

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as
to an undivided one ninth (1/9) interest;

George P. Potiris, Trustee of the GPP 2019 Exempt Trust,
as to an undivided one-ninth (1/9) interest;

Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as
to an undivided one-ninth (1/9)
interest;

James G. Pappas, as to an undivided one-sixth (1/6) interest;

Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest;

Ellece Vasti, as to an undivided one-ninth (1/9) interest;

Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust,
as to an undivided one-ninth (1/9) interest;

Catherine Guzman, as to an undivided one-ninth (1/9) interest,
collectively, the Seller.

and

CITY AND COUNTY OF SAN FRANCISCO,

as Buyer

For the purchase and sale of

240 6th Street
San Francisco, California

September 15, 2024

TABLE OF CONTENTS

	<u>Page</u>
1. PURCHASE AND SALE	1
1.1 Property Included in Sale	1
2. PURCHASE PRICE.....	2
2.1 Purchase Price	2
2.2 Payment.....	2
2.3 Funds	2
3. TITLE TO THE PROPERTY	2
3.1 Conveyance of Title to the Property	2
3.2 Title Insurance.....	2
3.3 Assignment of Leases	3
4. BUYER’S DUE DILIGENCE INVESTIGATIONS	3
4.1 Due Diligence and Time for Satisfaction of Conditions	3
4.2 Energy Consumption.....	3
5. ENTRY	4
5.1 City’s Entry Upon Property.....	4
5.2 Seller to Cooperate with City	4
6. CONDITIONS PRECEDENT	4
6.1 City’s Conditions to Closing.....	4
6.2 Cooperation with City	7
7. ESCROW AND CLOSING	8
7.1 Opening of Escrow	8
7.2 Closing Date.....	8
7.3 Seller’s Delivery of Documents	8
7.4 City’s Delivery of Documents and Funds	9
7.5 Other Documents.....	9
7.6 Title Company as Real Estate Reporting Person.....	9
7.7 Liquidated Damages.....	9
8. EXPENSES AND TAXES	10
8.1 Rent and Other Apportionments.....	10
8.2 Closing Costs	11

8.3	Real Estate Taxes and Special Assessments	11
8.4	Preliminary Closing Adjustment	11
8.5	Post-Closing Reconciliation	11
8.6	Survival	11
9.	REPRESENTATIONS AND WARRANTIES	12
9.1	Representations and Warranties of Seller	12
9.2	Indemnity	15
9.3	Disclaimer of Warranties	15
9.4	Indemnity	16
9.5	Seller’s Knowledge	16
10.	RISK OF LOSS AND POSSESSION	16
10.1	Risk of Loss	16
10.2	Insurance	17
10.3	Possession	17
11.	MAINTENANCE; CONSENT TO NEW CONTRACTS	17
11.1	Maintenance of the Property by Seller	17
11.2	City’s Consent to New Contracts Affecting the Property; Termination of Existing Contracts	17
12.	GENERAL PROVISIONS	18
12.1	Notices	18
12.2	Brokers and Finders	18
12.3	Successors and Assigns	19
12.4	Amendments	19
12.5	Continuation and Survival of Representations and Warranties	19
12.6	Governing Law	19
12.7	Merger of Prior Agreements	19
12.8	Parties and Their Agents; Approvals	20
12.9	Interpretation of Agreement	20
12.10	Seller Tax Obligations	20
12.11	Sunshine Ordinance	20
12.12	Conflicts of Interest	21
12.13	Notification of Prohibition on Contributions	21
12.14	Non-Liability of City Officials, Employees and Agents	21

12.15	Memorandum of Agreement	21
12.16	Counterparts	21
12.17	Effective Date.....	22
12.18	Agreement Not to Market Prior to Effective Date	22
12.19	Cooperative Drafting.....	22

LIST OF EXHIBITS

- EXHIBIT A – Real Property Description
- EXHIBIT B – Personal Property Description - Intentionally Omitted
- EXHIBIT C – Grant Deed
- EXHIBIT D – Bill of Sale - Intentionally Omitted
- EXHIBIT E – Assignment of Warranties and Guaranties and Other Intangible Property
- EXHIBIT F – Assignment of Leases
- EXHIBIT G – Tenant’s Estoppel Certificate
- EXHIBIT H – Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
- EXHIBIT I – Memorandum of Agreement
- EXHIBIT J – Apportionment Notice

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(240 6th Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this “Agreement”) dated for reference purposes only as of September 15, 2024 is by and between Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; Catherine Guzman, as to an undivided one-ninth (1/9) interest (collectively referred to herein as the “Seller”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “Buyer” or “City”).

1. PURCHASE AND SALE

1.1 Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately nine thousand six hundred twenty-five (9,625) square feet of land, located in the City and County of San Francisco, commonly known as 240 6th Street (Lot 004; Block 3731) and more particularly described in Exhibit A attached hereto (the “Land”);

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain 2-story building containing approximately eighteen thousand four hundred sixty-three and one-half (18,463.5) square feet of net rentable area and known as 240 6th Street, as well as all other buildings and structures located on the Land, all permanent apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with all on-site parking which consists of space for two vehicles for repair and maintenance servicing by the existing tenant (collectively, the “Improvements”);

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the “Appurtenances”);

All of the items referred to in Subsections (a), (b) and (c) above are collectively referred to as the “Property.”

2. PURCHASE PRICE

2.1 Purchase Price

(a) Independent Consideration. Within five (5) business days after the Effective Date, as defined in Section 12.18 [Effective Date] below, City shall deposit with Escrow Agent the sum of One Hundred Dollars (\$100.00) (“**Independent Consideration**”). Buyer and Seller have bargained for and agree that the Independent Consideration is consideration for Buyer’s rights under this Agreement and for Seller providing the Due Diligence Period to Buyer. Upon receipt, the Escrow Agent shall immediately release the Independent Consideration to Seller, and notwithstanding any provision in this Agreement to the contrary, the Independent Consideration shall be nonrefundable to Buyer in all circumstances.

Seller will be paid Five Million, Three-Hundred Ten Thousand Dollars (\$5,310,000) as the purchase price for the Property (the “Purchase Price”). The initial sale value of the Property was Six Million, Nine-Hundred Thousand Dollars (\$6,900,000). However, Seller and City agreed, to a price reduction in the form of a credit in the amount of One Million, Five-Hundred and Ninety-Thousand Dollars (\$1,590,000) (the “Remediation Credit”) to be retained by the City to perform anticipated remediation of the Property and City’s agreement to purchase the Property in its “AS-IS” condition as set forth in this Agreement. The Purchase Price is calculated by subtracting the Remediation Credit from the initial sale value of the Property.

2.2 Payment

On the Closing Date (as defined in Section 7.2 [Closing Date]), City shall pay the Purchase Price, adjusted pursuant to the provisions of Article 8 [Expenses and Taxes], Article 6, Section 6.1 [City’s Condition to Closing], reduced by any credits due City hereunder and reduced by the Independent Consideration.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Section 7.3 [Seller’s Delivery of Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the “Federal Tax Code”), or Section 18662 of the California Revenue and Taxation Code (the “State Tax Code”). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller’s obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

2.3 Funds

All payments made by any party hereto shall be in legal tender of the United States of America, paid by Controller’s warrant or in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2), as escrow agent.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing Seller shall convey to City, or its nominee, marketable and insurable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the “Deed”), subject to the Accepted Conditions of Title (as defined in Section 3.2 [Title Insurance]).

3.2 Title Insurance

Delivery of title in accordance with the preceding Section shall be evidenced by the commitment of Chicago Title Insurance Company (the "Title Company") to issue to City, an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006) (the "Title Policy") in the amount of the Purchase Price (except for the tenants under leases approved by City, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Section 6.1(a) below.

3.3 Assignment of Leases

At the Closing Seller shall transfer its title to the Leases by an assignment of leases in the form attached hereto as Exhibit F (the "Assignment of Leases"), such title to be free of any liens, encumbrances or interests, except for the Accepted Conditions of Title.

4. BUYER'S DUE DILIGENCE INVESTIGATIONS

4.1 Due Diligence and Time for Satisfaction of Conditions

City has been given or will be given before the end of the Due Diligence Period (as defined below), a full opportunity to investigate the Property, at its own expense, either independently or through agents of City's own choosing, including, without limitation, the opportunity to conduct such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems fit, as well as the suitability of the Property for City's intended uses. City and its Agents may commence due diligence investigations on the Property prior to or after the Effective Date. The period for completion of all such investigations shall expire on the tenth (10th) calendar day from the Effective Date (the "Due Diligence Period"), subject to the terms and conditions provided hereinbelow. Seller agrees to deliver to City the Documents and other items described in Sections 6.1(c), 6.1(d), 6.1(e) and 6.1(f).

Notwithstanding anything in this Agreement to the contrary, City shall have the right to terminate this Agreement at any time during the Due Diligence Period upon written notice to Seller. In the event this Agreement terminates pursuant to Article 6 [Conditions Precedent] and such termination is due to City's material assumptions about the physical condition of the Property (including, without limitation, the environmental condition of the Property) or material economic assumptions, which were made by City based on information provided by Seller, then Seller shall pay any reasonable title, escrow, inspection and legal costs and fees, up to a maximum amount of \$25,000. Upon such termination, neither City nor Seller shall have any further rights or obligations hereunder, except as otherwise expressly provided herein and further except that City shall provide to Seller all inspection reports covered under this Section to the extent they are assignable and to the extent Seller has reimbursed City for all of the foregoing fees and expenses. This Section is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 6.1 [City's Conditions to Closing, of this Agreement].

4.2 Energy Consumption

Seller shall deliver the Disclosure Summary Sheet, Statement of Energy Performance, Data Checklist, and Facility Summary (all as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Property, copies of which are attached as Schedule 1 to this Agreement, no less than 24 hours prior to City's execution of this Agreement.

5. ENTRY

5.1 City's Entry Upon Property

During the Due Diligence Period and at all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property and all books and records located therein for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings. City hereby agrees to indemnify and hold Seller harmless from any damage or injury to persons or property caused by the active negligence or willful misconduct of City or its Agents during any such entries onto the Property prior to the Closing, except to the extent such damage or injury is caused by the negligent acts or omissions of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws.

5.2 Seller to Cooperate with City

Notwithstanding anything to the contrary in Subsection 11.2, Seller agrees to cooperate with City in the event City's general contracting construction company ("Proposed Permittee") requests an access permit, terminating on the Closing Date, to stage and store construction, demolition and related equipment and supplies on the first floor of the Improvements. Seller agrees to use commercially reasonable and market-based terms and conditions to provide a permit to Proposed Permittee. Nothing in this Subsection shall be interpreted as an expectation to omit from an access permit the level of indemnification against risk or potential liability that a reasonably prudent owner of a comparable property in the general area of the Property would require. The Proposed Permittee shall name Seller as additionally insured on its contractor's insurance obtained for any and all work on the Property.

6. CONDITIONS PRECEDENT

6.1 City's Conditions to Closing.

The following are conditions precedent to City's obligation to purchase the Property (collectively, "Conditions Precedent"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Within ten (10) business days after the date City and Seller execute this Agreement, Seller shall deliver to City a current extended coverage preliminary report on the Real Property, issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report");

(ii) Within the period referred to in clause (i) above, Seller shall deliver to Buyer copies of any existing or proposed easements, covenants, restrictions, agreements or other documents that affect the Property, and are not disclosed by the Preliminary Report, including but not limited to, documents related to the closure and removal of the underground storage tanks described in Seller's Schedule 1 [Seller's Environmental Disclosure] or, if Seller knows of no such documents, a written certification of Seller to that effect; and

(iii) City, at its expense and option, may arrange for an "as-built" survey

of the Land and Improvements prepared by a licensed surveyor (the "Survey"). The Survey shall be acceptable to, and certified by, City and Title Company and in sufficient detail to provide the basis for and the Title Policy without boundary, encroachment, or survey exceptions.

City shall advise Seller, prior to the end of the Due Diligence Period, what exceptions to title, if any, City is willing to accept (the "Accepted Conditions of Title"). City's failure to so advise Seller within such period shall be deemed disapproval of title. Seller shall have ten (10) business days after receipt of City's notice of any objections to title to give City: **(A)** evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing; or **(B)** notice that Seller elects not to cause such exceptions to be removed. If Seller gives notice under clause (B), City shall have ten (10) business days to elect to proceed with the purchase or terminate this Agreement. If City shall fail to give Seller notice of its election within such ten (10) business days, City shall be deemed to have elected to terminate this Agreement. If Seller gives notice pursuant to clause (A) and fails to remove any such objectionable exceptions from title prior to the Closing Date, and City is unwilling to take title subject thereto, Seller shall be in default hereunder and City shall have the rights and remedies provided herein or at law or in equity.

(b) City's further review and approval, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review shall include an examination for the presence, potential presence, or absence of any Hazardous Material (as defined in Section 9.1(l)), including invasive testing with respect to all or a part of the Property through implementation of a Phase II Environmental Site Assessment by City or City's consultants at City's cost. City's investigations reveal contamination or potential contamination of the Property with Hazardous Material, and City has consulted with City's consultants to determine the scope and estimated cost to perform the following actions: cleanup, removal, containment, treatment, stabilization, monitoring or otherwise controlling Hazardous Material located on or under the Property in compliance with all governmental laws, rules, regulations and requirements and in accordance with a written remediation plan approved by City in its sole discretion and by all regulatory agencies with jurisdiction ("Remediate"). City has elected to Remediate the Property after the Closing and City's or City's consultant's estimated cost to Remediate is reflected in the Purchase Price. The Parties acknowledge that the Remediation Credit is not anticipated to cover the full cost of Remediation, and City intends to spend an additional Two-Hundred and Fifty-Thousand Dollars (\$250,000) in City funds to Remediate. Seller makes no representations and/or warranties as to City's Due Diligence Period and/or its decision to Remediate the Property, including but not limited to any information and/or reports obtained through invasive testing or the Phase II Environmental Site Assessment.

