

4. Labor Peace Agreement Attestation

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LABOR PEACE AGREEMENT ATTESTATION

Instructions: Los Angeles Municipal Code Section 104.11(l) provides that if the state adopts a law requiring a state Cannabis License Applicant to agree to enter into a labor peace agreement with any bona-fide labor organization who requests such an agreement, then an Applicant for a City License shall meet that same requirement, with the exception that the requirement applies to Applicants with 10 or more Employees. Under Regulation No. 3(A)(15), an Applicant shall attest that it has entered into a labor peace agreement if the Applicant was requested to do so by a bona-fide labor organization. If a bona-fide labor organization has yet to request a labor peace agreement from the Applicant, then the Applicant shall attest that it will enter into labor peace Agreement if in the future a bona-fide labor organization so requests.

A bona-fide labor organization means a bona-fide union (1) that actually represents employees in California as to wages, hours, and working conditions, (2) whose officers have been elected by secret ballot or otherwise in a manner consistent with federal law, and (3) that is free of domination or interference by any employer and has received no improper assistance or support from any employer. A labor peace agreement means an agreement as defined in Cal. Bus. & Prof. Code Sec. 260001(x).

Applicant shall complete one of the sections below that corresponds to the current status of its compliance with the labor peace agreement requirement under Regulation No. 3(A)(15).

Applicant that has entered into a labor peace agreement:

1. On _____, _____ entered into a
(date) *(Applicant)*
labor peace agreement with _____
(bona-fide labor organization)

2. The bona-fide labor organization's contact information is as follows:

(Name of bona-fide labor organization)

(Name of contact person) _____
(Title)

(Contact's Address) _____
(City, State, Zip Code)

(Contact's Email) _____
(Contact's Phone Number)

3. Applicant will submit a copy of the page of the labor peace agreement that contains signatures of the union representative and the Applicant.

Applicant with 10 or more employees that has been contacted by a bona-fide labor organization but that has not entered into a labor peace agreement:

1. On _____, _____ was contacted by
(date) *(Applicant)*
_____ with a request to enter into a labor
(bona-fide labor organization)

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INDEMNIFICATION AGREEMENT

Pursuant to Regulation No. 3 of the Rules and Regulations for Cannabis Procedures, [REDACTED] agrees to indemnify the City of Los Angeles (City) as follows

Applicant shall defend, indemnify and hold harmless the City and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, City fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by City, including but not limited to court costs, attorney fees, and costs of experts and consultants), and payment of any judgments, awards, or settlement obligations (including an award of attorney's fees), for damages or liability of any nature whatsoever, for death or injury to any person, including Applicant's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of:

1. an act, error, or omission by Applicant, its boards, officers, agents, employees, assigns, and successors; and/or
2. the City's processing of an application or issuance of Temporary Approval or a License, including but not limited to, an action to challenge, void, revoke or otherwise modify the Temporary Approval or License, the associated environmental (CEQA) review, or to claim personal property damage or any constitutional claim stemming from the processing or approval of the Temporary Approval or License.

Applicant shall deposit with the City funds to pay for litigation costs within 10 days' notice of the City tendering defense to the Applicant. The initial and subsequent deposits shall be in an amount set by the City Attorney's Office based on the nature and scope of action. The City's failure to notice or collect the deposit does not relieve the Applicant from responsibility to reimburse the City. The City shall have the sole right to choose its counsel, including the City Attorney's office or outside counsel.

In the event the Applicant fails to comply with this agreement, in whole or in part, the City may withdraw its defense of the action, revoke or modify its approval of the Temporary Approval and/or License, or take any other action. The City retains the right to make all decisions with respect to its representations in any legal proceeding, including its inherent right to abandon or settle litigation. The rights and remedies of the City provided in this agreement shall not be exclusive and are in addition to any other rights and remedies provided by law.

[REDACTED]

Print Name: [REDACTED]

Legal Business Name: [REDACTED]


DBA: [REDACTED]

Business Premises Address: [REDACTED]

6. Radius Map Attestation

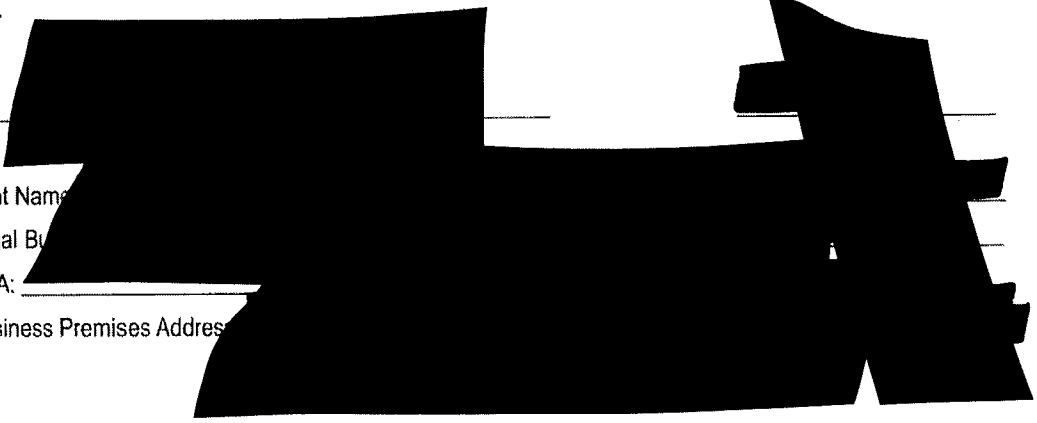
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RADIUS MAP ATTESTATION

The Applicant's proposed Business Premises is located 

The Applicant has conducted a diligent, good-faith inquiry to determine if the proposed Business Premises is located within a 700-foot radius of any sensitive use specified in Los Angeles Municipal Code Section 105.02(a)(1)(B). Based on this inquiry, the Applicant attests that it has not identified any applicable sensitive use within a 700-foot radius of the proposed Business Premises.

The Applicant agrees to provide DCR a radius map prepared by a mapping or surveying company if necessary to resolve any doubts that the proposed Business Premises is outside of a 700-foot radius of any applicable sensitive use.



Print Name

Legal Business Name

DBA:

Business Premises Address

(Please attach a radius map in accordance with the attached instructions)

OPERATING AGREEMENT



A CALIFORNIA LIMITED LIABILITY COMPANY

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS THAT ARE SET FORTH HEREIN.

OPERATING AGREEMENT

This Operating Agreement ("Agreement") of [REDACTED] ("Company"), dated [REDACTED], is made by those Persons who execute a Joinder Agreement or the Signature Page referred to as "Member" and collectively as "Members") with reference to the following:

ARTICLE I Organization

SECTION 1.1. Formation. The parties hereto do hereby confirm the formation of the Company as a limited liability company on August 30, 2019, under the Revised Uniform Limited Liability Company Act of the State of California (the "Act"), by the filing of the Company's Articles of Organization (the "Articles") with the Secretary of State of the State of California on August 30, 2019, which elect for the Company to be managed by more than one manager.

[REDACTED], individually a "Manager" and collectively the "Managers", which term shall also refer to any Person hereafter appointed in accordance with the terms hereof as an additional or substitute manager of the Company) who shall manage business and affairs of the Company in accord with Article V.

SECTION 1.3. Members.

(a) The Members of the Company as of the date of execution of this Agreement shall be set forth on Exhibit 1 attached hereto and incorporated herein by this reference.

(b) Additional Persons may be admitted to the Company as Members solely in accordance with the provisions of Article V.

Name and Office. [REDACTED] the business of the [REDACTED] with applicable laws, such other name or names as the Managers may select. The Company may have such offices and places of business as the Managers may from time to time designate. The initial principal place of business and office of the Company will be located [REDACTED]

SECTION 1.5. Purpose. The purpose of the Company is to engage in any lawful business or provide such services as shall be permitted under the laws of the State of California, all in accordance with the terms and conditions herein set forth and provided the same shall not be prohibited hereunder. The Company shall have the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose and business described herein.

SECTION 1.6. Definitions. Terms not otherwise defined in this Agreement shall have the meanings set forth in Article XI hereof.

SECTION 1.7. Term. The term of the Company commenced on the date of the filing of the Articles, and shall continue in full force and effect until it is dissolved and its affairs wound up in accordance with the Act and with Article IX of this Agreement. The existence of the Company as a separate legal entity shall be perpetual, and continue until the cancellation of the Articles.

ARTICLE II Percentage Interest, Capital and Loans

SECTION 2.1. Initial Percentage Interests. Each Member will own the percentage interest in the total equity interests of the Company ("Percentage Interest") set forth opposite the Member's name on the attached Exhibit "1". Such Exhibit may be revised from time to time with the unanimous consent of both Managers.

SECTION 2.2. Initial Capital Contributions. Each Member has or will contribute to the initial capital of the Company cash or tangible property in the nature or amount set forth as "Initial Capital Contribution" opposite the Member's name on the attached Exhibit "2", incorporated herein by this reference or as otherwise set forth in the books and records of the Company. Capital Contribution shall be credited to each Member's respective Capital Account in the amount of the cash contributed or the initial Gross Asset Value of any property (other than cash) contributed.

