf of Tenant against the Premises.

19.14 Hunting Rights. This Lease does not include, and Landlord hereby expressly reserves unto itself on an exclusive basis, all hunting rights with respect to the Premises.

19.15 Counterparts; Authority. This Lease may be executed in counterparts, all of which shall constitute one instrument. Each person signing this Lease represents and warrants that he or she has the proper authority to bind the party on whose behalf he or she signs this Lease.



WHEREFORE, the parties have executed this Lease effective as of the date set forth above.

**TENANT**

XXXXXXXX

a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LANDLORD**

XXXXXXXX

a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT 1

DEPICTION OF THE PREMISES