(c) City's review and approval, within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

(d) City's review and approval, within the Due Diligence Period, of **(i)** the following documents, all to the extent such documents exist and are either in the possession or control of Seller, or any affiliate of Seller, or may be obtained by Seller, or any affiliate of Seller, through the exercise of commercially reasonable efforts: structural calculations for the Improvements; site plans; certified copies of the as-built plans and specifications for the Improvements; recent inspection reports by Seller's engineers; service contracts; utility contracts; maintenance contracts; employment contracts, management contracts; brokerage and leasing commission agreements which may continue after Closing; certificates of occupancy; presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; insurance policies, insurance certificates of tenants, and reports of insurance carriers insuring the Property and each portion thereof respecting the claims history of the Property; environmental reports, studies, surveys, tests and

assessments; soils and geotechnical reports; and any other contracts or documents of significance to the Property (collectively, the “Documents”); and **(ii)** such other information relating to the Property that is specifically requested by City of Seller in writing during the Due Diligence Period (collectively, the “Other Information”).

(e) City’s review and approval, within the Due Diligence Period, of all income and expense statements, year-end financial and monthly operating statements for the Property for the three (3) most recent calendar years prior to Closing and to the extent available, the current year, all of which shall be certified by an independent certified public accountant as having been prepared in accordance with generally accepted accounting principles (except to the extent prepared on a cash basis).

(f) City’s review and approval, within the Due Diligence Period, of: (i) all existing and pending leases and other occupancy agreements (“Leases”), (ii) tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller and listing for each tenant the name, location of leased premises, rent, obligation for reimbursement of expenses, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, lease termination date, lease expansion or extension options, option rent, and cost of living or other rent escalation clauses, any free rent, operating expense abatements or other unexpired concessions, and a description of any uncured defaults.

(g) Seller’s obtaining and delivering to City, before the Closing Date, tenant estoppel certificates in form and substance satisfactory to City from any and all tenants occupying any portion of the Property. Such certificates shall be substantially in the form attached hereto as Exhibit G and shall be dated no earlier than thirty (30) days prior to the Closing Date. Notwithstanding the foregoing, to the extent Seller is unable, despite its best efforts, to obtain estoppel certificates from any tenants, Seller may, but shall not be obligated to, warrant and represent to City, with respect to such missing estoppel certificates, as of the date represented and warranted: (A) that the Leases for those tenants are in full force and effect; (B) the amount of the tenants’ security deposits; (C) the dates through which rent has been paid; and (D) that neither any of those tenants nor Seller is in default under the Leases. City shall be obligated to accept such a certification in lieu of any such missing estoppel certificates. The representations and warranties in the certificate of Seller shall survive the Closing.

(h) Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller’s representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date. At the Closing, Seller shall deliver to City a certificate certifying that each of Seller’s representations and warranties contained in Section 8.1 [Representations and Warranties of Seller] below are true and correct as of the Closing Date.

(i) The physical condition of the Property shall be substantially the same on the Closing Date as on the date of City’s execution of this Agreement, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 [Risk of Loss]), and, as of the Closing Date, there shall be no litigation or administrative agency or other governmental proceeding, pending or threatened, which after the Closing would materially adversely affect the value of the Property or the ability of City to operate the Property for its intended use, and no proceedings shall be pending or threatened which could or would cause the change, redesignation or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, any of the Property.

(j) Title Company shall be committed at the Closing to issue to City, or its nominee, the Title Policy as provided in Section 3.2 [Title Insurance]

(k) The transactions contemplated herein shall have been approved by all

applicable City departments and agencies, including, without limitation, Recreation and Parks Department, Real Estate Division and City Attorney's Office, in their respective sole discretion, by the Closing Date.

(l) The City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution approving, adopting and authorizing this Agreement and the transactions.

(m) Seller shall have delivered the items described in Section 7.3 below [Seller's Delivery of Documents] on or before the Closing.

(n) Title Company shall have agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 7.6 below).

(o) Seller shall have delivered to City a file endorsed copy of the Notice of Dismissal for the City and County of California Superior Court Case No. CGC-22-599582.

The Conditions Precedent are solely for the benefit of City. If any Condition Precedent is not satisfied, City shall have the right in its sole discretion either to waive in writing the Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the Conditions Precedent described in items (j) through (m) above may not be waived. The waiver of any Condition Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. If City shall not have approved or waived in writing all of the Conditions Precedent in items (a) through (i) by the end of the Due Diligence Period, then upon City's sole election, this Agreement shall terminate. In addition, the Closing Date may be extended, at City's option, for a reasonable period of time specified by City, to allow such Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all such Conditions Precedent have not been satisfied.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some negligent act or omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property, up to a maximum of \$25,000, and neither party shall have any further rights or obligations hereunder, or (2) continue this Agreement pending City's action for specific performance and/or damages hereunder, including, without limitation, City's costs and expenses incurred hereunder.

6.2 Cooperation with City

Seller shall cooperate with City and do all acts as may be reasonably requested by City with regard to the fulfillment of any Conditions Precedent including, without limitation, execution of any documents, applications or permits, but Seller's representations and warranties to City shall not be affected or released by City's waiver or fulfillment of any Condition Precedent. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations.

7. ESCROW AND CLOSING

7.1 Opening of Escrow

On or before the Effective Date (as defined in Article 11 [General Provisions]), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

7.2 Closing Date

The consummation of the purchase and sale contemplated hereby (the “Closing”) shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Chicago Title Company located in San Francisco, California thirty (30) days from the date the **Independent Consideration** is deposited with the Escrow Agent., or on such earlier date as City and Seller may mutually agree (the “Closing Date”), subject to the provisions of Article 6 [Conditions Precedent]. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary, within five (5) business days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

7.3 Seller’s Delivery of Documents

At or before the Closing, Seller shall deliver to City or its nominee, through escrow, the following:

- (a) duly executed and acknowledged Deed;
- (b) duly executed tenant estoppel certificates as required pursuant to Section 6.1(f) hereof;
- (c) originals of the Documents, Leases, and any other items relating to the ownership or operation of the Property not previously delivered to City;
- (d) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit H, and on which City is entitled to rely, that Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (e) a properly executed California Franchise Tax Board Form 593 certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;
- (f) such resolutions, authorizations, or other partnership documents or agreements relating to Seller and its partners as City or the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals

executing any documents or other instruments on behalf of Seller to act for and bind Seller;

- (g) closing statement in form and content satisfactory to City and Seller; and
- (h) the duly executed certificate regarding the continued accuracy of Seller's representations and warranties as required by Section 6.1(g) hereof.

7.4 City's Delivery of Documents and Funds

At or before the Closing, City shall deliver to Seller through escrow the following:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) eight (8) duly executed and acknowledged counterparts of the Assignment of Leases;
- (c) a closing statement in form and content satisfactory to City and Seller; and
- (d) the Purchase Price, as provided in Article 2 hereof.

7.5 Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof. On or before the Closing Date, City shall deliver to the Title Company a statement for delivery to the County Tax Assessor in the form attached as Exhibit J (the "Apportionment Notice"). Upon Closing, the Title Company will insert the Closing Date in the Apportionment Notice and send the Apportionment Notice to the County Tax Assessor in the jurisdiction in which the Property is located.

7.6 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is hereby designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company shall perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City shall each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

7.7 Liquidated Damages

In the event the sale of the Property contemplated hereby is not consummated solely due to City's default under this Agreement, City agrees to pay to Seller the sum of Five Hundred, Thirty-One Thousand Dollars (531,000) as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE LIQUIDATED DAMAGES HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF CITY'S DEFAULT UNDER THIS AGREEMENT.

INITIALS: Seller _____ City _____

8. EXPENSES AND TAXES

8.1 Rent and Other Apportionments

The following are to be apportioned through escrow as of the Closing Date:

(a) Rent

Rent under the Leases shall be apportioned as of the Closing Date, regardless of whether or not such rent has been paid to Seller. With respect to any rent arrearage arising under the Leases, after the Closing, City shall pay to Seller any rent actually collected which is applicable to the period preceding the Closing Date; provided, however, that all rent collected by City shall be applied first to all unpaid rent accruing on and after the Closing Date, and then to unpaid rent accruing prior to the Closing Date. City shall not be obligated to take any steps to recover any rent arrearage, and Seller shall not be permitted to do so.

(b) Leasing Costs

Seller shall pay all leasing commissions and tenant improvement costs accrued in connection with any Lease executed on or before the Closing (including, without limitation, leasing commissions attributable to expansion or extension options which are not exercised until after the Closing). City shall be entitled to a credit against the Purchase Price for the total sum of all security deposits paid to Seller by tenants under any Leases, and any interest earned thereon, as well as for any free rent, operating expense abatements, or other unexpired concessions under the Leases to the extent they apply to any period after the Closing.

(c) Other Tenant Charges

Where the Leases contain tenant obligations for taxes, common area expenses, operating expenses, or additional charges of any other nature, and where Seller shall have collected any portion thereof in excess of amounts owed by Seller for such items for the period prior to the Closing Date, there shall be an adjustment and credit given to City on the Closing Date for such excess amounts collected. City shall apply all such excess amounts to the charges owed by City for such items for the period after the Closing Date and, if required by the Leases, shall rebate or credit tenants with any remainder. If it is determined that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to City at Closing, then Seller shall promptly pay the deficiency to City.

(d) Utility Charges

Seller shall cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. All utility deposits paid by Seller shall remain the property of Seller and City shall reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

(e) Other Apportionments

Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs shall be apportioned as of the Closing Date.

8.2 Closing Costs

City shall pay the cost of the Survey, the premium for the Title Policy and the cost of the endorsements thereto, and escrow and recording fees. In accordance with the letter of interest by and between City and Seller, dated May 1, 2023 (the "LOI"), Seller need not pay the cost of any city transfer taxes applicable to the sale. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. Seller shall also be responsible for any back taxes, including all taxes owed on the Property pursuant to the City's Vacancy Tax Ordinance, which Seller will pay through escrow at Closing. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

8.3 Real Estate Taxes and Special Assessments

At or before the Closing, Seller will pay all general real estate taxes payable for the tax year in which the Closing occurs and all prior years. Seller may file a claim with the City and County of San Francisco for a property tax refund for any taxes paid for the period from and after the Closing Date. At or before the Closing, Seller will pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date. Seller will pay all hotel or other taxes applicable to the period prior the Closing Date. General real estate taxes payable for the tax year prior to year of Closing and all prior years shall be paid by Seller at or before the Closing. General real estate taxes payable for the tax year of the Closing shall be prorated through escrow by Seller and City as of the Closing Date. At or before the Closing, Seller shall pay the full amount of any special assessments against the Property, including, without limitation, interest payable thereon, applicable to the period prior the Closing Date.

8.4 Preliminary Closing Adjustment

Seller and City shall jointly prepare a preliminary Closing adjustment on the basis of the Leases and other sources of income and expenses, and shall deliver such computation to Title Company prior to Closing.

8.5 Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party.

8.6 Survival

The provisions of this Section 8 shall survive the Closing.

9. REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties of Seller

Seller represents and warrants to and covenants with City that to the best of Seller's knowledge:

(a) Seller has not received a written notice of violation of laws, rules or regulations applicable to the Property and there are now, and at the time of the Closing will be, no material physical or mechanical defects of the Property, and no violations of any laws, rules or regulations applicable to the Property, including, without limitation, any earthquake, life safety and handicap laws (including, but not limited to, the Americans with Disabilities Act).

(b) The Documents Seller has delivered to City are all of the relevant documents about the condition of the Property to the extent such documents exist that are either in the possession or control of Seller or any affiliate of Seller or may be obtained by Seller or any affiliate of Seller, through the exercise of commercially reasonable efforts.

(c) No document or instrument furnished or to be furnished by the Seller to the City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading, under the circumstances under which any such statement shall have been made.

(d) Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

(e) All water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are and at the time of Closing will be installed to the property lines of the Property and are and at the time of Closing will be adequate to service the Property.

(f) Other than what may have been disclosed in the Documents, there are no easements or rights of way which have been acquired by prescription or which are otherwise not of record with respect to the Property, and there are no easements, rights of way, permits, licenses or other forms of agreement which afford third parties the right to traverse any portion of the Property to gain access to other real property. There are no disputes with regard to the location of any fence or other monument of the Property's boundary nor any claims or actions involving the location of any fence or boundary.

(g) There is no litigation pending or, after due and diligent inquiry, to the best of Seller's knowledge, threatened, against Seller or any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(h) Seller is the legal and equitable owner of the Property, with full right to convey the same, and without limiting the generality of the foregoing, Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

(i) Sellers are co-tenants, each owning an undivided interest in the Property pursuant to a Tenancy-In-Common Agreement dated December 13, 2021 and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be,

duly authorized, executed and delivered by Seller; are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms; are, and at the Closing will be, sufficient to convey good and marketable title (if they purport to do so); and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(j) Seller has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline, or prohibition may result in the termination or suspension of this Agreement.

(k) Seller knows of no facts nor has Seller failed to disclose any fact that would prevent City from using and operating the Property after Closing in the normal manner in which it is intended.

(l) Other than what may have been disclosed in the Documents, the following statements are true and correct and will be true and correct as of the Closing Date (i) Seller has not received any written notice that the Property is in violation of any Environmental Laws; (ii) the Property is not now used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except as described in **Schedule 1** ("Seller's Environmental Disclosure"), to be provided by Seller, (iii) there has been no release and there is no threatened release of any Hazardous Material in, on, under or about the Property; (iv) there have not been and there are not now any underground storage tanks, septic tanks or wells or any aboveground storage tanks at any time used to store Hazardous Material located in, on or under the Property, or if there have been or are any such tanks or wells located on the Property, their location, type, age and content has been specifically identified in Seller's Environmental Disclosure, they have been properly registered with all appropriate authorities, they are in full compliance with all applicable statutes, ordinances and regulations, and they have not resulted in the release or threatened release of any Hazardous Material into the environment; (v) the Property does not consist of any landfill or of any building materials that contain Hazardous Material; and (vi) the Property is not subject to any claim by any governmental regulatory agency or third party related to the release or threatened release of any Hazardous Material, and (vii) there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, under or about the Property, or the migration of Hazardous Material from or to other property. As used herein, the following terms shall have the meanings below:

(i) "Environmental Laws" shall mean any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

(ii) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"),

also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any “hazardous waste” listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and “source,” “special nuclear” and “by-product” material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

(iii) “Release” or “threatened release” when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under or about the Property. Release shall include, without limitation, “release” as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601).

(m) At the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics’ or materialmen’s liens arising from any labor or materials furnished to the Property prior to the time of Closing. There are no obligations in connection with the Property which will be binding upon City after Closing except for the Leases.