SECTION 2.3. Additional Capital Contributions. Upon the decision of the Managers that a specific amount of additional capital is desirable or necessary, the Managers on behalf of the Company shall provide written notice to each Member (a "Capital Call") of the amount of additional capital sought by the Company and the terms upon which said capital will be raised. Any Member may, but shall not be required to, contribute additional capital to the Company, pursuant to the Capital Call.

SECTION 2.4. HH Activities. The Members expressly acknowledge and agree that (a) HH and its respective officers, managers, members, employees and Affiliates (collectively, the "HH-Related Persons") are permitted to (i) have and develop, and may presently or in the future have and develop, investments, transactions, business ventures, contractual, strategic or other business relationships, prospective economic advantages or other opportunities, including in businesses that are or may be competitive or complementary with the Company (each a "Business Opportunity"), for their own account or for the account of any Person other than the Company or any other Member, or

(ii) direct any Business Opportunities to any other Person, in each case, regardless of whether such Business Opportunities are presented to a HH-Related Person in his, her or its capacity as a Member, Manager, or officer of the Company or otherwise, (b) none of the HH-Related Persons will be prohibited by virtue of any direct or indirect investment in the Company or such HH-Related Person's service as a Manager or as an officer of the Company or otherwise from pursuing and engaging in any such activities, (c) none of the HH-Related Persons will be obligated to inform or present the Company or any other Member of or with any such Business Opportunity, (d) none of the Company, the other Members will have or acquire or be entitled to any interest or expectancy or participation (such right to any interest, expectancy or participation, if any, being hereby expressly renounced and waived) in any Business Opportunity as a result of the involvement therein of any of the HH-Related Persons, and (e) the involvement of any of the HH-Related Persons in any Business Opportunity will not constitute a conflict of interest or breach of any fiduciary or other duty (all such duties are hereby expressly eliminated with respect to any Business Opportunity by such Persons with respect to the Company or the other Members).

Furthermore, notwithstanding that it may constitute a conflict of interest, Affiliates of Members may engage in any transaction with the Company, including entering into any management services or advisory services arrangement or agreement.

SECTION 2.5. Loans to the Company. The Company may obtain such further funds as it requires for its operations from sources and on terms, which are acceptable to the Managers and in compliance with applicable laws and regulations. Neither the Company nor any Member will have any personal liability as a result of any borrowing unless all of the Members expressly agree in writing to be personally liable.

SECTION 2.6. No Other Beneficiaries. The rights and obligations of the Members under this **Article II** are for the exclusive benefit of the Members, and no creditor or other party having dealings with the Company will have any right or claim hereunder.

SECTION 2.7. Capital Accounts. A capital account will be established for each Member and will be maintained as provided by the capital account maintenance rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv) (each such capital account being a "**Capital Account**").

SECTION 2.8. Withdrawal of Capital. No Member will be entitled to withdraw any part of their Capital Contribution or Capital Account, or to receive any distribution from the Company, except as expressly provided for in this Agreement, or if and as required by the Act as then in effect.

SECTION 2.9. SE Applicant Representations, Warranties and Covenants. SE Applicant hereby represents, warrants and covenants to the Company and to the other Member as of the date of this Agreement as follows:

(a) Tier 1 Status. SE Applicant meets the criteria of a “Tier 1 Social Equity Applicant” as set forth in Section 104.20(c)(1) of Article 4, Chapter X of the Los Angeles Municipal Code (“LA Cannabis Procedure Ordinance”).

(b) License Eligibility. None of the statements in Section 104.03(c)(1) through (9) of the LA Cannabis Procedure Ordinance (“Ineligible Standards”) which would otherwise render a person ineligible to apply for a License (as defined in the LA Cannabis Procedure Ordinances) are true in any manner with respect to SE Applicant. SE Applicant covenants he or she will not take any action or omit to take any action, which would cause any of Ineligible Standards to apply to SE Applicant.

(c) Legal Compliance. SE Applicant covenants he or she will comply and will use his or her best efforts to cause the Company to comply, with all California and local laws, rules, regulations and ordinances applicable to the Company, including without limitation, all applicable provisions of the LA Cannabis Procedure Ordinance and the California Medicinal and Adult-Use Cannabis Regulation and Safety Act (Business and Professions Code, Section 26000 et seq.). SE Applicant shall cooperate fully at all times with any applicable regulatory agencies, including without limitation, the Department of Cannabis Regulation and the Cannabis Regulatory Commission.

(d) Performance. SE Applicant, as Manager and as Member, shall use his or her best efforts to promote the business and interests of the Company and devote substantial time and efforts to its business and affairs. SE Applicant shall perform tasks and actions reasonably consistent with SE Applicant’s position as Manager, that are customary of a manager of a limited liability company and/or mutually agreed upon by SE Applicant and HH (“Duties”). SE Applicant shall work exclusively for the Company’s benefit and not engage, directly or indirectly for his or her own benefit or for the benefit of any third party other than the Company.

SECTION 2.10. Power of Attorney. SE Applicant does hereby irrevocably appoint HH as SE Applicant’s true and lawful agent and attorney-in-fact for SE Applicant during the continuance of any breach of Section 2.9 or upon the death, bankruptcy or mental incapacity (as determined by a physician selected by HH) of SE Applicant, and in SE Applicant’s name, place and stead, with full power and authority to: take any actions including without limitation, the right to execute and deliver any and all contracts and all such other instruments and documents as may be necessary or proper in the sole discretion of said attorney-in-fact as a Member of the Company and any other and further acts and deeds in the name of such Member that HH may deem necessary to advance or enforce the interests of the Company. SE Applicant gives and grants unto HH full power and authority to do and perform every act necessary and proper to be done in the exercise of the foregoing powers as fully as he or she might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that HH shall lawfully do or cause to be done by virtue hereof and in accordance with the terms hereof. SE Applicant further agrees that HH shall not be liable for any act done or omitted hereunder while acting in good faith and in the exercise of reasonable judgment. In addition, SE Applicant shall indemnify HH and hold HH harmless against any loss, liability or expense incurred without negligence or bad faith on the part of HH arising out of or in connection with HH’s duties

hereunder, including the reasonable fees and expenses of any legal counsel retained by HH. The right, power and authority granted herein in HH shall commence and be in full force and effect upon a breach of Section 2.9 or upon the death, bankruptcy or mental incapacity of SE Applicant, and such right and authority shall remain in full force and effect thereafter until the termination of the Operating Agreement or until SE Applicant is no longer a Member of the Company (provided, for avoidance of doubt, such provision remains applicable to any transferee of SE Applicant's membership interests).

SECTION 2.11. Confidentiality. The Members acknowledge and agree that information not generally known by the public of a confidential or proprietary nature, whether disclosed orally or in writing (and whether or not marked confidential), including such information and materials which are created or developed for the Company by a Member or its owner as a Member, manager or other officer or employee of the Company during the term of this Agreement ("Confidential Information"), except as set forth below, are confidential trade secrets and proprietary information of, and are of great value to, the Company. This confidential and proprietary information includes, without limitation, that concerning or relating to know-how, trade secrets, development, promotion, marketing, contact lists (including customers), information concerning the Company's business, costs, fees, agreements (including this Agreement), financial arrangements, agreements (including this Agreement), business plans, research, marketing and advertising plans and strategies, reports, surveys, professional relationships and arrangements, vendors, suppliers, and information concerning operations and financial condition. The Members agree not to disclose to any third parties, whether on behalf of a Member or any third party, at any time either during or following its term of Membership, any Confidential Information, without the Company's express prior written consent in each instance. A Member shall at all times (a) use its due care to protect all Confidential Information against public disclosure, and (b) shall disclose Confidential Information only to such employees, agents and advisors of the Company who need to know such Confidential Information for the purposes of its business and who are bound by the restrictions and strict confidentiality obligations herein.

Notwithstanding the foregoing, a Member shall not have any obligation with respect to any information which is generally available to the public (through no fault of a Member) or any Confidential Information that a Member is legally obligated to disclose to a third party; provided that prior to making any such legally required disclosure, a Member shall (i) give prompt notice to the Company, (ii) give the Company a reasonable opportunity to contest and seek a protective order with respect to such requirement, and (iii) to the extent the disclosure is legally mandated, limit the extent of the disclosure to the minimum amount necessary to comply with the legal requirements. Information shall be deemed publicly available if it becomes a matter of public knowledge, is in the public domain, is contained in materials available to the public or is obtained by a party from any source other than the other party (or the party's agents or outside advisors), provided that such source is not, to the knowledge of such party, bound by a confidentiality agreement with the other party with respect to such information. In the event of a breach or threatened breach by a Member or former Member of the provisions of this Section 2.11, the Company shall be entitled to an injunction restraining it/him/her from disclosing, in whole or in part, any such Confidential Information, without the requirement of the posting of a bond, and nothing

contained herein shall be construed as prohibiting the injured party from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages. Upon withdrawal from the Company, a Member shall promptly return all of the Confidential Information in a Member's possession to the Company (and not retain any copies thereof or notes on same, except those records maintained in the ordinary course by a Member under contract with the Company to provide space, items and/or services).