(n) Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(o) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as “Offsets”) or any termination, extension, cancellation or expansion rights held by Tenant or tenants under any existing or pending Leases (with the exception of those summarized in **Schedule 2** attached hereto); and all of the Leases are absolutely net (including the full pass-through of management fees), except for maintenance and repair of major capital items, such as roof, foundation and structural components. Seller has paid in full any of landlord’s leasing costs incurred by Seller in connection with any tenant improvements.

(p) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Leases.

(q) The copies of the Leases delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. None of the tenants of the Property has indicated to Seller either orally or in writing its intent to terminate its respective Lease prior to expiration of the respective term of such Lease.

(r) Notwithstanding any provision to the contrary in this section, Seller’s lease with Tenant contains the following terms and conditions, among others:

“In the event the Property is sold and successfully conveyed to a new owner (“Buyer”), the Buyer will have the right to terminate the lease agreement by providing written notice to Tenant (“Landlord Termination Notice”). The Lease shall terminate and Tenant shall vacate the premises no later than 6 months from the date of the Landlord Termination Notice. During this 6-month period, Tenant shall not be responsible for monthly rental payments, however Tenant will continue to be responsible for the operating expenses and real estate taxes.”

9.2 Representations and Warranties of City

As a material inducement to Seller to execute this Agreement and consummate this transaction, City represents and warrants to Seller as of the Effective Date and as of the Closing Date, as applicable, that:

- (a) This Agreement has been duly authorized, executed and delivered by City, is a legal, valid and binding obligation on City pursuant to the terms herein, and is enforceable against City in accordance with its terms.
- (b) As of the Closing Date, all documents executed by City which are to be delivered to Seller at the Closing will be duly authorized, executed and delivered by City, and will be legal, valid and binding obligations of City pursuant to the terms therein, and enforceable against City in accordance with their respective terms.

9.3 Disclaimer of Warranties

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, OR ANY DOCUMENTS EXECUTED AND DELIVERED TO CITY BY SELLER, SELLER DISCLAIMS THE MAKING OF ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE PROPERTY OR ANY MATTERS AFFECTING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE PHYSICAL CONDITION OF THE PROPERTY, TITLE TO OR THE BOUNDARIES OF THE PROPERTY, SOIL CONDITION, HAZARDOUS WASTE, TOXIC SUBSTANCE OR OTHER ENVIRONMENTAL MATTERS, COMPLIANCE WITH REAL PROPERTY, HEALTH, SAFETY, LAND USE AND ZONING LAWS, REGULATIONS AND ORDERS, STRUCTURAL AND OTHER ENGINEERING CHARACTERISTICS, TRAFFIC PATTERNS, AND ALL OTHER INFORMATION PERTAINING TO THE PROPERTY EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, OR ANY DOCUMENT OR INSTRUMENT EXECUTED AND DELIVERED TO CITY BY SELLER, CITY IS PURCHASING THE PROPERTY “AS IS, WHERE IS.”

9.4 Indemnity

Seller, on behalf of itself and its successors and assigns, hereby agrees to indemnify, defend and hold harmless City, its Agents and their respective successors and assigns, from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from any negligent misrepresentation, breach of warranty, and/or breach of covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to City pursuant to or in connection with this Agreement. The foregoing indemnity includes, without limitation, costs incurred in connection with the investigation of site conditions and all activities required to locate, assess, evaluate, remediate, cleanup, remove, contain, treat, stabilize, monitor or otherwise control any Hazardous Material. Notwithstanding the foregoing, City will indemnify Seller from and against any and all liabilities, claims, demands, damages, liens, costs, penalties, losses and expenses, including, without limitation, reasonable attorneys' and consultants' fees, resulting from and/or related to City's performance, or the performance of any third-party hired by the City, of the work to Remediate the Property. The indemnification provisions of this Section shall survive beyond the Closing, or, if title is not transferred pursuant to this Agreement, beyond any termination of this Agreement.

9.5 Seller's Knowledge

For purposes of this Agreement and any document executed and delivered to City by Seller, whenever the phrase "to Seller's knowledge" or words of similar import are used, they shall be deemed to refer to the current, actual knowledge only, and not any implied, imputed, or constructive knowledge, without any implied duty to investigate.

10. RISK OF LOSS AND POSSESSION

10.1 Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any of the Property, then the rights and obligations of Seller and City hereunder shall be as follows:

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount thereunder, and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Million Dollars (\$1,000,000) (the "Threshold Damage Amount") to repair or restore, then this Agreement shall remain in full force and effect and City shall acquire the Property upon the terms and conditions set forth herein. In such event, City shall receive a credit against the Purchase Price equal to such deductible amount, and Seller shall assign to City at Closing all of Seller's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement shall be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase

Price), or to not terminate this Agreement and purchase the Property (or the portion not damaged or affected by condemnation, as the case may be). City shall have thirty (30) calendar days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within the thirty (30) calendar days period shall be deemed City's election to terminate this Agreement in its entirety. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction and, in the event of a result of such condemnation proceeding, the value of any Property taken as a result of such proceeding, in which case this Agreement shall otherwise remain in full force and effect, and Seller shall be entitled to any proceeds of insurance or condemnation awards. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed. As used in this Section, the cost to repair or restore shall include the cost of lost rental revenue, including additional rent and base rent.

10.2 Insurance

Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in amounts equal to the full replacement value of the Improvements, insuring against all insurable risks, including, without limitation, fire, vandalism, malicious mischief, lightning, windstorm, water, earthquake, flood and other perils customarily covered by casualty insurance and the costs of demolition and debris removal. Seller shall furnish City with evidence of such insurance upon request by City.

10.3 Possession

Possession of the Property shall be delivered to City on the Closing Date.

11. MAINTENANCE; CONSENT TO NEW CONTRACTS

11.1 Maintenance of the Property by Seller

Between the date of Seller's execution of this Agreement and the Closing, Seller shall maintain the Property in good order, condition and repair, reasonable wear and tear excepted, shall perform all work required to be done by the landlord under the terms of any Lease, and shall make all repairs, maintenance and replacements of the Improvements and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property.

11.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts

(a) Except as expressly provided by Section 5.2 [Seller to Cooperate with City], Seller shall not enter into any Lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment or agreement pertaining to the Property, or waive any rights of Seller under any Lease or Assumed Contract, after the Effective Date. Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property that City does not agree in writing prior to the Closing to assume.

12. GENERAL PROVISIONS

12.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one (1) day after being deposited with a reliable overnight courier service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City: Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 240 6th Street
Facsimile No.: (415) 552-9216

with copy to: Nancy Taylor
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: 240 6th Street

Seller: Stephanie A. Papas
1408 7th Avenue
Sacramento, CA 95818

with a copy to: Tad A. Devlin
Kaufman, Dolowich, LLP
425 California Street
Suite 2100
San Francisco, CA 94104

or to such other address as either party may from time to time specify in writing to the others upon five (5) days prior written notice in the manner provided above. For the convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice.

12.2 Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein, except for Colliers International CA, Inc., a Delaware Corporation; Tony Crossley and Will Cliff, whose commission, if any is due, shall be the sole responsibility of Seller pursuant to a separate written agreement with such

broker, and City shall have no liability whatsoever therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the Closing.

12.3 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns. City shall have the right, upon notice to Seller, to assign its right, title and interest in and to this Agreement to its nominee or one (1) or more assignees at any time before the Closing Date.

12.4 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

12.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Any legal suit, action, or proceeding arising out of or relating to this Agreement shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Agreement has been brought in an inconvenient forum.

12.7 Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings including, without limitation, the Letter of Interest between the parties dated May 1, 2023. The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts

or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

12.8 Parties and Their Agents; Approvals

The term “Seller” as used herein shall include the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term “Agents” when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City’s Director of Property unless otherwise provided herein, subject to applicable law.

12.9 Interpretation of Agreement

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm’s length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

12.10 Seller Tax Obligations

Seller acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code (“Delinquent Payment”). If, under that authority, any payment City is required to make to Seller under this Agreement is withheld because Seller owes the City a Delinquent Payment, then City will not be in breach or default under this Agreement, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Seller, without interest, late fees, penalties, or other charges, upon Seller coming back into compliance with its San Francisco Business and Tax Regulations Code obligations. In accordance with California Government Code § 27383, Revenue & Tax Code § 11922, and S.F. Business & Tax Regulation 1105, Seller’s conveyance of the Property to City shall be exempt from the City’s Real Property Transfer Tax Ordinance.

12.11 Sunshine Ordinance

Seller understands and agrees that under the City’s Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the California Public Records Act (Gov. Code Section 7920.000 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

12.12 Conflicts of Interest

Through its execution of this Agreement, Seller acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California and certifies that it does not know of any facts which would constitute a violation of said provision and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

12.13 Notification of Prohibition on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or twelve (12) months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Seller further acknowledges that the **(i)** prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller; and **(ii)** within thirty (30) days of the submission of a proposal for the contract, the City department with whom Seller is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Seller certifies that Seller has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract and has provided the names of the persons required to be informed to the City department with whom it is contracting.

12.14 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Seller, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

12.15 1031 Exchange

City is aware that Seller reserves the right to perform a 1031 tax-deferred exchange pursuant to Section 1031 ("1031") of the Internal Revenue ("IRS") Code. As a requisite procedure of the IRS Code to effect an Exchange, City agrees to an assignment of the rights under this Agreement to a qualified intermediary ("QI") by the Seller. City agrees to cooperate in this Exchange, if it does not delay the closing, by executing any additional administrative documents necessary to implement the Exchange, at no cost or liability to City. The full execution of this Agreement and corresponding close of escrow shall not be contingent upon the selection of a QI or identification of a Replacement Property, as defined by IRS Code.

12.16 Memorandum of Agreement

At any time on or after the Effective Date, the parties, upon City's request, shall execute and acknowledge a memorandum hereof, on the form attached hereto as Exhibit I, which will be recorded in the Official Records of the County in San Francisco, California.

12.17 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

12.18 Effective Date

As used herein, the term "Effective Date" means the date on which City, or its nominee, and Seller have executed this Agreement, as authorized by a resolution or ordinance, as applicable, enacted by the City's Board of Supervisors and Mayor approving and authorizing this Agreement.

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

12.19 Agreement Not to Market Prior to Effective Date

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

12.20 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY

DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGES]

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

DocuSigned by:
Martha E. Potiriades
2811B451C1464A5...
Martha E. Potiriades

5/31/2024
Date: _____

DocuSigned by:
George
ACE0A6E7915C44B...
George P. Potiris

5/31/2024
Date: _____

DocuSigned by:
Kalli K. Carvalho
64A22D0B99064E3...
Kalli K. Carvalho

5/31/2024
Date: _____

DocuSigned by:
James G. Pappas
5E18BC755D634D6...
James G. Pappas

6/1/2024
Date: _____

DocuSigned by:
Christina Pappas-Boettger
F58B87679B4B460...
Christina Pappas-Boettger

6/1/2024
Date: _____

DocuSigned by:
Ellece Vasti
F750B770010J4EA...
Ellece Vasti

5/31/2024
Date: _____

DocuSigned by:
STEPHANIE A. PAPPAS
B829FC6853F46B...
Stephanie A. Pappas

5/31/2024
Date: _____

DocuSigned by:
Catherine Guzman
371D087D05DD4DC...
Catherine Guzman

5/31/2024
Date: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

Date: _____

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Nancy Taylor
Deputy City Attorney

SCHEDULE 1

SELLER'S ENVIRONMENTAL DISCLOSURE

1. Two abandoned Underground Storage Tanks ("UST") were discovered within the sidewalk in front of the Property. Both USTs were removed in February 2000. During excavation, no odors, staining or groundwater was encountered. In addition, samples from the 15-20 cubic yards of stockpiled soil showed no indication of contamination. Therefore, no release case was opened for the former USTs.

2. The Property is located within a mixed commercial and residential neighborhood and has had a long history of auto repair/body shops on site. The San Francisco Public Health Department's ("SFPHD") regulatory records of the Property include Hazardous Materials Business Plans ("HMBP") with chemical inventory sheets and other lists of hazardous substances used / stored on the Property, as well as hazardous waste generated on the Property. These lists identify materials used by former and current auto repair shops that have been located on the Property. The hazardous substances and hazardous wastes associated with the Property include motor oils, waste oil, antifreeze, waste antifreeze, paints and associated thinners / solvents, waste paint / solvents, grease, brake fluid, compressed gases (argon, oxygen, acetylene), and various cleansers. The sizes of containers range from retail-sized containers to 55-gallon metal drums.

SCHEDULE 2

REPRESENTATIONS AND WARRANTIES OF SELLER – SUMMARY OF OFFSETS

Seller incorporates by reference the Property's 2nd Floor Commercial Lease Agreement ("Lease") and Lease Extension Addendum ("Addendum") with Sokol Belishova dba Euro Motorcars ("Tenant"), previously provided to the City, and copies of which are attached herein, as the exceptions to the representations and warranties of Paragraph 9.1(o) of this Agreement. Seller provides a summary of the Offsets and rights held by Tenant, as contained in the Lease and Addendum, as follows:

1. The Lease states in Paragraph 5 that "[i]f Tenant performs all of Tenant's obligations under [the] Lease, the security deposit or that thereof which has not previously been applied by the Landlord, shall be returned to Tenant within fourteen (14) days after the expiration of the term of [the] Lease, or after Tenant has vacated the Premises, whichever is later."
2. The Lease states in Paragraph 7 that "[i]f it shall be Tenant's obligation to pay such real property taxes and assessments hereunder, Landlord shall use its best efforts to cause the Premises to be separately assessed from other real property owned by the Landlord. If Landlord is unable to obtain such a separate assessment, the assessor's evaluation based on the building and other improvements that are part of the Premises shall be used to determine the real property taxes. If this evaluation is not available, the parties shall equitably allocate the property taxes between the building and other improvements that are part of the Premises and all buildings and other improvements included in the tax bill If the Landlord does not perform its obligations within the time limit set forth in this paragraph, Tenant can perform said obligations and shall have the right to be reimbursed for the amount that Tenant actually expends in the performance of Landlord's obligations Tenant shall not be responsible for, and shall not be required to pay, any increase in property taxes due to a refinance, sale of the building, or change of ownership structure."
3. The Lease states in Paragraph 12(a) that "[i]f the [Landlord's] restoration [of the Premises] cannot be made in [the] 120 day period, then within fifteen (15) days after Landlord determines that the restoration cannot be made in the time stated in this paragraph, Tenant may terminate this Lease immediately by giving notice to Landlord and the Lease will be deemed canceled as of the date of such damage or destruction If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party."
4. The Lease states in Paragraph 12(b) that "[i]n the event that Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease [in the event the Premises are damaged or destroyed by a casualty which is not covered by the fire and extended coverage insurance], Tenant shall have the right, within ten (10) days after receipt of such notice, to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event the Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible."
5. The Lease states in Paragraph 13 that "[i]f more than twenty (20%) percent of the floor area

of any building on the Premises, or more than twenty (20%) percent of the land area of the Premises not covered with buildings, is taken by condemnation [defined as when the Premises or any portion thereof are taken by the power of eminent domain, or sold by Landlord under the threat of that power], either Landlord or Tenant may terminate this Lease as of the date of the condemning authority takes possession by notice in writing of such election within twenty (20) days after the Landlord shall have notified Tenant of such taking or, in the absence of such notice, the within twenty (20) days after the condemning authority shall have taken possession If this Lease is not terminated by either Landlord or Tenant as provided hereinabove, then it shall remain in full force and effect as to the portion of the Premises remaining, provided that the rental shall be reduced in proportion to the floor area of the buildings taken within the Premises as bears to the total floor area of all buildings located on the Premises.”