ARTICLE III Allocations

SECTION 3.1. Profits or Losses. "Profits" or "Losses" means, for each fiscal year, an amount equal to the Company's taxable income or loss for such fiscal year, determined in accordance with Section 703(a) of the Code (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code), with the following adjustments:

(a) any income of the Company exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be added to such taxable income or loss;

(b) any expenditures of the Company described in Section 705(a)(2)(B) of the Code (or treated as expenditures described in Section 705(a)(2)(B) of the Code pursuant to Treasury Regulation Section 1.7041(b)(2)(iv)(i)) and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be subtracted from such taxable income or loss;

(c) in the event the basis of any Company asset is adjusted in accordance with the Treasury Regulations, the amount of the adjustment will be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the book basis of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its book basis;

(e) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there will be taken into account depreciation for such fiscal year or other period, computed in accordance with the book basis; and

(f) notwithstanding any other provisions of this definition, any items which are specially allocated pursuant to Section 3.4 hereof will not be taken into account in computing Profits or Losses.

SECTION 3.2. Allocations.

(a) For each Fiscal Year (or, if applicable, other period) of the Company, after giving effect to the allocations required by Section 3.4 hereof, net Profits for each such Fiscal Year (or other period), will be allocated as follows:

(i). First, among the Members in proportion to and in the inverse order to which any Losses were allocated to them pursuant to Section 3.2(b)(ii), until the cumulative net Profits allocated pursuant to this Section 3.2(a)(i) equal the cumulative Losses allocated pursuant to Section 3.2(b)(ii); and

(ii). Second, between the Members in proportion to their Percentage Interests.

(b) For each Fiscal Year (or, if applicable, other period) of the Company, after giving effect to the allocations required by Section 3.4 hereof, net Losses for each such Fiscal Year (or other period), will be allocated:

(i). First, among the Members in proportion to and in the inverse order to which any Profits were allocated to them pursuant to Section 3.2(a)(ii), until the cumulative net Profits allocated pursuant to this Section 3.2(b)(i) equal the cumulative Losses allocated pursuant to Section 3.2(a)(ii); and

(ii). Second, among the Members in proportion to their Percentage Interests.

SECTION 3.3. Notwithstanding the foregoing, no Member will be allocated Losses in excess of the amount of the "economic risk of loss" it bears for the Company's indebtedness, as determined under Treasury Regulation Section 1.752-2 (in which case, the excess Loss not so allocated will be reallocated to those Members who bears such economic risk of loss for the indebtedness, in proportion to and to the extent of the respective amounts of the economic risk of loss they bear).

SECTION 3.4. SECTION 704(c) Allocations.

(a) In accordance with Section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company will, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition in Section 11.8 hereof).

(b) In the event the Gross Asset Value of any Company asset in adjusted pursuant to Paragraph (ii) of the definition of "Gross Asset Value" contained in Section 11.8 hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset will take account of any variation between the adjusted basis of the asset for federal income tax purposes and its Gross Asset Value in the same manner as under Section 704(c) of the Code and the Treasury Regulations thereunder.

SECTION 3.5. Compliance with Treasury Regulations. Allocations of income and losses among the Members will be made in a manner so that such allocations have substantial economic effect in accordance with the tests therefor set forth in the Treasury Regulations promulgated under Section 704(b) of the Code. Accordingly, allocations not specifically provided for in this Agreement will be made in such a manner as shall conform to the allocation rules and principals as set forth in such Treasury Regulations as in effect from time to time, and the Capital Accounts of the Members will be maintained in accordance with the provisions hereof construed and interpreted in light of such Treasury Regulations. The Managers may amend the provisions of this Agreement if such amendment would not have a materially adverse effect on the Members and if, in the opinion of counsel for the Company, such amendment is advisable for purposes of complying with Section 1.704-1(b) or Section 1.704-2 of the Treasury Regulations, as may be amended or supplemented from time to time.

ARTICLE IV
Distributions

SECTION 4.1. General. Net Cash Flow will be distributed at such times as the Managers decide in their reasonable business judgment; provided that all Net Cash Flow for any fiscal year shall be distributed to the Members within one hundred twenty days (120) after the end of such fiscal year. Except as otherwise provided in this **Article IV** and **Article IX** hereof (relating to the dissolution of the Company), distributions of the Net Cash Flow during any fiscal year will be made to the Members on a pro rata basis in accordance with Percentage Interests.

ARTICLE V
Management and Operations

SECTION 5.1. Management and Operations. Subject to the terms of this Agreement, the right and authority to manage, operate and make decisions with respect to the business and affairs of the Company (including, without limitation, the matters set forth below) shall be vested in the Managers, who shall manage the Company in accordance with this Agreement. The Managers shall delegate certain rights and authority to manage the Company to Equitable Management, LLC ("**Manageco**") in connection with a Management Agreement entered into by and between the Company and Manageco on or about this date ("**Management Agreement**"). Among other things, Manageco shall have the right and authority to take the following actions in furtherance of the business of the Company:

- (a) manage the day-to-day business and affairs of the Company;
- (b) acquire by option, purchase, lease, contribution of property or otherwise, option, own, hold, sell, convey, transfer or dispose of any real, intellectual or personal property;

(c) operate, purchase, maintain, finance, improve, own, sell, convey, assign, mortgage, lease or demolish or otherwise dispose of any real, intellectual or personal property;

(d) borrow money, whether on a secured or unsecured basis, but without personal recourse to any Member.

(e) perform, or cause to be performed, all obligations of the Company under or pursuant to any agreement to which the Company is a party in accordance with this Agreement;

(f) execute and deliver such documents on behalf of the Company as the Managers may deem necessary or desirable for the Company's business in accordance with this Agreement;

(g) open and operate bank accounts for the Company's funds, and designate signatories with respect thereto;

(h) delegate, employ, contract or otherwise deal with any Person in connection with the business of the Company, which Person may perform such acts or services for the Company, and for such compensation, as the Managers may approve in accordance with this Agreement; and

(i) do any act which is necessary or desirable to carry out any of the foregoing.

SECTION 5.2. Limitation of Authority. Notwithstanding anything to the contrary in this Agreement, without the unanimous written consent of the Members, the Managers may not take any action in contravention of this Agreement. Further, the unanimous written consent of the Members is required for:

(a) The sale or other disposition of all or a substantial part of the Company's assets, whether occurring as a single transaction or as a series of transactions over a 12 month period, except if the same is part of the orderly liquidation and winding up of the Company's affairs upon the dissolution of the Company;

(b) The merger of the Company with any other business entity;

(c) The amendment of this Agreement;

(d) The amendment of the Articles of Organization;

(e) The waiver, modification, amendment or termination of any management agreement, lease, supply agreement, shared services agreement, brand agreement or other any material agreement in which the Company is a party;

(f) Any act which would prevent the Company from conducting its duly authorized business; or

(g) Any other act for which the consent of the Members is required, either pursuant to other provisions of this Agreement or under the Act.

SECTION 5.3. Removal of a Manager. Any Manager may be immediately removed by the vote of the Member that appointed such Manager; provided that, if SE Applicant breaches any representation, warranty or covenant of Section 2.9(a) through (c) or SE Applicant breaches Section 2.9(d) and fails to cure such breach within ten (10) days' written notice from the Company or HH, then, HH shall have the power to immediately remove the SEA Manager and may appoint the replacement Manager.

SECTION 5.4. Resignation of Manager. Any Manager may resign upon at least thirty (30) days prior written notice to the Company and the other Members.

SECTION 5.5. Appointment of Manager; Replacement. Hopeful Holdings
"HH Manager")

removed or has resigned, HH (or its successors or assigns) shall have the right to appoint a new, replacement Manager. Other than as set forth in Section 5.3, in the event that the SEA Manager has been removed or has resigned, SEA (or his or her successors or assigns) shall have the right to appoint a new, replacement Manager.

SECTION 5.6. Compensation to the Managers. No Manager shall be paid or receive any salary, compensation or other remuneration for serving as Managers of the Company or for any other services provided by the Managers to the Company; provided that any Manager may receive a discretionary bonus mutually agreed upon by both Members.

SECTION 5.7. Tax Matters. HH shall be designated as the "partnership representative" (the "Partnership Representative"), as defined in Code Section 6223 of the Bipartisan Budget Act of 2015 and the Company, the Managers and the Members shall complete any necessary actions (including executing any required certificates or other documents) to effect such designation. HH may make any elections available to be made as Partnership Representative, including, without limitation, the election described in Code Section 6226(a)(1) (as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015).

SECTION 5.8. Exculpation. No Manager or Member shall be liable to the Company or any other Manager or Member for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Manager or Member in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Manager or Member by this Agreement. A Manager or Member shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any person as to matters such Manager or Member reasonably believes are within such other person's professional or expert competence and who has been selected with

reasonable care by or on behalf of the Company, including, without limitation, information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

SECTION 5.9. Fiduciary and Other Duties. To the extent that, at law or in equity, a Manager or Member has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Manager or Member, such Manager or Member acting under this Agreement shall not be liable to the Company or to any other Manager or Member for their good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Manager or Member otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Manager or Member. Without limiting the generality of the foregoing, no Manager shall be deemed to owe any fiduciary or other duties to any Member except to the extent required by the Act or the express terms of this Agreement. Further, to the fullest extent permitted by the Act, each Member hereby waives any and all fiduciary duties that, absent such waiver, may be implied by the Act or any other law, and in doing so, recognizes, acknowledges and agrees that the Managers' duties and obligations to the Members and to the Company are only as expressly set forth in this Agreement. The Managers will give to the Members, whenever so requested in writing by a Member, a true account of all business transactions arising out of or in connection with the conduct of the Company.