6. The Lease states in Paragraph 20 that “[i]f the Tenant, with the Landlord’s consent remains in possession of the Premises after the expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of One Hundred and ten percent (110%) of the last monthly rental plus all other charges payable hereunder, upon all the provisions of this Lease applicable to month-to-month tenancy.”
7. The Addendum states in Paragraph 1 that “[t]he [L]ease shall be extended for an additional term of three (3) years, beginning June 1, 2023.”
8. The Addendum states in Paragraph 2 that “Tenant shall pay a monthly amount of \$9,000.00, which shall be subject to annual CPI increases, however the increases shall be capped at 5.00% over the prior monthly rental amount.”
9. The Addendum states in Paragraph 3 that “[p]ursuant to [the Lease] sections 7 and 11, Tenant shall continue to be responsible for Taxes and Insurance, however the Tenant’s annual responsibility shall be capped at \$10,000.00.”
10. The Addendum states in Paragraph 4 that “[i]n the event the Property is sold and successfully conveyed to a new owner (“Buyer”), the Buyer will have the right to terminate the lease agreement by providing written notice to Tenant (“Landlord Termination Notice”). The Lease shall terminate and Tenant shall vacate the premises no later than 6 months from the date of the Landlord Termination Notice. During this 6-month period, Tenant shall not be responsible for monthly rental payments, however Tenant will continue to be responsible for the operating expenses and real estate taxes.”

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the County of San Francisco, State of California, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, IN THE COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTH-WESTERLY LINE OF 6TH STREET DISTANT THEREON 200 FEET SOUTHEASTERLY FROM THE SOUTHEASTERLY LINE OF HOWARD STREET; RUNNING THENCE SOUTH-EASTERLY AND ALONG SAID LINE OF 6TH STREET 50 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 80 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 25 FEET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY 75 FEET TO THE NORTHEASTERLY LINE OF HARRIET STREET; THENCE AT A RIGHT ANGLE NORTHWESTERLY ALONG SAID LINE OF HARRIET STREET 75 FEET; THENCE AT A RIGHT ANGLE NORTHEASTERLY 155 FEET TO THE POINT OF COMMENCEMENT.

BEING PART OF 100 VARA LOT NO. 228.

[APN: Lot 004, Block 3731](#)

EXHIBIT B

PERSONAL PROPERTY DESCRIPTION

(Intentionally Omitted)

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

The undersigned hereby declares this instrument to be
exempt from Recording Fees (CA Govt. Code § 27383)
and Documentary Transfer Tax (CA Rev. & Tax Code
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

GRANT DEED

(Assessor's Parcel No. _____)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; and Catherine Guzman, as to an undivided one-ninth (1/9) interest, hereby grant to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land and all of Grantor's right, title and interest in and to any and all roads and alleys adjoining or servicing the Property.

[SIGNATURES ON FOLLOWING PAGE]

Date: _____

Martha E. Potiriades, Trustee of the MEP 2019
Exempt Trust

Date: _____

George P. Potiris, Trustee of the GPP 2019
Exempt Trust

Date: _____

Kalli K. Carvalho, Trustee of the KKC 2019
Exempt Trust

Date: _____

James G. Pappas

Date: _____

Christina Pappas-Boettger

Date: _____

Ellece Vasti

Date: _____

Stephanie A. Papas, Trustee of the Stephanie
A. Papas Revocable Trust

Date: _____

Catherine Guzman

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
)
County of San Francisco)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

As required under Government Code Section 27281, this is to certify that the interest in real property conveyed by the [TITLE OF GRANTING DOCUMENT] dated _____, from Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; and Catherine Guzman, as to an undivided one-ninth (1/9) interest ("Grantors"), to the City and County of San Francisco, a municipal corporation ("Grantee"), is hereby accepted by order of its Board of Supervisors' Resolution No. 18110, adopted on August 5, 1957, and approved by the Mayor on August 10, 1957, and its Board of Supervisors' Resolution No. __, adopted on _____
[INCLUDE INFORMATION FOR ANY LATER RESOLUTION SPECIFICALLY AUTHORIZING THE SPECIFIC ACQUISITION], and Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO,

a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

EXHIBIT D

(Intentionally Omitted)

EXHIBIT E
**ASSIGNMENT OF
CONTRACTS, WARRANTIES AND GUARANTIES
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of this ___ day of _____, 20___, by and between Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; and Catherine Guzman, as to an undivided one-ninth (1/9) interest (“Assignor”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“Assignee”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor’s right, title, claim and interest in and under:

A. all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in Exhibit A attached hereto including, without limitation, those warranties and guaranties listed in Schedule 1 attached hereto (collectively, “Warranties”);

B. any other Intangible Property (as defined in that certain Agreement of Purchase and Sale of Real Estate dated as of _____, 20___, between Assignor and Assignee (or Assignee’s predecessor in interest) (the “Purchase Agreement”).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees), originating prior to the Effective Date (as defined below) and arising out of the owner’s obligations under the service contracts.

2. Except as otherwise set forth in the Purchase Agreement, effective as of the Effective Date (as defined below), Assignee hereby assumes all of the owner’s obligations under the service contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the owner's obligations under the service contracts.

3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party’s costs and expenses of such litigation, including, without limitation, attorneys’ fees.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

5. This Assignment shall be governed by and construed in accordance with

the laws of the State of California.

6. For purposes of this Assignment, the “Effective Date” shall be the date of the Closing (as defined in the Purchase Agreement).

7. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

Martha E. Potiriades, Trustee of the MEP 2019
Exempt Trust

George P. Potiris, Trustee of the GPP 2019
Exempt Trust

Kalli K. Carvalho, Trustee of the KKC 2019
Exempt Trust

James G. Pappas

Christina Pappas-Boettger

Ellece Vasti

Stephanie A. Papas, Trustee of the Stephanie
A. Papas Revocable Trust

Catherine Guzman

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Nancy Taylor
Deputy City Attorney

EXHIBIT F

ASSIGNMENT OF LEASES

THIS ASSIGNMENT is made and entered into as of this 15th day of September, 2024, by and between Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; and Catherine Guzman, as to an undivided one-ninth (1/9) interest (“Assignor”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“Assignee”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor’s right, title, claim and interest in and under certain leases executed with respect to that certain real property commonly known as 240 6th Street (Lot 004; Block 3731) (the “Property”) as more fully described in Schedule 1 attached hereto (the “Lease” or, collectively, the “Leases”).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that as of the date of this Assignment and the Effective Date the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the date hereof and the Effective Date, there are no assignments of or agreements to assign the Leases to any other party.

2. Assignor represents and warrants that as of the date of this Assignment and the Effective Date, Assignor is the lawful successor to Peter Ellis LLC and is duly authorized to execute this Assignment.

3. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees), originating prior to the Effective Date (as defined below) and arising out of the landlord’s obligations under the Leases.

4. Except as otherwise set forth in the Purchase Agreement (as defined below), effective as of the Effective Date (as defined below), Assignee hereby assumes all of the landlord’s obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the landlord’s obligations under the Leases.

5. Any rental and other payments under the Leases shall be prorated between the parties as provided in the Purchase Agreement between Assignor, as Seller, and Assignee, as City, dated as of _____ (the “Purchase Agreement”).

6. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party’s costs and expenses of such litigation, including, without limitation, attorneys’ fees.

7. This Assignment shall be binding on and inure to the benefit of the parties hereto,

their heirs, executors, administrators, successors in interest and assigns.

8. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

9. For purposes of this Assignment, the “Effective Date” shall be the date of the Closing (as defined in the Purchase Agreement).

10. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

Martha E. Potiriades, Trustee of the MEP 2019
Exempt Trust

George P. Potiris, Trustee of the GPP 2019
Exempt Trust

Kalli K. Carvalho, Trustee of the KKC 2019
Exempt Trust

James G. Pappas

Christina Pappas-Boettger

Ellece Vasti

Stephanie A. Papas, Trustee of the Stephanie
A. Papas Revocable Trust

Catherine Guzman

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Nancy Taylor
Deputy City Attorney

SCHEDULE 1

(“LEASE”)

Commercial Lease

1. PARTIES.

This Lease is made and entered into on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant") and hereby extinguishes all previously executed rental agreements between the parties.

2. PREMISES.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon the upper floor level situated in the City and County of San Francisco, State of California, commonly known as and described as 240 6th Street (said real property is hereinafter called the "Premises") and are defined in Exhibit A.

3. TERM.

The term of this Lease shall be for three (3) years, commencing on June 1, 2020 and ending on May 31, 2023, unless sooner terminated as hereinafter provided.

4. RENT.

Tenant shall pay to Landlord as rent for the Premises the following sums per month, in advance on the first day of each month during the term of this Lease Twelve Thousand, One Hundred Six Dollars (\$12,106.00) with annual increases based upon the Consumer Price Index ("CPI"), as published by the U.S. Dept. of Labor, Bureau of Statistics for all goods and services for the San Francisco Metropolitan Bay Area. See Rider to the Lease Agreement.

Rent for any period during the term of this Lease which is for less than one month shall be a prorata portion of the monthly installment. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing.

5. SECURITY DEPOSIT.

Tenant shall *increase* deposit held by Landlord upon the execution of this Lease to the total sum of Twelve thousand and 00/100 (\$12,000.00) dollars as a security deposit for the Tenant's faithful performance of the provisions of this Lease. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use the security deposit, or any portion of it, to cure the default or compensate Landlord for all damages sustained by Landlord resulting from Tenant's default. Tenant shall immediately on demand pay to Landlord the sum equal to that portion of the security deposit expended or applied by Landlord which was provided for in this paragraph so as to maintain the security deposit in the sum initially deposited with Landlord. Landlord shall not be required to keep the security deposit separate from its general account nor shall Landlord be required to pay Tenant any interest on the security deposit. If Tenant performs all of Tenant's obligations under this Lease, the security deposit or that portion thereof which has not previously been applied by the Landlord, shall be returned to Tenant within fourteen (14) days after the expiration of the term of this Lease, or after Tenant has vacated the Premises, whichever is later.

7 \$19,500.00 held by Landlord
B.
78

6. USE.

Tenant shall use the Premises only for automotive repair business (no body restoration work) and for no other purpose without the Landlord's prior written consent.

Tenant shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises or the building in which the Premises are located. If the rate of any insurance carried by the Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within ten (10) days after written demand from Landlord, the amount of any such increase. Tenant shall comply with all laws concerning the Premises or Tenant's use of Premises, including without limitation, the obligation at Tenant's cost to after, maintain, or restore the Premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the Premises by Tenant during the term of this Lease. Tenant shall not use or permit the use of the Premises in any manner that will tend to

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→ \$10,500.00 held by Landlord

B.

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Tenant shall use the Premises only for automotive repair business (no body restoration work) and for no other purpose without the Landlord's prior written consent.

Tenant shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises or the building in which the Premises are located. If the rate of any insurance carried by the Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within ten (10) days after written demand from Landlord, the amount of any such increase. Tenant shall comply with all laws concerning the Premises or Tenant's use of Premises, including without limitation, the obligation at Tenant's cost to after, maintain, or restore the Premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the Premises by Tenant during the term of this Lease. Tenant shall not use or permit the use of the Premises in any manner that will tend to

create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall unreasonably disturb any other tenant.

Tenant hereby accepts the Premises in their condition existing as of the date that Tenant possesses the Premises, subject to all applicable zoning, municipal, county and state laws, ordinances, regulations governing or regulating the use of the Premises and accepts this Lease subject thereto and to all matters disclosed thereby. Tenant hereby acknowledges that neither the Landlord nor the Landlord's agent has made any representation or warranty to Tenant as to the suitability of the Premises for the conduct of Tenant's business.

7. TAXES.

(a) Real Property Taxes.

Tenant shall pay all real Property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

If it shall be Tenant's obligation to pay such real property taxes and assessments hereunder, Landlord shall use its best efforts to cause the Premises to be separately assessed from other real property owned by the Landlord. If Landlord is unable to obtain such a separate assessment, the assessor's evaluation based on the building and other improvements that are part of the Premises shall be used to determine the real property taxes. If this evaluation is not available, the parties shall equitably allocate the property taxes between the building and other improvements that are part of the Premises and all buildings and other improvements included in the tax bill. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its obligations under this Article 9, except that Landlord shall perform its obligations immediately if the nature of the problem presents a hazard of emergency situation. If the Landlord does not perform its obligations within the time limit set forth in this paragraph, Tenant can perform said obligations and shall have the right to be reimbursed for the amount that Tenant actually expends in the performance of Landlord's obligations. If Landlord does not reimburse Tenant within thirty (30) days after demand from Tenant, Tenant's sole remedy shall be to institute suit against Landlord, and Tenant shall not have the right to withhold from future rent the sums Tenant has expended. Tenant shall not be responsible for, and shall not be required to pay, any increase in property taxes due to a refinance, sale of the building, or change of ownership structure.