SECTION 5.10. Reliance by Third Parties. Any third party dealing with the Company may rely upon a certificate signed on behalf of the Company by both of the Managers.

SECTION 5.11. Officers. The Managers may (but need not) designate and appoint a President, Treasurer and a Chief Operating Officer. The Managers may (but need not), from time to time, designate and appoint other persons as other officers of the Company. No officer may or may not be a Member or a Manager. Any officer so designated shall have such authority and perform such duties as the Managers may, from time to time, delegate to them; provided that, at a minimum, the President shall have the powers set forth in Section 5.11(a). The Managers may assign titles to particular officers. Each officer shall hold office until such officer's successor shall be duly designated and shall qualify or until such officer's death or until such officer shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Managers.

(a) President. The President shall be the chief executive officer of the Company and shall, subject to the oversight of the Managers, have general supervision, direction and control of the business and the other officers of the Company. The President shall have the general powers and duties of management usually vested in the office of president of a corporation formed under the California Corporations Code, including without limitation, power to manage the day-to-day, ordinary affairs of the Company, and

shall have such other powers and duties as may be prescribed by the Managers or by this Agreement.

(b) Treasurer. The Treasurer shall be the chief financial officer of the Company. The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Company, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and retained earnings. The treasurer shall disburse the funds of the Company as may be ordered by the Managers or the president and shall have other powers and perform such other duties as may be prescribed by the Managers or the president.

(c) Vice Presidents. In the absence or disability of the president, the vice presidents, if any, designated by the Managers, shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Managers.

SECTION 5.12. Resignation; Removal. Any Officer (subject to any contract rights available to the Company, if applicable) may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any Officer may be removed as such, either with or without cause, by the Managers; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Designation of an Officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company may be filled by the Managers.

ARTICLE VI Books and Records

SECTION 6.1. Books of Account. The Managers, or service providers designated by the Managers ("Accounting Consultants"), will cause to be kept full, complete, accurate and proper ledgers and other books of account of all receipts and disbursements and other financial activities and of each and every transaction of the Company (which will be available for review by any of the Members at all times).

SECTION 6.2. Reserves. The Managers or Accounting Consultants may establish reserves by deducting from income such amounts as they shall deem advisable.

SECTION 6.3. Records. The Managers or Accounting Consultants will maintain records of the Company as and to the extent required by the Act.

SECTION 6.4. Accounting Method. The Company will prepare its financial statements in accordance with generally accepted accounting principles as from time to time in effect and will prepare its income tax returns using such methods of accounting and tax year as the Managers or Accounting Consultants deem necessary or appropriate under the Code and Treasury Regulations. The determinations of the tax matters partner with

respect to the treatment of any item or its allocation for federal, state or local tax purposes will be binding upon all Members; provided that such determination is not inconsistent with any express term of this Agreement.

ARTICLE VII Transfer of Company Interests

SECTION 7.1. No Transfers. No Member (except HH) may Transfer any interest in the Company except as permitted or required by this Article VII. Any Transfer in contravention of this Article VII shall be null and void.

SECTION 7.2. Succession by Operation of Law and Other Involuntary Transfers. In the event of the death or mental incapacity (as determined by a physician), personal bankruptcy, a divorce of a Member or any other Involuntary Transfer, all of such Member's rights hereunder, including such Member's membership interest in the Company, will, pass to such Member's personal representative, heir or distributee; *provided, however*, that in such event, or in the event of any other Involuntary Transfer, no Transferee of such membership interest shall be admitted as a Member without executing this Operating Agreement and the consent of the other Members. In the event that the other Members withhold consent, the Transferee will not be a member but will be an assignee of such interests. In addition, the Member or the Transferee shall be required to submit to the Forced Sale provision set forth in Section 7.7.

SECTION 7.3. New Members. Additional Persons may be admitted to the Company as Members as and to the extent consented to by all Members. A new Member's initial Capital Contribution and the Percentage Interest issued in exchange therefor shall be as determined by mutual agreement of such new Member and the Company, acting by written consent of all Members. Upon admission of a new Member, the Managers shall promptly deliver to all Members written notice of such admission, together with a revised Exhibit 1 and Exhibit 2 listing the names, addresses, Capital Contributions and new Percentage Interests of all of the Members (including the new Member). The membership interest issued to any new Member pursuant to this Section 7.3 will dilute on a *pro rata* basis the Percentage Interests of all other Members.

SECTION 7.4. Rights of First Refusal.

(a) Except as provided in Sections 7.1 and 7.2, no Member (except HH) may Transfer any interests in the Company unless such Member first obtains the other Members' consent and then offers such interests to each other Member, and then to the Company in accordance with this Section 7.4 ("Right of First Refusal"). In the event a Member proposes to Transfer all or any portion of such Member's membership interest in the Company to another Person, other than by an Involuntary Transfer, such Member (the "Selling Member") must deliver to each other Member and the Company written notice (a "Notice of Proposed Sale") stating the Selling Member's *bona fide* intention to Transfer such membership interest (the "Offered Interest"), the terms and conditions of the proposed Transfer ("Offered Terms"), and the name and address of, and any other relevant information with respect to, the proposed Transferee.

(b) By written notice (each, an “**Election Notice**”) delivered to the Selling Member within ninety (90) days after the receipt of the Notice of Proposed Sale (the “**ROFR Election Period**”), each other Member and the Company will have the right and option (but not the obligation) to purchase all or any portion of the Offered Interest from the Selling Member on the Offered Terms; *provided*, that the Right of First Refusal may not be exercised by the other Members and the Company (in the aggregate) as to less than all of the Offered Interest. If the remaining Members and the Company submitting Election Notices collectively elect to purchase more than the Offered Interest specified in the Notice of Proposed Sale, the Member(s) submitting Election Notices shall have the primary Right of First Refusal to purchase the Offered Interest *pro rata* based on their proportional Percentage Interests.

(c) If the remaining Members and the Company fail or decline to exercise their respective Rights of First Refusal as to all of the Offered Interest within the period specified in **Section 7.4(b)**, then the Selling Member will have the right to Transfer all (but not less than all) of the Offered Interest to the proposed Transferee named in the Notice of Proposed Sale at a price and on terms and conditions that are no more favorable to the proposed Transferee than the Offered Terms specified in the Notice of Proposed Sale, provided that the Transfer is completed within ninety (90) days after the earlier of (i) the Selling Member’s receipt of notice that the other Members and the Company did not intend to exercise their respective Rights of First Refusal and (ii) the expiration of the ROFR Election Period without the Company and/or the Members having delivered one or more Election Notices exercising the Right of First Refusal as to all of the Offered Interest.

SECTION 7.5. Legal Compliance of Transfer. Notwithstanding any other provision of this Agreement, any Transfer by a Member shall be in compliance with all applicable laws and regulations, including without limitation, Section 104.20(i)(1) of the LA Cannabis Ordinance.

SECTION 7.6. Invalid Transfers. Any Transfer of all or any portion of a Member’s membership interest in the Company contrary to the provisions of this **Article VII** shall be null and void, and the Transferee shall not be recognized by the Company as the holder or owner of the Interests Transferred for any purposes (including, without limitation, voting or distribution rights). Notwithstanding anything contained in this **Article VII**, no person not then a Member will become a Member hereunder under any of the provisions of this **Article VII** unless such person expressly assumes and agrees to be bound by all of the terms and conditions of this Agreement and executes and delivers an Operating Agreement Joinder, in the form attached hereto as **Exhibit 3** and such Transfer is in compliance with all applicable laws and regulations and does not cause the Company to jeopardize the loss of any permits or licenses. If requested by the Managers, any Transferee shall cause to be delivered to the Company, at such Transferee’s sole cost and expense, a favorable opinion of legal counsel reasonably acceptable to the Managers, to the effect that (i) the contemplated Transfer does not violate any applicable securities law; (ii) such Transferee has the legal right, power and capacity to own the interest so Transferred; and (iii) the contemplated Transfer will not cause a termination of the Company within the meaning of Section 708 of the Code or otherwise have material adverse tax consequences for the non-Transferring Members. All reasonable costs and

expenses incurred by the Company in connection with any Transfer of a membership interest and, if applicable, the admission of a Transferee as a Member, shall be paid by the Transferor.

SECTION 7.7. Forced Sale. Subject to Section 7.5,

(a) Upon any of the events set forth in Section 7.2 with respect to SE Applicant or upon any of the following events:

i. SE Applicant's disregard of, or failure or refusal to perform the Duties and/or a lawful direction/instruction of HH; or

ii. HH's good faith determination of SE Applicant's (a) neglect or misconduct in the performance of the Duties and/or (b) underperformance;

HH shall have the right, but not the obligation to purchase the Interest held by SE Applicant or any Affiliate or Transferee of SE Applicant (or Economic Interests if the Interests have been converted into an Economic Interest) ("**Forced Sale Interest**") as set forth in this Section 7.7. The Company shall send a notice of such death or incapacity and the Fair Market Value of the Forced Sale Interest, to HH promptly after any Manager has become aware of such death or incapacity and have determined a Fair Market Value of the Forced Sale Interest ("**Forced Sale Notice**"). Notwithstanding anything to the contrary, the Fair Market Value of the Forced Sale Interest shall not exceed \$200,000.