(b) Personal Property Taxes and License Fees

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the Premises. Tenant shall endeavor to cause such trade fixtures, furnishings and equipment and all other personal property to be assessed and billed separately from the property of the Landlord. If any of Tenant's said personal property shall be assessed with Landlord's property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

8. UTILITIES.

Tenant shall make all arrangements and pay for all water, gas, heat, light, power, telephone, and other utility services supplied to the Premises together with any taxes thereon and for all connection charges. If any such services are not separately metered to Tenant, the Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises.

9. MAINTENANCE AND REPAIRS.

(a) Tenant shall assume full responsibility inclusive of cost of repair and restoration:

Except as provided in Article 12, and except for damaged caused by any negligent or intentional act or omission by Tenant, Tenant agents, employees, or invitees, Landlord at its sole cost and expense shall keep in good condition and repair the foundation, exterior walls, and exterior roof of the Premises. Landlord shall also maintain the unexposed electrical, plumbing, and sewage systems including, without limitation those portions of the systems lying outside the Premises; window frames, gutters, downspouts on the building, all sidewalks, and other improvements that are a part of the Premises or of which the Premises are a part. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its obligations under this Article 9.

(b) Tenant's Obligations.

Subject to the provisions of Sub-paragraph (a) above Article 12, Tenant at Tenant's sole cost and expense shall keep in good order, condition and repair the Premises and every part thereof,

including, without limitation, all Tenant's personal property, fixtures, signs, store fronts, plate glass, show windows, doors, interior walls, interior ceiling, and lighting facilities.

If Tenant fails to perform Tenant's obligations as stated herein, Landlord may as an option (but shall not be required to), enter the Premises, after ten (10) days prior to written notice to Tenant, put the same in good order, condition and repair, and the costs thereof together with interest thereon at the rate of ten (10) percent per annum shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

10. ALTERATIONS AND ADDITIONS.

Tenant shall not, without the Landlord's prior written consent, make any alterations, improvements or additions in or about the Premises except for non-structural work which does not exceed \$1,000.00 in cost. As a condition to giving any such consent, the Landlord may require the Tenant to remove any such alterations, improvements, or additions at the expiration of the term, and to restore the Premises to their prior condition by giving Tenant thirty (30) days written notice prior to the expiration of the term that Landlord requires Tenant to remove any such alterations, improvements or additions that Tenant has made to the Premises. If Landlord so elects, Tenant at its sole cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term of the Lease.

Before commencing any work relating to the alterations, additions, or improvements affecting the Premises, Tenant shall notify Landlord in writing of the expected date of the commencement of such work so that Landlord can post and record the appropriate notices of non-responsibility to protect Landlord from any mechanic's liens, materialmen liens, or any other liens. In any event, Tenant shall pay, when due, all claims for labor and materials furnished to or for Tenant at or for use on the Premises. Tenant shall not permit any mechanic's liens or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or Tenant's agent or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Tenant. Tenant shall have the right to assess the validity of any such lien if, immediately on demand by Landlord, Tenant procures and records a lien release bond meeting the requirements of California Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with the costs of suit, if it is recovered in the action).

Unless the Landlord requires their removal as set forth above, all alterations, improvements or additions which are made on the Premises by the Tenant shall become the property of the Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Tenant's trade fixtures, furniture, equipment and other machinery, other than that which is affixed to the Premises so that it cannot be removed without material or structural damage to the Premises, shall remain the property of the Tenant and removed by Tenant at the expiration of the term of this Lease.

11. INSURANCE; INDEMNITY.

(a) Fire Insurance.

Landlord shall maintain during the term of this Lease in the Premises a policy or policies of standard fire and extended coverage insurance to the extent of full replacement value thereof. Said insurance policies shall be issued in the names of Landlord and Tenant, as their interests may appear. Landlord shall be reimbursed by Tenant for its proportional cost of such insurance.

Tenant at its cost shall maintain during the term of this Lease on all its personal property, Tenant's improvements, and alterations in or about the Premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or restoration of Tenant's improvements or alterations.

(b) Liability Insurance.

Tenant at its sole cost and expense shall maintain during the term of this Lease public liability and property damage insurance with a single combined liability limit of one million (\$1,000,000.00) dollars, and property damage limits of not less than one million (\$1,000,000.00) dollars, insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises. Both public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions in Sub-paragraph (d) below, but the limits of such insurance shall not, however, limit the liability of Tenant hereunder. Both Landlord and Tenant shall be named as additional insureds, and the policies shall contain cross-liability endorsements. If

Tenant shall fail to procure and maintain such insurance the Landlord may, but shall not be required to, procure and maintain same additional rental to Landlord together with Tenant's next rental installment.

(c) Waiver of Subrogation.

Tenant and Landlord each Waives any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Each party shall cause each insurance policy obtained by it hereunder to provide that the insurance company waves all right of recovery by way of subrogation against either party in connection with any damage covered by such policy.

(d) Hold Harmless.

Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business of from any activity, work or things which may be permitted or suffered by Tenant in or about the Premises including all damage, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

(e) Exemption of Landlord from Liability.

Except for Landlord's willful or grossly negligent conduct, Tenant agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income therefrom or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises; nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, whether such damage results from conditions arising from upon the Premises or upon other portions of the building in which the Premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

12. DAMAGE OR DESTRUCTION.

(a) Damage - insured,

If, during the term of this Lease, the Premises and/or the building and other improvements in which the Premises are located are totally or partially destroyed rendering the Premises totally or partially inaccessible or unusable, and such damage or destruction was caused by a casualty covered under an insurance policy required to be maintained hereunder, Landlord shall restore the Premises and/or the building and other improvements in which the Premises are located into substantially the same condition as they were in immediately before such damage or destruction, provided that the restoration can be made under the existing laws and can be completed within one hundred twenty (120) working days after the date of such destruction or damage. Such destruction or damage shall not terminate this Lease.

If the restoration cannot be made in said 120 day period, then within fifteen (15) days after Landlord determines that the restoration cannot be made in the time stated in this paragraph, Tenant may terminate this Lease immediately by giving notice to Landlord and the Lease will be deemed canceled as of the date of such damage or destruction. If Tenant fails to terminate this Lease and the restoration is permitted under the existing laws, Landlord, at its option, may terminate the Lease or restore the Premises and/or any other improvements in which the Premises are located within a reasonable time and this Lease shall continue with full force and effect. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

Notwithstanding the above, if the insurance proceeds received by Landlord are not sufficient to affect such repair, Landlord shall give notice to Tenant of the amount required in addition to the insurance proceeds to affect such repair. Tenant may, at Tenant's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Landlord's sole remedy shall be, at Landlord's option and with no liability to Tenant, to cancel and terminate this Lease. If Tenant shall contribute such amount to Landlord within said thirty (30) day period, Landlord shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Tenant shall in no event have any right to reimbursement for any amount so contributed.

(b) Damage - Uninsured.

In the event that the Premises are damaged or destroyed by a casualty which is not covered by the fire and extended coverage insurance which is required to be carried by the party designated in Article 11(a) above, then Landlord shall restore the same; provided that if the damage or destruction is to an extent greater than ten (10%) percent of the then replacement cost of the improvements on the Premises (exclusive of Tenant's trade fixtures and equipment and exclusive of foundations and footings), then Landlord may elect not to restore and to terminate this Lease. Landlord must give to Tenant written notice of its intention not to restore within thirty (30) days from the date of such damage or destruction and, if not give, Landlord shall be deemed to have elected to restore and, in such event, shall repair any damage as soon as reasonably possible. In the event that Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event the Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible. If the Tenant does not give such notice within such 10-day period, this Lease shall be canceled and be deemed terminated as of the date of the occurrence of such damage or destruction.

(c) Damage Near the End of Term.

If the Premises are totally or partially destroyed or damaged during the last twelve (12) months of the term of this Lease, Landlord may, at Landlord's option, cancel and terminate this Lease as of the date of the cause of such damage by given written notice to Tenant of Landlord's election to do so within 30 days after the date of the occurrence of such damage; provided, however, that, if the damage or destruction occurs within the last 12 months of the term and if within fifteen (15) days after the date of such damage or destruction Tenant exercises any option to extend the term provided herein, Landlord shall restore the Premises if obligated to do so as provided in subparagraph (a) or (b) above.

(d) Abatement of Rent.

If the Premises are partially or totally destroyed or damaged and Landlord or Tenant repairs or Restores them pursuant to the provisions of this Article 12, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's reasonable use of the Premises is impaired. Except for the abatement of rent, if any, Tenant shall have no claim against Landlord for any damages suffered by reason of any such damage, destruction, repair, or restoration.

(e) Trade Fixtures and Equipment.

If Landlord is required or elects to restore the Premises as provided in this Article, Landlord shall not be required to restore Tenant's improvements, trade fixtures, equipment or alterations made by Tenant, such excluded items being the sole responsibility of Tenant to restore hereunder.

(f) Total Destruction – Multi-tenant Building.

If the Premises are a part of a multi-tenant building and there is destruction to the Premises and/or building of which the Premises are a part that exceeds fifty (50%) percent of the then replacement value of the Premises and/or the building in which the Premises are a part from any cause whether or not covered by the insurance described in Article 11 above, Landlord may, at its option, elect to terminate this Lease (whether or not the Premises are destroyed) so long as Landlord terminates the leases of all other tenants in the building of which the Premises are a part, effective as of the date of such damage or destruction.

13. CONDEMNATION.

If the Premises or any portion thereof are taken by the power of eminent domain, or sold by Landlord under the threat of said power (all of which is herein referred to "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than twenty (20%) percent of the floor area of any buildings on the Premises, or more than twenty (20%) percent of the land area of the Premises not covered with buildings, is taken by condemnation, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes possession by notice in writing of such election within twenty (20) days after the Landlord shall have notified Tenant of such taking or, in the absence of such notice, then within twenty (20) days after the condemning authority shall have taken possession.

If this Lease is not terminated by either Landlord or Tenant as provided hereinabove, then it shall remain in full force and effect as to the portion of the Premises remaining, provided that the rental shall be reduced in proportion to the floor area of the buildings taken within the Premises as bears to the total floor area of all buildings located on the Premises. In the event this Lease is not terminated, then

Landlord agrees at Landlord's sole cost and expense, to as soon as reasonably possible restore the Premises to a complete unit of like quality and character as existed prior to the condemnation.

All awards for the taking of any part of the Premises or any payment made under the threat of the exercise of the power of eminent domain shall be the property of the Landlord, whether made as compensation for the diminution of the value of the leasehold or for the taking of the fee or as severance damages; provided, however, that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property.

Each Party hereby waives the provisions of Code of Civil Procedure 1265.130 allowing either party to petition the Superior Court to terminate this Lease in to event of partial taking of the Premises.

Rent shall be abated or reduced during the period from the date of taking until the completion of restoration by Landlord, but all other obligations of Tenant under this Lease shall remain in full force and effect. The abatement or reduction of the rent shall be based on the extent to which the restoration interferes with Tenant's use of the Premises.

14. ASSIGNMENT AND SUBLETTING.

Tenant shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent which shall not be unreasonably withheld. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without such consent shall be void and shall constitute a breach of this Lease. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least fifty-one (51%) percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one (51%) percent of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder for the term of this Lease. The acceptance of rent by Landlord from any other person shall not be deemed a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Landlord shall be entitled to a fee of five hundred (\$500.00) dollars whenever Tenant assigns lease.

If the consideration Tenant receives for any Transfer exceeds the Rent payable under this Lease for the same period and portion of the Premises, seventy-five percent (75%) of the Net Profits, as herein defined, shall be due and payable by Tenant to Landlord as additional rent under this Lease. Net profits shall be any amount payable by such subtenant or assignee over the sum of: (i) amounts payable to Landlord hereunder as Rent for the space sublet or assigned, plus (ii) leasing commissions and the amortized cost of approved tenant improvements installed and paid for by Tenant. The cost of such improvements shall be amortized without interest over the remaining Term of this Lease. Tenant shall pay Landlord the net profits so determined (i) on subletting, either monthly or annually at the option of Landlord, and (ii) on an assignment, as received by Tenant.

15. DEFAULT.

(a) Event of Default.

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

- (1) Failure to pay rent when due. If the failure continues for five (5) days after written notice has been given to Tenant.
- (2) Abandonment and vacation of the Premises (failure to occupy the Premises for fourteen (14) consecutive days shall be deemed an abandonment and vacation).
- (3) Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Tenant by Landlord. If the default cannot reasonably be cured within said thirty (30) day period, Tenant shall not be in default under this Lease if Tenant commences to cure the default within the thirty (30) day period and diligently prosecutes the same to completion.
- (4) The making by Tenant of any general assignment, or general arrangement for the benefit of creditors, the filing by or against Tenant of a petition to have Tenant

adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless the same is dismissed within sixty (60) days; the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where such seizure is not discharged within thirty (30) days.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears as the case may be, within the applicable period of time. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

(b) Landlord's Remedies.

The Landlord shall have the following remedies if Tenant commits a default under this Lease. These remedies are not exclusive but are cumulative and in addition to any remedies now or hereafter allowed by law.

Landlord can continue this Lease in full force and effect, and the Lease will continue in effect so long as Landlord does not terminate Tenant's right to possession, and the Landlord shall have the right to collect rent when due. During the period that Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to the Landlord for all costs the Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for so long as Landlord has not terminated Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assume or sublet its interest in the Lease, but Tenant shall not be released from liability. Landlord's consent to the proposed assignment or subletting shall not be unreasonably withheld.

If Landlord elects to relet the Premises as provided in this paragraph, any rent that Landlord receives from such subletting shall apply first to the payment of any indebtedness from Tenant to Landlord other than the rent due from Tenant to Landlord; secondly, to all costs, including maintenance, incurred by Landlord in such reletting; and third, to any rent due and unpaid under this Lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Landlord receives from such reletting shall be held by Landlord and applied in payment of future rents as rent becomes due under this Lease. In no event shall tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including maintenance, that Landlord shall have incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

Landlord can, at its option, terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premise, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest in this Lease shall not constitute a termination of Tenant's right to possession. In the event of such termination, Landlord has the right to recover from Tenant:

(1) The worth, at the time of the award, of the unpaid rent that has been earned at the time of the termination of this Lease.

(2) The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of the termination of this Lease until the time of the award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided:

(3) The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

(4) Any other amount, including court costs, necessary to compensate landlord for all detriment proximately caused by Tenant's default.

"The worth at the time of the award," as used in (1) and (2) of this paragraph is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award" as referred to in (3) of this paragraph is to be computed by discounting the

amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one (1%) percent.

If Tenant is in default under the terms of this Lease, landlord shall have the additional right to have a receiver appointed to collect rent and conduct Tenant's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate.

Landlord at any time after Tenant commits a default can cure the default at Tenant's cost and expense. If Landlord at any time, by reason of Tenant's default pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest thereon, shall be considered additional rent.

16. SIGNS.

Tenant shall not have the right to place, construct or maintain any sign, advertisement, awning, banner, or other exterior decorations on the building or other improvements that are a part of the Premises without Landlord's prior written consent, which shall not be unreasonably withheld.

17. EARLY POSSESSION.

In the event that the Landlord shall permit Tenant to occupy the Premises prior to the commencement date of the term of this Lease, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date of this Lease.

18. SUBORDINATION.

This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewal, modifications, and extensions thereof. Notwithstanding any such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all the other provisions of this lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor shall elect to have this Lease prior to the lien of its mortgage or deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior to or subsequent to the date of such mortgage, deed of trust, or ground lease, or date of recording thereof. Tenant agrees to execute any documents required to effect such subordination or to make this Lease prior to the lien of any mortgage, deed of trust, or ground lease, as the case may be, and failing to do so within ten (10) days after written demand from Landlord does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead to do so.

19. SURRENDER.

On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear accepted. Tenant shall repair any damage to the Premises occasioned by its use thereof, or by the removal of Tenant's trade fixtures, furnishings and equipment which repair shall include the patching and filling of holes and repair of structural damage. Tenant shall remove all of its personal property and fixtures on the Premises prior to the expiration of the term of this Lease and if required by Landlord pursuant to Article 10(a) above, any alternations, improvements, or additions made by Tenant to the Premises. If Tenant fails to surrender the Premises to Landlord on the expiration of the Lease as required by this paragraph, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to vacate the Premises, including, without limitation, claims made by any succeeding tenant resulting from Tenant's failure to surrender the Premises.

20. HOLDING OVER.

If the Tenant, with the Landlord's consent remains in possession of the Premises after the expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of One Hundred and ten percent (110%) of the last monthly rental plus all other charges payable hereunder, upon all of the provisions of this Lease applicable to month-to-month tenancy.

21. BINDING ON SUCCESSORS AND ASSIGNS.

The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors, and assigns.

22. NOTICES.

Whenever under this Lease a provision is made for any demand, notice, or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States Mail, postage prepaid, addressed at the addresses as set forth below:

TO LANDLORD AT: Peter Ellis, LLC (A California Limited Liability Corporation)
c/o Kinry & Associates
2000 Van Ness Avenue, Suite 100
San Francisco CA 94109
kinry@yahoo.com
Fax: 415 440 4550
415 771 1999

TO TENANT AT: Sokol Belishova dba Euro Motorcars

P.O. BOX 77372.

SAN FRANCISCO CA 94107.

(415) 533 1839.

ADDRESS &
phone #

Such notices shall be deemed to be received within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

23. LANDLORD'S RIGHT TO INSPECTIONS.

Landlord and Landlord's agent shall have the right to enter the Premises at reasonable times for the purpose of inspecting same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the building of which the Premises are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last one hundred twenty (120) days of the term of this Lease place on or about the Premises any ordinary "For Sale or Lease" signs, all with rebate of rent or liability to Tenant.

24. CHOICE OF LAW.

This Lease shall be governed by the laws of the state where the Premises are located.

25. ATTORNEY'S FEES.

If either Landlord or Tenant becomes a party to any litigation or arbitration concerning this Lease, the Premises, or the building or other improvements in which the Premises are located, by reason of any act or omission of the other party or its authorized representatives, and not by reasons of any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by it in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

26. LANDLORD'S LIABILITY.

The term "Landlord" as used in this Lease shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premise, and in the event of any transfer of such title or interest. Landlord herein named (and in case of any subsequent transfers to the then successor) shall be relieved from and after the date of such transfer of all liability in respect to Landlord's obligations thereafter to be performed. The obligations contained in this Lease to be performed by Landlord shall be binding upon the Landlord's successors and assigns only during their respective period of ownership.

27. WAIVERS

No waiver by Landlord or any provision hereof shall be deemed a waiver of any other provisions hereof or to any subsequent breach by Tenant of the same or any other provisions. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord

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Fax: 415 440 4550
415 771 1999

TO TENANT AT: Sokol Belishova dba Euro Motorcars

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If either Landlord or Tenant becomes a party to any litigation or arbitration concerning this Lease, the Premises, or the building or other improvements in which the Premises are located, by reason of any act or omission of the other party or its authorized representatives, and not by reasons of any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by it in the litigation.

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No waiver by Landlord or any provision hereof shall be deemed a waiver of any other provisions hereof or to any subsequent breach by Tenant of the same or any other provisions. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord

shall not be a waiver of any preceding breach by Tenant of any provision hereof other than the failure of Tenant to pay the particular rent so accepted regardless of Landlord's knowledge of such preceding breach at the time of its acceptance of such rent.

28. INCORPORATION OF PRIOR AGREEMENTS.

This Lease contains an agreement of the parties with respect to any mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease made be modified only in writing and signed by the parties in interest at the time of such modification.

29. TIME.

Time is of the essence of this Lease.

30. SEVERABILITY.

The unenforceability, invalidity, or illegality of any provisions of this lease shall not render the other provisions hereof unenforceable, invalid or illegal.

31. ESTOPPEL CERTIFICATES.

Each party within ten (10) days after notice from the other party shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect or in full force and effect as modified and stating the modification. The certificate shall also state the amount of the minimum monthly rent, the dates of which rents has been paid in advance and the amount of any security deposit or prepaid rents, if any, as well as acknowledging that there are not to that party's knowledge of any unsecured defaults on the part of the other party or specifying such defaults, if any, which are claimed. Failure to deliver such certificate within ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect that there are no unsecured defaults hereunder and has not been modified except as may be represent by the party requesting the certificate.

32. COVENANTS AND CONDITIONS.

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

33. SINGULAR AND PLURAL.

When required by the context of this Lease, the singular shall include the plural.

34. JOINT AND SEVERAL OBLIGATIONS.

"Party" shall mean Landlord and Tenant, and if more than one person or entity is the Landlord or Tenant, the obligations imposed on the party shall be joint and several.

35. OPTION TO EXTEND.

Provided that Tenant shall not then be in default hereunder, and have not been delinquent in the remittance of their rents during the first term (Years 1-3 of the lease), with the exception of one delinquency occurrence annually, which would be brought current within one (1) week's written notice to Tenant, Tenant shall have the option to extend the term of this Lease for one (1) additional three (3) year period upon the same terms and conditions herein contained, except for fixed minimum monthly rentals, upon delivery by Tenant to Landlord of written notice of its election to exercise such option(s) at least ninety (90) days prior to the expiration of the original (or extended) term hereof. The monthly rental for the first option year shall be the final month's payment third year of the current term of the lease, plus an additional five percent (5%); thereafter an annual increases based upon the Consumer Price Index, as published by the U.S. Dept. of Labor, Bureau of Statistics for all goods and services for the San Francisco Metropolitan Bay Area.

36. ADDENDUM.

Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof and shall supersede any conflicting terms or provisions contained in this Lease.

37. All rental payments shall be credited first to any fees and assessments with the balance credited toward rents.

38. Payments received five (5) days after the due date will be assessed a late fee of ten percent (10%) of the monthly rents. Tenant and Landlord agree that Landlord will sustain costs and damage as a result of any late payment of rent, but that it will be extremely difficult to determine with specificity the actual amount of that damage. Therefore, Tenant agrees to pay a late charge as specified in this Lease Agreement under the heading of RENTS. The parties agree that this late charge represents a fair and reasonable estimate of the costs and damage that Landlord will incur by reason of late payment by Tenant. The provision for payment of a late charge does not constitute a grace period and Landlord may serve a 3-Day Notice to Pay Rent or Quit on the day after the due date. Landlord and Tenant agree that

Tenant paying rent five days after the due date on three separate occasions within any twelve month period shall constitute habitual late payment of rent and may be considered a just cause for eviction. Payment of the late charge does not cure the late payment for purposes of establishing habitual late payment of rent.

39. Bank service fee for returned check are subject to a fifty dollars (\$50.00) charge, which is subject to change.

40. No loud music or other noise apparatus is allowed.

41. Tenants will not disturb the peaceful quiet enjoyment of other tenants.

42. Tenants shall be responsible for the proper disposal of all hazardous waste. Further, Tenants shall be responsible for the cost of disposal, relocation fees, any and all fees associated with the hazardous waste.

43. Tenant shall be responsible for the cost of all services upon the premises inclusive of but not limited to garbage, water, and all other utilities.

44. Tenant, at Tenant's sole cost and expense, shall be responsible for compliance with the Americans with Disabilities Act (ADA).

45. Tenant shall be responsible for the procurement of all required licenses and permits to operate a business at this rental location.

46. Tenant, at Tenant's sole cost and expense, shall be responsible for the immediate clean up of any and all graffiti markings and vandalism committed upon the property.

47. **Rules for Renovating Units:**

Contractors must post a \$1,000.00 security deposit payable to the landlord, or his authorized agent which would be applied in the event of damage to walls, and other appurtenances of the building. Checks will not be deposited and will be returned when work is completed provided no damage is found.

Contractors will be asked to provide a schedule of construction to the landlord, or his authorized agent. Contractor will be responsible for documenting or bringing any pre-existing conditions to the attention of the landlord, or his authorized agent.

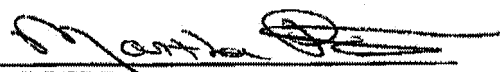
48. Tenant may engage its own contractors to perform remodel work upon written approval by Landlord. In such event, Landlord shall charge a five percent (5%) administration fee on all construction costs.


49. **AGENT REPRESENTING BOTH LANDLORD AND TENANT:** A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Landlord and the Tenant in a transaction, but only with the knowledge and consent of both the Landlord and the Tenant. In a dual agency situation, the agent has the following affirmative obligations to both the Landlord and the Tenant. (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Landlord or the Tenant. (b) Other duties to the Landlord and the Tenant are stated as follows: (1) Diligent exercise of reasonable skill and care in the performance of the agent's duties. (2) A duty of honest and fair dealing and good faith. (3) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are no known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above. In representing both the Landlord and the Tenant, the agent may not, with the express permission of the respective party, disclose to the other party that the Landlord will accept a price less than the listing price, or that the Tenant will pay a price greater than the price offered. The above duties of the real estate agent in a real estate transaction does not relieve the Landlord or the Tenant from the responsibility to protect their own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

The parties hereto have executed this Lease on the date first above written.

Peter Ellis, LLC (A California Limited Liability Corporation)

Dated: June 9, 2020

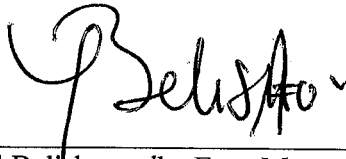
By: 
LANDLORD

 06-09-2020
Sokol Belishova dba Euro Motorcars, Tenant

Peter Ellis, LLC (A California Limited Liability Corporation)

Dated: _____

By: _____
LANDLORD



06-09-2020

Sokol Belishova dba Euro Motorcars, Tenant

**“AMERICANS WITH DISABILITIES ACT”
(ADA) NOTICE**

Please be advised that a Landlord or Tenant of real property may be subject to the Americans with Disabilities Act (the ADA), a Federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to your property, Title III of the ADA requires the Landlord and Tenant of public accommodations” (defined broadly and including virtually all commercial property) to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision, or speech impaired persons by January 26, 1992. The regulations under Title III of the ADA are codified at 28 CFT Part 36. The regulations may require elective modifications or alterations to be done in compliance with the ADA.

We recommend that you and your attorney review the ADA and the regulations, and if appropriate, your proposed lease or purchase agreement to determine if this law would apply to you, and the nature of the requirements. These are legal issues. You are responsible for conducting your own investigations of these issues. In addition to seeking legal advice, you may obtain more information on the ADA from the entities listed below:

The following is a directory of free information on the ADA:

Office on the Americans with Disabilities Act
Civil Rights Division
U.S. Dept. of Justice
P.O. Box 6618
Washington DC 20035-6118
(202) 514.0301 (Voice) (ADA Information Hotline)

For more specific information about requirements for accessible design in new construction and alterations:

Architectural and Transportation Barriers Compliance Board
111 18th Street N.W., Suite 501
Washington DC 20036
(202) 272.5434 (Voice or TDD)
1(800) 872.2253

For Federal Tax Issues:

Internal Revenue Service
Office of the Chief Counsel
P.O. Box 7604
Ben Franklin Station
Washington DC 20044
(202) 566.3292 (Voice Only)

For Technical Assistance or general information on ADA

Pacific Disability and Business Technical Assistance Center (Pacific DABTAC)
440 Grand Avenue, Suite 500
Oakland CA 94610
1(800) 727.5232 (Voice or TDD)

By your signature below, you acknowledge receipt of this Notice (ADA) and, if applicable, as the Landlord in this transaction authorized Broker to distribute this Notice to all prospective Tenant/Buyer for this property.

5/8/09

Dated: 6-9-20

Peter Ellis, LLC (A California Limited Liability Corporation)

By: [Signature]
LANDLORD

Tenant

[Signature] 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: [Signature] Date 6/9/2020
Broker

By your signature below, you acknowledge receipt of this Notice (ADA) and, if applicable, as the Landlord in this transaction authorized Broker to distribute this Notice to all prospective Tenant/Buyer for this property.