(b) Within sixty (60) days after receipt of the Forced Sale Notice, HH shall have the first option to purchase the Forced Sale Interest at the Fair Market Value. This option may be exercised by notifying the Company within such sixty (60) day period. HH may assign this option to any third party or may purchase the Forced Sale Interest and then assign the purchased membership interests to a third party.

(c) The applicable purchaser buying the Forced Sale Interest in accordance with this Section 7.7 shall have the option of paying all or any portion of the purchase price for the Forced Sale Interest in cash or by delivering a promissory note (the "**Purchaser Note**") which shall be payable in five annual installments with an interest rate of 4% per annum; provided that, the interest rate of the Purchaser Note shall be no lower than the base interest rates published by the Internal Revenue Service on a monthly basis under Section 1274 of the Code.

SECTION 7.8. Right to Expel Member(s); Option to Purchase Expelled Member Interest. Subject to Section 7.5,

(a) HH shall have the right, exercisable in its sole discretion to expel a Member (an "**Expelled Member**") upon the happening of any of the Expulsion Events set forth below in this Section 7.8. SE Applicant hereby grants to HH the option to purchase all of its Interest upon the terms and conditions set forth in this Section 7.8 after the occurrence of any of the following (each an "**Expulsion Event**"):

i. SE Applicant's conviction or indictment for (or its procedural equivalent), or the entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime of moral turpitude or with respect to which imprisonment is a possible punishment;

ii. Reserved;

iii. Breach of Section 2.9(a), (b) or (c) by SE Applicant;

iv. SE Applicant's material breach of any other provision of this Agreement which causes or could reasonably be likely to cause substantial economic harm to the Company or HH;

v. SE Applicant's material violation of, or failure to adhere to, the Company's policies or rules;

vi. SE Applicant's misappropriation (or attempted misappropriation) of the Company's property or business opportunity; or

vii. SE Applicant's engaging in any act(s) involving dishonesty or gross negligence resulting in harm to the Company and/or its reputation.

(b) Exercise of the option granted in this Section 7.8 shall be accomplished by delivery of a written notice (the "**Notice of Purchase**") to the Expelled Member together with payment, in cash or any issued note payable over time under terms reasonable acceptable to both parties, of the purchase price as determined pursuant to Section 7.8(c) of this Agreement. The non-expelled Member must exercise such option (if at all) within thirty (30) days after receipt from any Manager of actual notice of the Expulsion Event. The purchased Membership Interest of an Expelled Member shall be deemed transferred to the Member(s) electing to purchase such Membership interest (allocated among the purchasing Members on a pro rata basis if they do not otherwise agree to an allocation), and the Expelled Member shall be deemed expelled from the Company and shall no longer be a Member of or have any interest in, or any rights as a Member of, the Company, upon delivery to the Expelled Member of the Notice of Purchase and the purchase price.

(c) The purchase price for the Expelled Member's Membership Interest shall be the cash value of the Initial Capital Contribution by the Expelled Member less any distributions paid to the Expelled Member.

SECTION 7.9. Permitted Transfers. Notwithstanding Sections 7.1, 7.2, 7.4 and 7.7, the following Transfers (each of which is a "Permitted Transfer") by any Member (excluding HH for which no consent is required) shall be subject to the prior written consent of the other non-transferring Members which consent may not be unreasonably withheld: (A) any Transfer by a Member who is an individual or trust without consideration to the immediate family members, including, but not limited to, ancestors, descendants, siblings, spouse, children or step children of the transferring

Member, or to trusts for the benefit of such persons or such transferring Member; or (B) with respect to Members who are corporations, partnerships or limited liability companies, any Transfer to any stockholder, partner, director, member, officer or Affiliate of such corporation, partnership or limited liability company; provided, that in the case of any transfer described above, (i) the transferring Member shall inform the Managers of such transfer prior to effecting it, and (ii) the transferee shall agree in writing, in a form acceptable to the Managers, to be bound by and comply with all provisions of this Agreement, as well as all other agreements to which the transferring Member is a party that relate to the Membership Interest. If the Permitted Transfer is consented to by the other Members, then such Transfer shall be permitted without compliance with the Right of First Refusal set forth in **Section 7.4**.

ARTICLE VIII
Indemnification and Limitation of Liability

SECTION 8.1. Indemnification.

(a) Each Manager and Member shall be indemnified and held harmless by the Company from and against any and all claims, demands, liabilities, costs, damages, expenses and causes of action of any nature whatsoever arising out of or incidental to any act performed or omitted to be performed by any one or more of the Managers or Members, in connection with the business of the Company, provided that, such act or omission was taken (or omitted, as the case may be) in good faith, was reasonably believed by the applicable Manager or Member to be in the best interests of the Company and within the scope of authority granted to such Manager or Member under this Agreement, and did not constitute fraud, bad faith or willful misconduct on behalf of such Manager or Member; provided, however, that no indemnification may be made to or on behalf of any Manager or Member or other person if a judgment or other final adjudication adverse to such person establishes that his, her or its acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated that he, she or it personally gained a financial profit or other advantage to which he, she or it was not legally entitled; and, provided, further, that an indemnity under this **Section 8.1** shall be paid solely out of and to the extent of Company assets and will not be a personal obligation of any Member.

(b) To the fullest extent permitted by applicable law, expenses (including, without limitation, reasonable attorney's fees) incurred by a Manager or Member entitled to indemnification hereunder in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of such Manager or Member to repay such amount if it shall be determined that such person is not entitled to be indemnified pursuant to this **Section 8.1**.

(c) In addition to any other indemnification to which he or she may be entitled, the Company shall indemnify each Manager for all necessary expenditures or losses incurred by such Manager in consequence of such Manager's duties, including

interest and all reasonable costs, and including but not limited to reasonable attorney's fees, incurred by a Manager enforcing the rights granted by this **Section 8.1**.

(d) The Company and each Manager and Member shall be indemnified and held harmless by each Member from and against any and all claims, demands, liabilities, costs, damages, expenses and causes of action of any nature whatsoever arising out of or incidental to any act performed by such Member which is not performed in good faith or is not reasonably believed by such Member to be in the best interests of the Company and within the scope of authority conferred upon such Member under this Agreement, or which arises out of the fraud, bad faith, or willful misconduct of such Member.

SECTION 8.2. Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Manager or Member shall be obligated personally for any such debt, obligation or liability of the Company by reason of being a Manager or Member of the Company.

ARTICLE IX **Dissolution and Termination**

SECTION 9.1. Dissolution. The Company shall be dissolved and its business and affairs wound up upon the happening of any of the following events, whichever shall first occur:

- (a) the sale of all or substantially all the Company's assets and the receipt of all consideration therefor;
- (b) the entry of a decree of judicial dissolution of the Company; or
- (c) the written consent of all Members to dissolve the Company.

SECTION 9.2. Termination. In all cases of dissolution of the Company, the Managers shall wind up the business of the Company and terminate the Company as promptly as practicable thereafter. The business of the Company will be wound up and the Company terminated after each of the following is accomplished:

- (a) The Managers shall cause to be prepared a statement setting forth the assets and liabilities of the Company as of the date of dissolution, a copy of which statement shall be furnished to all of the Members;
- (b) The property and assets of the Company shall be liquidated by the Managers as promptly as possible, but in an orderly and businesslike and commercially reasonable manner. The Managers may, in their discretion, determine not to sell all or any portion of the property and assets of the Company, in which event such property and assets will be distributed in kind pursuant to **Section 9.2(d)**;

(c) Any gain or loss realized by the Company upon the sale of its property and assets shall be allocated to the Members in the manner set forth in **Article III** hereof;

(d) The proceeds of sale and all other assets of the Company shall be applied and distributed as follows and in the following order of priority:

(i). to creditors of the Company including Members of the Company to the extent permitted by law in satisfaction of (A) the debts and liabilities of the Company whether by payment or the making of reasonable provisions for payment thereof, and (B) the expenses of liquidation;

(ii). to the setting up of any reserves which the Managers determine in their discretion to be reasonably necessary for contingent, conditional or unmatured liabilities or obligations of the Company arising out of or in connection with the Company. Such reserves may, in the discretion of the Managers, be paid over to a bank selected by the Managers and authorized to conduct business as an escrowee to be held by such bank as escrowee for the purposes of disbursing such reserves to satisfy the liabilities and obligations described above, and at the expiration of such period as the Managers may deem advisable, distributing any remaining balance as provided in **Section 9.2(d)(iii)**; provided, however, that, to the extent that it was necessary, by reason of applicable law or regulation to create any reserves prior to any and all distributions which would otherwise have been made under this **Section 9.2(d)** and, by reason thereof, a distribution under **Section 9.2(d)(i)** hereof has not been made, then any balance remaining will first be distributed pursuant to **Section 9.2(d)(i)**;

(iii). to the Members in accordance with the balances in their Capital Accounts; and

(iv). the balance, if any, to the Members in proportion to their Percentage Interests.

(e) No Member will be required to pay to the Company or to any other Member or person any deficit balance in such Member's Capital Account upon dissolution of the Company or otherwise.

ARTICLE X **Miscellaneous**

SECTION 10.1. **Amendments.** This Agreement, other than **Exhibit 1**, **Exhibit 2**, and **Exhibit 3** which may be amended by the Managers as herein provided, may be supplemented or amended only if embodied in an instrument executed by all Members. Any such supplemental agreement or amendment executed by all Members shall be binding upon the Members and the Managers as if executed by all of the Members and by the Managers.