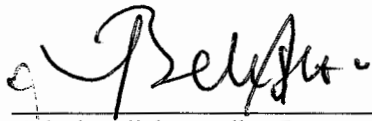
5/8/09

Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

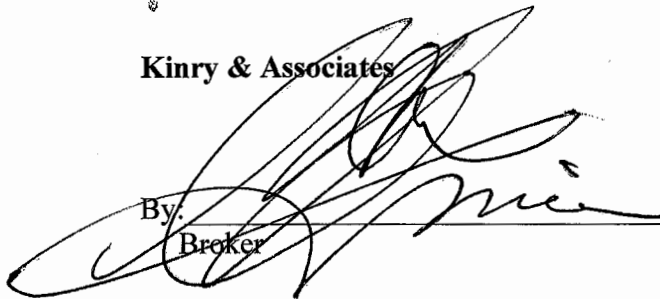
By: _____
LANDLORD

Tenant

 06-09-2020

Sokol Belishova dba Euro Motorcars

Kinry & Associates

 Date 6/9/2020
By: _____
Broker

**NOTICE
TO OWNERS, AND TENANTS
REGARDING HAZARDOUS MATERIALS**

Comprehensive federal, state and local laws and regulations (the laws) have been adopted in recent years and continue to be proposed and adopted to deal with the problem of hazardous materials and underground storage tanks located in properties through the state.

The term "hazardous materials" may include but is not limited to, petroleum based products, paints and solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonium compounds, asbestos, PCB's and other chemical products present in metals, minerals, chemicals, hydrocarbons; biological or radioactive materials in the soil, buildings or building components, in above ground or underground storage tanks, or elsewhere in property(s) which is (are) of interest to you as an owner, tenant, buyer or other.

The laws are broad and complex and may impose liability on current and former owners and/or occupants or others connected with property contaminated by hazardous materials. Additionally, the laws mandate corrective action and notification to occupants, contractors and others connected with the property. Examples of recent laws affecting owners, tenants and buyers are the adoption of new California Health and Safety Code provisions (the result of Proposition 65) and the Asbestos Notification requirements of the Health and Safety Code sections 25915-24 which mandates, under possible penalty of fines and/or imprisonment, notice to co-owners, certain tenants, subtenants, contractors and their employees concerning the presence of asbestos-containing materials known to owners and contractors.

If hazardous materials have been or are going to be used, stored, handled or disposed of on the property(s) in question, or if the property has or may have underground storage tanks, it is essential that legal and technical advice be obtained to determine, among other things, what permits and approval have been or may be required, the estimated costs associated with the use, storage, handling, clean-up, removal or disposal of the hazardous materials, and what contractual protections are necessary or desirable. Hazardous materials and underground storage tanks may be present on all types of real property. Consequently, this Notice is meant to apply to any transaction involving any type of real property, whether improved or unimproved. It is important, therefore, to obtain expert assistance for site investigation and building inspections. Past uses of the property often provide valuable information regarding the possible presence of hazardous materials or underground storage tanks on the property and should be investigated.

Certainly, the brokers involved will disclose any knowledge they actually possess with respect to the existence of hazardous materials or underground storage tanks on the property. The brokers involved have not made and does not make an independent investigation or analysis of the property to determine information concerning the subject matter of this Notice. The brokers make no representations regarding the presence or

absence of such hazardous materials or underground storage tanks on the property. The brokers recommend that you consult with qualified professional of your selection, including your architect, contractor, engineer, industrial hygienist, and /or attorney, concerning the status of property and laws dealing with the subject of this Notice.

Your signature(s) below indicates (i) your knowledge that you have received this Notice, read it, and understand its contents; (ii) your waiver of claims against Brokers, with respect to the subject matter of this Notice as to property(s) submitted by or through Broker, or listed by Broker, for sale or lease, except in the case of gross negligent conduct of Broker; and (iii) your agreement to indemnify, defend and hold Broker harmless against all claims, damages, cost and expenses, including attorney's fees resulting from the subject matter of this Notice.

We acknowledge receiving and reading this Notice.

Dated: June 9, 2020

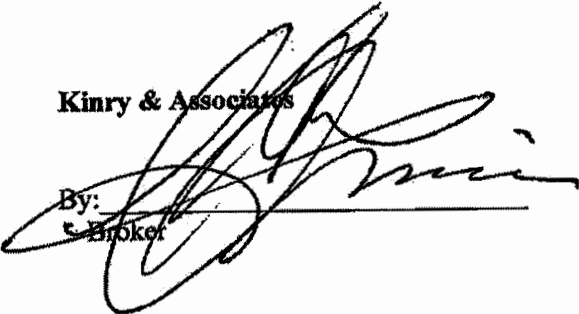
Peter Ellis, LLC (A California Limited Liability Corporation)

By: 
LANDLORD

Tenant

Belishova 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: 
Broker

6/9/2020
Date

absence of such hazardous materials or underground storage tanks on the property. The brokers recommend that you consult with qualified professional of your selection, including your architect, contractor, engineer, industrial hygienist, and /or attorney, concerning the status of property and laws dealing with the subject of this Notice.

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We acknowledge receiving and reading this Notice.

Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

By: _____
LANDLORD

Tenant

Belishova 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: [Signature] Date 6/9/2020
Broker

Rider to Lease Agreement 240 6th Street, San Francisco


Referring to that agreement made on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant").

1. Landlord has designated the bathroom on the ground floor as the American Disability Act "ADA" bathroom for the tenants' of 240 6th Street, San Francisco.
2. Use of toilet facility by co-occupying tenant and his customers is only accessible during Tenant's hours of operation when Tenant or his staff is on-site and his alarm system is not activated.
3. Tenant has been informed that although Landlord does not authorize any subletting of the rental premises; however, this does not bar or impede the Tenant from assigning his leasehold to a qualified candidate or creating a partnership.
4. Property taxes. Tenant shall reimburse Landlord for all property taxes in direct proportion to the percentage of space he occupies. The square footage presently occupied by Tenant is specified as Exhibit A on the subject lease agreement.
5. Due to the Covid 19 Pandemic which has created a national economic hardship, Landlord hereby grants Tenant a one time twenty percent (20%) discount on the first term's entire first year's monthly rents. Adjusting for the discount, the monthly rents shall be rounded out to Nine thousand, six hundred eighty five dollars (\$9,685.00); upon the second year of the first term, an annual increase based upon the Consumer Price Index (as referenced to Page 1 of this agreement) shall be applicable to the monthly rents, Twelve Thousand, One Hundred Six Dollars (\$12,106.00).


All other terms and conditions to remain the same and in full force and effect.

Dated: June 9, 2020

Peter Ellis, LLC (A California Limited Liability Corporation)

By: 
LANDLORD

Sokol Belishova

 06-09-2020
TENANT

**Rider to Lease Agreement
240 6th Street, San Francisco**

Referring to that agreement made on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant").

1. Landlord has designated the bathroom on the ground floor as the American Disability Act "ADA" bathroom for the tenants' of 240 6th Street, San Francisco.
2. Use of toilet facility by co-occupying tenant and his customers is only accessible during Tenant's hours of operation when Tenant or his staff is on-site and his alarm system is not activated.
3. Tenant has been informed that although Landlord does not authorize any subletting of the rental premises; however, this does not bar or impede the Tenant from assigning his leasehold to a qualified candidate or creating a partnership.
4. Property taxes. Tenant shall reimburse Landlord for all property taxes in direct proportion to the percentage of space he occupies. The square footage presently occupied by Tenant is specified as Exhibit A on the subject lease agreement.
5. Due to the Covid 19 Pandemic which has created a national economic hardship, Landlord hereby grants Tenant a one time twenty percent (20%) discount on the first term's entire first year's monthly rents. Adjusting for the discount, the monthly rents shall be rounded out to Nine thousand, six hundred eighty five dollars (\$9,685.00); upon the second year of the first term, an annual increase based upon the Consumer Price Index (as referenced to Page 1 of this agreement) shall be applicable to the monthly rents, Twelve Thousand, One Hundred Six Dollars (\$12,106.00).

All other terms and conditions to remain the same and in full force and effect.

Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

Sokol Belishova

By: _____
LANDLORD

Belishova 06-09-2020

TENANT

ADDENDUM TO LEASE AGREEMENT

240 6th Street, San Francisco

Referring to the lease agreement made on June 1, 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant").

1. The lease shall be extended for an additional term of three (3) years, beginning June 1, 2023.
2. Tenant shall pay a monthly rental amount of \$9,000.00, which shall be subject to annual CPI increases, however the increases shall be capped at 5.00% over the prior monthly rental amount.
3. Pursuant to lease agreement sections 7 and 11, Tenant shall continue to be responsible for Taxes and Insurance, however the Tenant's annual responsibility shall be capped at \$10,000.00.
4. In the event the Property is sold and successfully conveyed to a new owner ("Buyer"), the Buyer will have the right to terminate the lease agreement by providing written notice to Tenant ("Landlord Termination Notice"). The Lease shall terminate and Tenant shall vacate the premises no later than 6 months from the date of the Landlord Termination Notice. During this 6-month period, Tenant shall not be responsible for monthly rental payments, however Tenant will continue to be responsible for the operating expenses and real estate taxes.

All other terms and conditions to remain the same and in full force and effect.

Dated: 05-04-23

SOKOL BELISHOVA
Belishova EURO MOTOR CARS

TENANT

PARTIES TO THE 240 6TH STREET TIC OWNERSHIP AGREEMENT:

DocuSigned by:
Martha E. Potiriades
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Martha E. Potiriades

DocuSigned by:
James G. Pappas
5E18BC755D634D6...
James G. Pappas 5/8/2023

DocuSigned by:
STEPHANIE A. PAPAS 5/8/2023
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Stephanie A. Papas

DocuSigned by:
George P. Potiris
ACE0A0E7915C44B...
George P. Potiris

DocuSigned by:
Christina Pappas-Boettger
DES12E5E0375427...
Christina Pappas-Boettger

DocuSigned by:
Catherine Guzman 5/8/2023
371D087D05DD4DC...
Catherine Guzman
5/6/2023

DocuSigned by:
Kalli K. Carvalho
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Kalli K. Carvalho
5/5/2023

DocuSigned by:
Ellece Vasti
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Ellece Vasti
5/5/2023

5/5/2023

5/5/2023

1 SOKOL BELISHOVA

DBA AS EURO MOTOR CO. S.

would to EXERCISE MY

OPTION TO RENEW

PER PARAGRAPH 35

of LEASE Agreement.

02-10-2023

☞ Sokol Belishova
Belishova

Received by

2/10/2023

Commercial Lease

1. PARTIES.

This Lease is made and entered into on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant") and hereby extinguishes all previously executed rental agreements between the parties.

2. PREMISES.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon the upper floor level situated in the City and County of San Francisco, State of California, commonly known as and described as 240 6th Street (said real property is hereinafter called the "Premises") and are defined in Exhibit A.

3. TERM.

The term of this Lease shall be for three (3) years, commencing on June 1, 2020 and ending on May 31, 2023, unless sooner terminated as hereinafter provided.

4. RENT.

Tenant shall pay to Landlord as rent for the Premises the following sums per month, in advance on the first day of each month during the term of this Lease Twelve Thousand, One Hundred Six Dollars (\$12,106.00) with annual increases based upon the Consumer Price Index ("CPI"), as published by the U.S. Dept. of Labor, Bureau of Statistics for all goods and services for the San Francisco Metropolitan Bay Area. See Rider to the Lease Agreement.

Rent for any period during the term of this Lease which is for less than one month shall be a prorata portion of the monthly installment. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing.

5. SECURITY DEPOSIT.

Tenant shall increase deposit held by Landlord upon the execution of this Lease to the total sum of Twelve thousand and 00/100 (\$12,000.00) dollars as a security deposit for the Tenant's faithful performance of the provisions of this Lease. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use the security deposit, or any portion of it, to cure the default or compensate Landlord for all damages sustained by Landlord resulting from Tenant's default. Tenant shall immediately on demand pay to Landlord the sum equal to that portion of the security deposit expended or applied by Landlord which was provided for in this paragraph so as to maintain the security deposit in the sum initially deposited with Landlord. Landlord shall not be required to keep the security deposit separate from its general account nor shall Landlord be required to pay Tenant any interest on the security deposit. If Tenant performs all of Tenant's obligations under this Lease, the security deposit or that portion thereof which has not previously been applied by the Landlord, shall be returned to Tenant within fourteen (14) days after the expiration of the term of this Lease, or after Tenant has vacated the Premises, whichever is later.

7 \$19,500.00 held by Landlord
PS
MB

6. USE.

Tenant shall use the Premises only for automotive repair business (no body restoration work) and for no other purpose without the Landlord's prior written consent.

Tenant shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises or the building in which the Premises are located. If the rate of any insurance carried by the Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within ten (10) days after written demand from Landlord, the amount of any such increase. Tenant shall comply with all laws concerning the Premises or Tenant's use of Premises, including without limitation, the obligation at Tenant's cost to after, maintain, or restore the Premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the Premises by Tenant during the term of this Lease. Tenant shall not use or permit the use of the Premises in any manner that will tend to

Commercial Lease

1. PARTIES.

This Lease is made and entered into on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant") and hereby extinguishes all previously executed rental agreements between the parties.

2. PREMISES.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on the terms and conditions hereinafter set forth, that certain real property and the building and other improvements located thereon the upper floor level situated in the City and County of San Francisco, State of California, commonly known as and described as 240 6th Street (said real property is hereinafter called the "Premises") and are defined in Exhibit A.

3. TERM.

The term of this Lease shall be for three (3) years, commencing on June 1, 2020 and ending on May 31, 2023, unless sooner terminated as hereinafter provided.

4. RENT.

Tenant shall pay to Landlord as rent for the Premises the following sums per month, in advance on the first day of each month during the term of this Lease Twelve Thousand, One Hundred Six Dollars (\$12,106.00) with annual increases based upon the Consumer Price Index ("CPI"), as published by the U.S. Dept. of Labor, Bureau of Statistics for all goods and services for the San Francisco Metropolitan Bay Area. See Rider to the Lease Agreement.

Rent for any period during the term of this Lease which is for less than one month shall be a prorata portion of the monthly installment. Rent shall be payable without notice or demand and without any deduction, off-set, or abatement in lawful money of the United States to the Landlord at the address stated herein for notices or to such other persons or such other places as the Landlord may designate to Tenant in writing.