SECTION 10.2. **Further Assurances.** Each Member agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to

certificates, instruments and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

SECTION 10.3. Notices. All notices, demands, consents, approvals, requests and other communications required or permitted hereby must be in writing and may be deemed to have been duly and sufficiently given only if:

(a) personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time so delivered);

(b) sent by Federal Express (or other similar overnight courier) (any notice or communication so delivered being deemed to have been received only when delivered);

(c) sent by telecopier or facsimile (any notice or communication so delivered being deemed to have been received (i) on the Business Day so sent, if so sent prior to 4:00 p.m. (based upon the recipient's time) of the Business Day so sent, and (ii) on the business day following the day so sent, if so sent on a non-Business Day or on or after 4:00 p.m. (based upon the recipient's time) of the Business Day so sent (unless actually received by the addressee on the day so sent)); or

(d) sent by United States certified mail, postage prepaid and return receipt requested, at a post office regularly maintained by the United States Postal Service (any notice or communication so sent being deemed to have been received only when delivered), in any such case addressed to the respective parties. Any party may, by notice given as aforesaid, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, provided, however, that notices of change of address or addresses will only be effective upon receipt.

SECTION 10.4. Independent Counsel. Each of the Members and the Managers has been advised to obtain separate and independent legal and business advice from its own lawyers, accountants and advisors concerning this Agreement, and has done so or deliberately refrained from doing so.

SECTION 10.5. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to any conflict of laws principles that would result in the application of the laws of any other state.

SECTION 10.6. Dispute Resolution.

(a) Negotiation. If the parties are unable to resolve any controversy, dispute or claim arising out of, or relating to, this Agreement (any such controversy, claim or dispute, a "**Dispute**") on or before the 15th day following the receipt by the parties of written notice of such Dispute from the other party or parties, which notice describes in reasonable detail the nature of the dispute and the facts and circumstances relating thereto, the parties shall, by delivery by one party of written notice to the other parties, require that

representatives of the parties meet at a mutually agreeable time and neutral place in an attempt to resolve such Dispute. Such meeting shall take place on or before the 15th day following the date of the notice requiring such meeting.

(b) Mediation. If the Dispute has not been resolved within fifteen (15) days following such meeting, unless the parties agree to an extension, any one or more of the parties shall participate in mediation of any dispute arising under this Agreement. The parties shall select a mediator within ten (10) business days after any party notifies another party that it seeks mediation. If the parties are unable to select a mediator within ten (10) business days, each party shall select a mediator who is a retired judge or justice and selected mediators shall select a third person to act as a mediator for the Dispute. The mediation shall be held in Los Angeles, California. The cost of mediation shall be borne by the parties equally. At least ten (10) business days before the date of the mediation, each side shall provide the mediator and other parties with a statement of its position and copies of all supporting documents. If a party has participated in the mediation and is dissatisfied with the outcome, that party may initiate arbitration.

(c) Arbitration. In the event that the dispute remains unresolved after the mediation described in subsections (a) and (b) above, each party hereby irrevocably and unconditionally submits to the personal jurisdiction of the federal or state courts located in Los Angeles, California ("Dispute Resolution Jurisdiction"). Any unresolved controversy or claim arising out of or relating to this Agreement, except as (i) otherwise provided in this Agreement, or (ii) any such controversies or claims for which a provisional remedy or equitable relief is sought, shall be submitted to arbitration by one arbitrator mutually agreed upon by the parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed by the Judicial Arbitration and Mediation Service ("JAMS"), then by one arbitrator having reasonable experience in limited liability company operating agreements of the type provided for in this Agreement and who is chosen by the JAMS. The arbitration shall take place in Los Angeles County, in accordance with the JAMS rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (A) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (B) depositions of all party witnesses and (C) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the California Code of Civil Procedure, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in the U.S. District Court for the Central District of California or any court of the state of California having subject matter jurisdiction.

(d) Injunctive Relief. Notwithstanding any other provision of this Section 10.6, at any time, each of the parties hereto shall be entitled to seek a temporary

restraining order and any other emergency injunctive relief, from a court of competent jurisdiction, restraining the other party from committing or continuing any violation of the provisions hereof until such time as the controversy is adjudicated in mediation or arbitration.

SECTION 10.7. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective executors, administrators, legal representatives, heirs, successors and assigns, and shall inure to the benefit of the parties hereto and, except as otherwise provided herein, their respective executors, administrators, legal representatives, heirs, successors and permitted assigns.

SECTION 10.8. Severability. In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and other application thereof shall not in any way be affected or impaired thereby.

SECTION 10.9. Approvals and Consents. Whenever any Member is required or permitted to give its approval or consent under this Agreement, such approval or consent may be given or withheld in such Member's discretion, unless otherwise expressly provided elsewhere in this Agreement.

SECTION 10.10. Counterparts. This Agreement, and any amendment or notice or other writing provided for herein, may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Executed counterparts may be delivered by facsimile, email or other means with the same effect as physical delivery of manually signed originals.

SECTION 10.11. Spousal Consent. Each individual Member who is married represents and warrants on behalf of himself or herself that either (a) he or she has caused his or her spouse to execute and deliver to the Company a spousal consent in substantially the form attached hereto, or (b) such spouse does not have and will not have a marital or community property interest in such Member's Membership Interests. Each individual Member who is not married represents and warrants that he or she is not married, and, as such, no individual has or will have a marital or community property interest in such Member's Membership Interests. If the spouse of any individual Member who is currently unmarried but who marries or remarries after the date of this Agreement, or any presently married Member's spouse who has not executed and delivered such spousal consent subsequently, has or will have a marital or community property interest in such Member's Membership Interests, such Member will promptly cause his or her spouse to execute and deliver to the Company such spousal consent. Notwithstanding the execution and delivery thereof, such spousal consent will not be deemed to confer or convey to the spouse any rights in such Member's Membership Interests that do not otherwise exist by operation of law or the agreement of the parties.

SECTION 10.12. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the subject matter hereof. No promises,

statements or representations of any kind have been made to any Manager or Member by any person except or expressly set forth in this Agreement.

SECTION 10.13. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (i) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (ii) references to the terms Article, Section, paragraph, annex, exhibit and Schedule are references to the Articles, Sections, paragraphs, annexes, exhibits and Schedules of or to this Agreement unless otherwise specified; (iii) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, including the annexes, exhibits and schedules hereto; (iv) references to "dollars" or "\$" shall mean United States dollars; (v) the word "including" and words of similar import when used in this Agreement shall mean including without limitation, unless otherwise specified; (vi) the word "or" shall not be exclusive; (vii) references to "written" or "in writing" include in electronic form; (viii) provisions shall apply, when appropriate, to successive events and transactions; (ix) each of the parties hereto have participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties thereto and no presumption or burden of proof shall arise favoring or burdening any party by virtue of the authorship of any of the provisions in this Agreement; (x) a reference to any Person includes such Person's permitted successors and permitted assigns; (xi) any reference to days means calendar days unless Business Days are expressly specified; (xii) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day; (xiii) all references or citations in this Agreement to statutes or regulations or statutory or regulatory provisions shall, when the context requires, be considered references or citations to such statutes, regulations, or provisions directly or indirectly superseding such statutes, regulations, or provisions referenced or cited; and (xiv) the annexes, exhibits and Schedules are incorporated herein by reference and shall be considered part of this Agreement.

SECTION 10.14. Acknowledgments Regarding Michelman & Robinson, LLP. EACH PARTY HERETO ACKNOWLEDGES, UNDERSTANDS AND AGREES THAT HE, SHE OR IT HAS BEEN INFORMED OF THE FOLLOWING: (A) THE LAW FIRM OF MICHELMAN & ROBINSON, LLP (THE "**LAW FIRM**") REPRESENTED HH IN THE PREPARATION AND NEGOTIATION OF THIS AGREEMENT, (B) THE LAW FIRM MAY IN THE FUTURE REPRESENT HH AND AFFILIATES OF HH WITH REGARD TO MATTERS UNRELATED TO THE SUBJECT OF THIS AGREEMENT; AND (C) PRIOR AND FUTURE REPRESENTATION BY THE LAW FIRM OF HH AND/OR ITS AFFILIATES MAY RESULT IN A CONFLICT OF INTEREST. THEREFORE, THE PARTIES TO THIS AGREEMENT EXPRESSLY WAIVE ANY CLAIM OF SUCH A CONFLICT OF INTEREST WITH RESPECT TO THE LAW FIRM. EACH OF THE PARTIES TO THIS AGREEMENT HAS BEEN ADVISED BY THE LAW FIRM TO SEEK INDEPENDENT LEGAL ADVICE WITH REGARD TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION WITH RESPECT TO THE TAX RAMIFICATIONS THEREOF. BY HIS, HER OR ITS

SIGNATURE HERETO, EACH PARTY ACKNOWLEDGES THE ABOVE, AS WELL AS THE FACT THAT HE, SHE OR IT HAS CONSULTED, OR HAS HAD THE OPPORTUNITY TO CONSULT, WITH THE LEGAL COUNSEL OF HIS, HER OR ITS CHOICE PRIOR TO HIS, HER OR ITS EXECUTION OF THIS AGREEMENT.

ARTICLE XI
Definitions

Unless otherwise defined herein, the following terms as used in this Agreement have the following meanings:

SECTION 11.1. "**Affiliate**" means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person (whether such control is established by ownership of voting equity interests, by contract, or otherwise).

SECTION 11.2. "**Business Day**" means any day other than a Saturday, Sunday or any day on which commercial banks in the State of California are either required or authorized to be closed.

SECTION 11.3. "**Capital Account**" has the meaning described in **Section 2.7.**

SECTION 11.4. "**Capital Contribution**" means any cash or other property which a Member contributes to the Company as capital pursuant to this Agreement.

SECTION 11.5. "**Code**" means the Internal Revenue Code of 1986, as amended.

SECTION 11.6. "**Fair Market Value**" means the price at which a willing seller, and a willing buyer would buy the applicable asset in an arm's length transaction for cash without time constraints and without being under any compulsion to buy or sell. If the relevant parties do not agree as Fair Market Value, then Fair Market Value shall be determined by HH. If that price is not accepted in good faith by the selling Member, then and only then will the Fair Market Value be determined by a reputable independent appraiser with at least five (5) years' experience in appraising similar assets in the market. The relevant parties shall jointly select the appraiser; *however*, in the event that the selling and buying Members cannot agree on an appraiser within fifteen (15) business days, then an appraiser shall be selected by a Majority of the Members. The determination of the appraiser shall be binding to all parties. The fees and disbursements of the appraiser shall be shared equally by the parties in interest and on a *pro rata* basis in the case of parties with the same interest (e.g. if one Member is selling its Membership Interest to two other Members who are purchasing such Membership Interest on a 60:40 basis, then the selling Member would bear 50% of the cost of the appraiser and the purchasing Members would bear 30% and 20%, respectively, of the cost).

SECTION 11.7. "**Gross Asset Value**" means, with respect to any asset, such asset's adjusted basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross Fair Market Value of such asset, as determined by the Managers;

(b) the Gross Asset Value of all Company assets will be adjusted to equal their respective gross Fair Market Values, as determined by the Managers, as of the following times: (i) the acquisition of an additional Interest by any new or existing Member in exchange for a Capital Contribution; (ii) the distribution by the Company to a Member of Company assets as consideration for redemption of an Interest; and (iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to Clause (i) and Clause (ii) of this sentence will be made only if the Members reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) the Gross Asset Value of any Company asset distributed to any Member shall be the gross Fair Market Value of such asset on the date of distribution, as determined by the Managers; and

(d) the Gross Asset Value of Company assets will be adjusted to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Paragraph (a), (b) or (c) above, the adjustment shall constitute Profits or Losses, as the case may, and allocated in accordance with Article III and such Gross Asset Value will thereafter be adjusted by the depreciation taken into account with respect to such asset for purposes of computing profits and losses.

SECTION 11.8. "Involuntary Transfer" means a Transfer: (i) by will; or (ii) by operation of law (including, without limitation, a Transfer pursuant to the laws of descent and distribution or in connection with the dissolution of a marriage).

SECTION 11.9. "Net Cash Flow" means, for each calendar month, fiscal year or other period of the Company for which it must be determined, the gross cash receipts of the Company from all sources other than Capital Contributions and loans (except such loan or refinancing proceeds that the Managers elect to include in Net Cash Flow), less all expenses, expenditures, fees, taxes, and other amounts paid by or for the account of the Company during the same period, including without limitation, payments of principal and interest on any Company borrowings from third parties and from Members, and further reduced by reserves reasonably established by the Managers for future debt service or contingencies of the Company's business. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions, depletion, similar allowances or other noncash items, but shall be increased by any reduction of any reserves previously established.

SECTION 11.10. "**Person**" means a natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity.

SECTION 11.11. "**Transfer**" means any sale, assignment, pledge, gift, hypothecation or other disposition of all or any portion of an Interest, or the creation or sufferance of any security interest in or any encumbrance on all or any portion of an Interest, directly or indirectly, by operation of law or otherwise.

SECTION 11.12. "**Transferee**" means any Person to whom a Transfer of an Interest is affected.

SECTION 11.13. "**Transferor**" means any Person who effects a Transfer of an Interest.

SECTION 11.14. "**Treasury Regulations**" means regulations promulgated from time to time under the Code by the Department of the Treasury of the United States of America.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Limited Liability Company Operating Agreement of [REDACTED] of the date first above written.

MEMBERS: [REDACTED]

Hopeful Holdings LLC

By: [REDACTED]

Name: [REDACTED]

Title: [REDACTED]

[REDACTED]
[REDACTED]
Signature: [REDACTED]

Exhibit 1

Interests

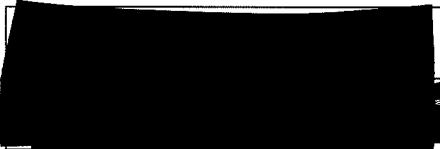
	Percentage Interest
	81.0%
Hopeful Holdings LLC	19.0%
TOTAL:	100.0%

Exhibit 2

Capital Contributions



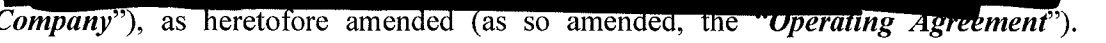
	Initial Capital Contribution
	As reflected on the books of the Company
Hopeful Holdings LLC	As reflected on the books of the Company
TOTAL:	As reflected on the books of the Company

EXHIBIT 3

OPERATING AGREEMENT JOINDER

of  Operating Agreement
of  (“*Company*”), as heretofore amended (as so amended, the “*Operating Agreement*”). Capitalized terms not defined herein shall have the meaning given to them in the Operating Agreement.

As of the date set forth below, the undersigned is acquiring from _____ (“*Transferor*”) a _____ percent (____%) membership interest in the Company (the “*Transferred Interest*”). By execution and delivery of this Operating Agreement Joinder, the undersigned, as successor to Transferor with respect of the Transferred Interest, will be deemed to be a party to the Operating Agreement and authorizes this Operating Agreement Joinder to be attached to the Operating Agreement. Pursuant to **Sections 7.3** and **10.7** of the Operating Agreement, and upon execution hereof by the Manager, the undersigned, as successor to Transferor with respect of the Transferred Interest, shall have all rights, and shall observe all the obligations, applicable to a “Member” as set forth in the Operating Agreement. In order to give effect to this transaction, please add the undersigned to the list of “Members” as set forth in **Exhibit 1** to the Operating Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Operating Agreement Joinder, the Operating Agreement and Exhibits thereto, as of _____, 201__.

Name: _____

By: _____

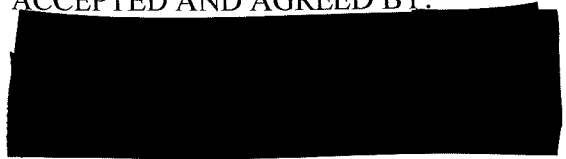
Name:

Title:

Address: _____

SSN/Fed ID: _____

ACCEPTED AND AGREED BY:



By: _____

Name:

Title: Manager

By: _____

Name:

Title: Manager



EXHIBIT 4

SPOUSAL CONSENT

[REDACTED]

that I know its contents. I am aware that by its provisions, my spouse agrees, among other things, to the imposition of certain other restrictions on the transfer of the securities of the Company held by my spouse, including my community interest therein (if any), which rights and restrictions may survive my spouse's death.

I hereby consent to such rights and restrictions, approve of the provisions of the Agreement, and agree that I will bequeath any interest which I may have in said securities or any of them, including my community interest, if any, or permit any such interest to be purchased, in a manner consistent with the provisions of the Agreement. I direct that any residuary clause in my will not be deemed to apply to my community interest (if any) in such securities except to the extent consistent with the provisions of the Agreement.

I further agree that in the event of a dissolution of the marriage between my spouse and me, in connection with which I secure or am awarded any securities of the Company or any interest therein through property settlement agreement or otherwise, I will receive and hold said securities subject to all the provisions and restrictions contained in the Agreement.

I also acknowledge that I have been advised to obtain independent counsel to represent my interests with respect to the Agreement, but I have declined to do so and hereby expressly

Date:

[REDACTED]

By

Name

N

[REDACTED]

[REDACTED]

AIR CRE

STANDARD SUBLEASE

MULTI-TENANT

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Sublease ("Sublease"), dated for reference purposes

hereinafter specified, Sublessee shall have nonexclusive rights to the Common Areas (as defined below) as hereinafter specified, any rights to the roof, the exterior walls, or the utility raceways of the building containing the Premises ("Building") or to any other part of the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project."

1.2(b) Parking: As per Master Lease (unreserved and _____ reserved for Air Cre parking spaces)

1.3 Term: _____ year(s) and _____ month(s) commencing per Master Lease ("Commencement Date") and ending on the Expiration Date set forth in the Master Lease ("Expiration Date").

~~1.4 Early Possession: The Sublessee shall have the right to take possession of the Premises prior to the commencement date of the Sublease, as provided in the Master Lease ("Early Possession Date").~~

1.5 Base Rent: As per the Master Lease per month ("Base Rent"), payable on the _____ day of each month commencing _____.

If this box is checked, there are provisions in this Sublease for the Base Rent to be adjusted.

1.6 Sublessee's Share of Operating Expenses: As per the Master Lease percent _____ ("Sublessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution: N/A

(a) Base Rent: _____ for the period _____.

(b) Security Deposit: _____ ("Security Deposit").

(c) Other: _____ for _____.

(d) Total Due Upon Execution of this Lease: _____.

1.8 Agreed Use: The Premises shall be used and occupied only for Agreed Use as per the Master Lease and for no other purposes.

1.9 Real Estate Brokers: N/A

(a) Representation: Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)");

Sublessor's Brokerage Firm N/A License No. _____ is the broker of (check one): the Sublessor; or both the Sublessee and Sublessor (dual agent).

Sublessor's Agent _____ License No. _____ is (check one): the Sublessor's Agent (salesperson or broker associate); or both the Sublessee's Agent and the Sublessor's Agent (dual agent).

Sublessee's Brokerage Firm N/A License No. _____ is the broker of (check one): the Sublessee; or both the Sublessee and Sublessor (dual agent).

Sublessee's Agent _____ License No. _____ is (check one): the Sublessee's Agent (salesperson or broker associate); or both the Sublessee's Agent and the Sublessor's Agent (dual agent).

(b) Payment to Brokers: Upon execution and delivery of this Sublease by both Parties, Sublessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____ % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.10 Guarantor. The obligations of the Sublessee under this Sublease shall be guaranteed by N/A ("Guarantor").

1.11 Attachments. Attached hereto are the following, all of which constitute a part of this Sublease:

an Addendum consisting of Paragraphs _____ through _____;

a plot plan depicting the Premises and/or Project;

a current set of the Rules and Regulations;

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a copy of the Master Lease and any and all amendments to such lease (collectively the "Master Lease");
 other (specify): _____.

2. Premises.

2.1 Letting. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Sublease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **Note: Sublessee is advised to verify the actual size prior to executing this Sublease.**

2.2 Condition. Sublessor shall deliver the Premises to Sublessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("**Start Date**"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), and any items which the Sublessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Sublessee, shall be in good operating condition on said date. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Sublessor shall, as Sublessor's sole obligation with respect to such matter, except as otherwise provided in this Sublease, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Sublessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements. If Sublessee does not give Sublessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Sublessee at Sublessee's sole cost and expense.

2.3 Compliance. Sublessor warrants that any improvements, alterations or utility installations made or installed by or on behalf of Sublessor to or on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances ("**Applicable Requirements**") in effect on the date that they were made or installed. Sublessor makes no warranty as to the use to which Sublessee will put the Premises or to modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Sublessee's use. **NOTE: Sublessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Sublessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Sublessor shall, except as otherwise provided, promptly after receipt of written notice from Sublessee setting forth with specificity the nature and extent of such non-compliance, rectify the same.

2.4 Acknowledgements. Sublessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Sublessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Sublessee's intended use, (c) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Sublessor, (e) the square footage of the Premises was not material to Sublessee's decision to sublease the Premises and pay the Rent stated herein, and (f) neither Sublessor, Sublessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Sublessee's ability to honor the Sublease or suitability to occupy the Premises, and (ii) it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Americans with Disabilities Act. In the event that as a result of Sublessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at: Sublessor's expense Sublessee's expense.

2.6 Vehicle Parking. Sublessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time for parking. Sublessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pickup trucks, herein called "**Permitted Size Vehicles.**" Sublessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Sublessor.

(a) Sublessee shall not permit or allow any vehicles that belong to or are controlled by Sublessee or Sublessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Sublessor for such activities.
(b) Sublessee shall not service or store any vehicles in the Common Areas.
(c) If Sublessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Sublessor 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 Sublessee, which cost shall be immediately payable upon demand by Sublessor.

2.7 Common Areas - Definition. The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Sublessor from time to time for the general nonexclusive use of Sublessor, Sublessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roofs, roadways, raceways and landscaped areas.

Common Areas - Sublessee's Rights. Sublessor grants to Sublessee, for the benefit of Sublessee and its employees, suppliers, shippers,



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contractors, customers and invitees, during the term of this Sublease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Sublessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Sublessor or Sublessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Sublessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Sublessee, which cost shall be immediately payable upon demand by Sublessor.

2.9 Common Areas - Rules and Regulations. Sublessor or such other person(s) as Sublessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Sublessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Sublessor shall not be responsible to Sublessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Sublessor shall have the right, in Sublessor's sole discretion, from time to time:

- (a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;
- (b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;
- (c) To add additional buildings and improvements to the Common Areas;
- (d) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and
- (e) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Sublessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Possession.

3.1 Early Possession. Any provision herein granting Sublessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Sublessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Sublease (including but not limited to the obligations to pay Sublessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.2 Delay in Commencement. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the Commencement Date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in Paragraph 3.3 of the Master Lease (as modified by Paragraph 6.3 of this Sublease).

3.3 Sublessee Compliance. Sublessor shall not be required to tender possession of the Premises to Sublessee until Sublessee complies with its obligation to provide evidence of insurance. Pending delivery of such evidence, Sublessee shall be required to perform all of its obligations under this Sublease from and after the Start Date, including the payment of Rent, notwithstanding Sublessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Sublessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Sublessor may elect to withhold possession until such conditions are satisfied.

4. Rent and Other Charges. As Per the Master Lease.

4.1 Rent Defined. All monetary obligations of Sublessee to Sublessor under the terms of this Sublease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Rent shall be payable in lawful money of the United States to Sublessor at the address stated herein or to such other persons or at such other places as Sublessor may designate in writing.

4.2 Common Area Operating Expenses. Sublessee shall pay to Sublessor during the term hereof, in addition to the Base Rent, Sublessee's Share of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Sublease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Sublease, as those costs incurred by Sublessor relating to the operation of the Project, which are included in the following list:

(i) Costs related to the operation, repair and maintenance, in neat, clean, good order and condition, but not the replacement of the following:

(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered. The cost of trash disposal, pest control services, property management, security services, and the costs of any environmental


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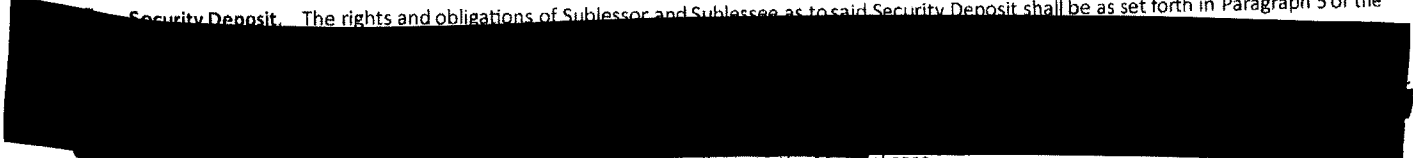
- (iv) Reserves set aside for maintenance and repair of Common Areas.
- (v) Real Property Taxes.
- (vi) Insurance premiums.
- (vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(b) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Sublessor to either have said improvements or facilities or to provide those services unless Sublessor already provides the services, or Sublessor has agreed elsewhere in this Sublease to provide the same or some of them.

(c) Sublessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Sublessor's estimate of the Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Sublessor shall deliver to Sublessee a reasonably detailed statement showing Sublessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year exceed Sublessee's Share as indicated on such statement, Sublessor shall credit the amount of such overpayment against Sublessee's Share of Common Area Operating Expenses next becoming due. If Sublessee's payments under this Paragraph 4.2(c) during the preceding year were less than Sublessee's Share as indicated on such statement, Sublessee shall pay to Sublessor the amount of the deficiency within 10 days after delivery by Sublessor to Sublessee of the statement.

4.3 Utilities. Sublessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Sublessor's sole judgment, Sublessor determines that Sublessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Sublessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Sublessor may increase Sublessee's Base Rent by an amount equal to such increased costs.

Security Deposit. The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in Paragraph 5 of the



6.2 This Sublease is and shall be at all times subject and subordinate to the Master Lease.

6.3 The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease document shall control over the Master Lease. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.

6.4 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every obligation of Sublessor under the Master Lease except for the following paragraphs which are excluded therefrom: N/A.

6.5 The obligations that Sublessee has assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessee's Assumed Obligations**". The obligations that Sublessee has not assumed under paragraph 6.4 hereof are hereinafter referred to as the "**Sublessor's Remaining Obligations**".

6.6 Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.

6.7 Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.

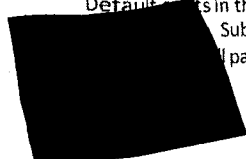
6.8 Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any Party to the Master Lease.

7. Assignment of Sublease and Default.

7.1 Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject however to the provisions of Paragraph 8.2 hereof.

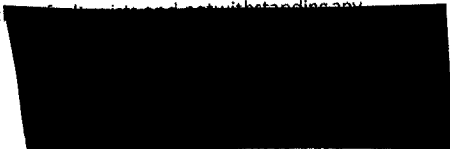
7.2 ~~Sublessor hereby assigns to Master Lessor the Sublessor's interest in this Sublease~~ (U) a Default shall occur in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor shall Default in the performance of its obligations to Master Lessor then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from the Sublessee, be deemed liable to Sublessee for any failure of the Sublessor to perform and comply with Sublessor's Remaining Obligations.

7.3 Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a Default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Master Lease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such statement is true and correct notwithstanding any



BS

INITIALS



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Agent DRE License #: _____

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