5. SECURITY DEPOSIT.

Tenant shall *increase* deposit held by Landlord upon the execution of this Lease to the total sum of Twelve thousand and 00/100 (\$12,000.00) dollars as a security deposit for the Tenant's faithful performance of the provisions of this Lease. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Landlord may use the security deposit, or any portion of it, to cure the default or compensate Landlord for all damages sustained by Landlord resulting from Tenant's default. Tenant shall immediately on demand pay to Landlord the sum equal to that portion of the security deposit expended or applied by Landlord which was provided for in this paragraph so as to maintain the security deposit in the sum initially deposited with Landlord. Landlord shall not be required to keep the security deposit separate from its general account nor shall Landlord be required to pay Tenant any interest on the security deposit. If Tenant performs all of Tenant's obligations under this Lease, the security deposit or that portion thereof which has not previously been applied by the Landlord, shall be returned to Tenant within fourteen (14) days after the expiration of the term of this Lease, or after Tenant has vacated the Premises, whichever is later.

7 \$10,500.00 held by Landlord

B.

6. USE.

Tenant shall use the Premises only for automotive repair business (no body restoration work) and for no other purpose without the Landlord's prior written consent.

Tenant shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises or the building in which the Premises are located. If the rate of any insurance carried by the Landlord is increased as a result of Tenant's use, Tenant shall pay to Landlord within ten (10) days after written demand from Landlord, the amount of any such increase. Tenant shall comply with all laws concerning the Premises or Tenant's use of Premises, including without limitation, the obligation at Tenant's cost to after, maintain, or restore the Premises in compliance and conformity with all laws relating to the condition, use, or occupancy of the Premises by Tenant during the term of this Lease. Tenant shall not use or permit the use of the Premises in any manner that will tend to

create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall unreasonably disturb any other tenant.

Tenant hereby accepts the Premises in their condition existing as of the date that Tenant possesses the Premises, subject to all applicable zoning, municipal, county and state laws, ordinances, regulations governing or regulating the use of the Premises and accepts this Lease subject thereto and to all matters disclosed thereby. Tenant hereby acknowledges that neither the Landlord nor the Landlord's agent has made any representation or warranty to Tenant as to the suitability of the Premises for the conduct of Tenant's business.

7. TAXES.

(a) Real Property Taxes.

Tenant shall pay all real Property taxes and general assessments levied and assessed against the Premises during the term of this Lease.

If it shall be Tenant's obligation to pay such real property taxes and assessments hereunder, Landlord shall use its best efforts to cause the Premises to be separately assessed from other real property owned by the Landlord. If Landlord is unable to obtain such a separate assessment, the assessor's evaluation based on the building and other improvements that are part of the Premises shall be used to determine the real property taxes. If this evaluation is not available, the parties shall equitably allocate the property taxes between the building and other improvements that are part of the Premises and all buildings and other improvements included in the tax bill. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its obligations under this Article 9, except that Landlord shall perform its obligations immediately if the nature of the problem presents a hazard of emergency situation. If the Landlord does not perform its obligations within the time limit set forth in this paragraph, Tenant can perform said obligations and shall have the right to be reimbursed for the amount that Tenant actually expends in the performance of Landlord's obligations. If Landlord does not reimburse Tenant within thirty (30) days after demand from Tenant, Tenant's sole remedy shall be to institute suit against Landlord, and Tenant shall not have the right to withhold from future rent the sums Tenant has expended. Tenant shall not be responsible for, and shall not be required to pay, any increase in property taxes due to a refinance, sale of the building, or change of ownership structure.

(b) Personal Property Taxes and License Fees

Tenant shall pay prior to the delinquency all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and other personal property of Tenant contained in the Premises. Tenant shall endeavor to cause such trade fixtures, furnishings and equipment and all other personal property to be assessed and billed separately from the property of the Landlord. If any of Tenant's said personal property shall be assessed with Landlord's property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

8. UTILITIES.

Tenant shall make all arrangements and pay for all water, gas, heat, light, power, telephone, and other utility services supplied to the Premises together with any taxes thereon and for all connection charges. If any such services are not separately metered to Tenant, the Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises.

9. MAINTENANCE AND REPAIRS.

(a) Tenant shall assume full responsibility inclusive of cost of repair and restoration:

Except as provided in Article 12, and except for damaged caused by any negligent or intentional act or omission by Tenant, Tenant agents, employees, or invitees, Landlord at its sole cost and expense shall keep in good condition and repair the foundation, exterior walls, and exterior roof of the Premises. Landlord shall also maintain the unexposed electrical, plumbing, and sewage systems including, without limitation those portions of the systems lying outside the Premises; window frames, gutters, downspouts on the building, all sidewalks, and other improvements that are a part of the Premises or of which the Premises are a part. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its obligations under this Article 9.

(b) Tenant's Obligations.

Subject to the provisions of Sub-paragraph (a) above Article 12, Tenant at Tenant's sole cost and expense shall keep in good order, condition and repair the Premises and every part thereof,

including, without limitation, all Tenant's personal property, fixtures, signs, store fronts, plate glass, show windows, doors, interior walls, interior ceiling, and lighting facilities.

If Tenant fails to perform Tenant's obligations as stated herein, Landlord may as an option (but shall not be required to), enter the Premises, after ten (10) days prior to written notice to Tenant, put the same in good order, condition and repair, and the costs thereof together with interest thereon at the rate of ten (10) percent per annum shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

10. ALTERATIONS AND ADDITIONS.

Tenant shall not, without the Landlord's prior written consent, make any alterations, improvements or additions in or about the Premises except for non-structural work which does not exceed \$1,000.00 in cost. As a condition to giving any such consent, the Landlord may require the Tenant to remove any such alterations, improvements, or additions at the expiration of the term, and to restore the Premises to their prior condition by giving Tenant thirty (30) days written notice prior to the expiration of the term that Landlord requires Tenant to remove any such alterations, improvements or additions that Tenant has made to the Premises. If Landlord so elects, Tenant at its sole cost shall restore the Premises to the condition designated by Landlord in its election before the last day of the term of the Lease.

Before commencing any work relating to the alterations, additions, or improvements affecting the Premises, Tenant shall notify Landlord in writing of the expected date of the commencement of such work so that Landlord can post and record the appropriate notices of non-responsibility to protect Landlord from any mechanic's liens, materialmen liens, or any other liens. In any event, Tenant shall pay, when due, all claims for labor and materials furnished to or for Tenant at or for use on the Premises. Tenant shall not permit any mechanic's liens or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or Tenant's agent or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Tenant. Tenant shall have the right to assess the validity of any such lien if, immediately on demand by Landlord, Tenant procures and records a lien release bond meeting the requirements of California Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with the costs of suit, if it is recovered in the action).

Unless the Landlord requires their removal as set forth above, all alterations, improvements or additions which are made on the Premises by the Tenant shall become the property of the Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Tenant's trade fixtures, furniture, equipment and other machinery, other than that which is affixed to the Premises so that it cannot be removed without material or structural damage to the Premises, shall remain the property of the Tenant and removed by Tenant at the expiration of the term of this Lease.

11. INSURANCE; INDEMNITY.

(a) Fire Insurance.

Landlord shall maintain during the term of this Lease in the Premises a policy or policies of standard fire and extended coverage insurance to the extent of full replacement value thereof. Said insurance policies shall be issued in the names of Landlord and Tenant, as their interests may appear. Landlord shall be reimbursed by Tenant for its proportional cost of such insurance.

Tenant at its cost shall maintain during the term of this Lease on all its personal property, Tenant's improvements, and alterations in or about the Premises, a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of their full replacement value. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or restoration of Tenant's improvements or alterations.

(b) Liability Insurance.

Tenant at its sole cost and expense shall maintain during the term of this Lease public liability and property damage insurance with a single combined liability limit of one million (\$1,000,000.00) dollars, and property damage limits of not less than one million (\$1,000,000.00) dollars, insuring against all liability of Tenant and its authorized representatives arising out of and in connection with Tenant's use or occupancy of the Premises. Both public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions in Sub-paragraph (d) below, but the limits of such insurance shall not, however, limit the liability of Tenant hereunder. Both Landlord and Tenant shall be named as additional insureds, and the policies shall contain cross-liability endorsements. If

Tenant shall fail to procure and maintain such insurance the Landlord may, but shall not be required to, procure and maintain same additional rental to Landlord together with Tenant's next rental installment.

(c) Waiver of Subrogation.

Tenant and Landlord each Waives any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to such waiving party or its property of others under its control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Each party shall cause each insurance policy obtained by it hereunder to provide that the insurance company waves all right of recovery by way of subrogation against either party in connection with any damage covered by such policy.

(d) Hold Harmless.

Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims arising from Tenant's use or occupancy of the Premises or from the conduct of its business of from any activity, work or things which may be permitted or suffered by Tenant in or about the Premises including all damage, costs, attorney's fees, expenses and liabilities incurred in the defense of any claim or action or proceeding arising therefrom. Except for Landlord's willful or grossly negligent conduct, Tenant hereby assumes all risk of damage to property or injury to person in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord.

(e) Exemption of Landlord from Liability.

Except for Landlord's willful or grossly negligent conduct, Tenant agrees that Landlord shall not be liable for any injury to Tenant's business or loss of income therefrom or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises; nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air-conditioning, or lighting fixtures, or from any other cause, whether such damage results from conditions arising from upon the Premises or upon other portions of the building in which the Premises are a part, or from any other sources or places. Landlord shall not be liable to Tenant for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

12. DAMAGE OR DESTRUCTION.

(a) Damage - insured,

If, during the term of this Lease, the Premises and/or the building and other improvements in which the Premises are located are totally or partially destroyed rendering the Premises totally or partially inaccessible or unusable, and such damage or destruction was caused by a casualty covered under an insurance policy required to be maintained hereunder, Landlord shall restore the Premises and/or the building and other improvements in which the Premises are located into substantially the same condition as they were in immediately before such damage or destruction, provided that the restoration can be made under the existing laws and can be completed within one hundred twenty (120) working days after the date of such destruction or damage. Such destruction or damage shall not terminate this Lease.

If the restoration cannot be made in said 120 day period, then within fifteen (15) days after Landlord determines that the restoration cannot be made in the time stated in this paragraph, Tenant may terminate this Lease immediately by giving notice to Landlord and the Lease will be deemed canceled as of the date of such damage or destruction. If Tenant fails to terminate this Lease and the restoration is permitted under the existing laws, Landlord, at its option, may terminate the Lease or restore the Premises and/or any other improvements in which the Premises are located within a reasonable time and this Lease shall continue with full force and effect. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

Notwithstanding the above, if the insurance proceeds received by Landlord are not sufficient to affect such repair, Landlord shall give notice to Tenant of the amount required in addition to the insurance proceeds to affect such repair. Tenant may, at Tenant's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Landlord's sole remedy shall be, at Landlord's option and with no liability to Tenant, to cancel and terminate this Lease. If Tenant shall contribute such amount to Landlord within said thirty (30) day period, Landlord shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Tenant shall in no event have any right to reimbursement for any amount so contributed.

(b) Damage - Uninsured.

In the event that the Premises are damaged or destroyed by a casualty which is not covered by the fire and extended coverage insurance which is required to be carried by the party designated in Article 11(a) above, then Landlord shall restore the same; provided that if the damage or destruction is to an extent greater than ten (10%) percent of the then replacement cost of the improvements on the Premises (exclusive of Tenant's trade fixtures and equipment and exclusive of foundations and footings), then Landlord may elect not to restore and to terminate this Lease. Landlord must give to Tenant written notice of its intention not to restore within thirty (30) days from the date of such damage or destruction and, if not give, Landlord shall be deemed to have elected to restore and, in such event, shall repair any damage as soon as reasonably possible. In the event that Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right, within ten (10) days after receipt of such notice, to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event the Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible. If the Tenant does not give such notice within such 10-day period, this Lease shall be canceled and be deemed terminated as of the date of the occurrence of such damage or destruction.

(c) Damage Near the End of Term.

If the Premises are totally or partially destroyed or damaged during the last twelve (12) months of the term of this Lease, Landlord may, at Landlord's option, cancel and terminate this Lease as of the date of the cause of such damage by given written notice to Tenant of Landlord's election to do so within 30 days after the date of the occurrence of such damage; provided, however, that, if the damage or destruction occurs within the last 12 months of the term and if within fifteen (15) days after the date of such damage or destruction Tenant exercises any option to extend the term provided herein, Landlord shall restore the Premises if obligated to do so as provided in subparagraph (a) or (b) above.

(d) Abatement of Rent.

If the Premises are partially or totally destroyed or damaged and Landlord or Tenant repairs or Restores them pursuant to the provisions of this Article 12, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's reasonable use of the Premises is impaired. Except for the abatement of rent, if any, Tenant shall have no claim against Landlord for any damages suffered by reason of any such damage, destruction, repair, or restoration.

(e) Trade Fixtures and Equipment.

If Landlord is required or elects to restore the Premises as provided in this Article, Landlord shall not be required to restore Tenant's improvements, trade fixtures, equipment or alterations made by Tenant, such excluded items being the sole responsibility of Tenant to restore hereunder.

(f) Total Destruction – Multi-tenant Building.

If the Premises are a part of a multi-tenant building and there is destruction to the Premises and/or building of which the Premises are a part that exceeds fifty (50%) percent of the then replacement value of the Premises and/or the building in which the Premises are a part from any cause whether or not covered by the insurance described in Article 11 above, Landlord may, at its option, elect to terminate this Lease (whether or not the Premises are destroyed) so long as Landlord terminates the leases of all other tenants in the building of which the Premises are a part, effective as of the date of such damage or destruction.

13. CONDEMNATION.

If the Premises or any portion thereof are taken by the power of eminent domain, or sold by Landlord under the threat of said power (all of which is herein referred to "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than twenty (20%) percent of the floor area of any buildings on the Premises, or more than twenty (20%) percent of the land area of the Premises not covered with buildings, is taken by condemnation, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes possession by notice in writing of such election within twenty (20) days after the Landlord shall have notified Tenant of such taking or, in the absence of such notice, then within twenty (20) days after the condemning authority shall have taken possession.

If this Lease is not terminated by either Landlord or Tenant as provided hereinabove, then it shall remain in full force and effect as to the portion of the Premises remaining, provided that the rental shall be reduced in proportion to the floor area of the buildings taken within the Premises as bears to the total floor area of all buildings located on the Premises. In the event this Lease is not terminated, then

Landlord agrees at Landlord's sole cost and expense, to as soon as reasonably possible restore the Premises to a complete unit of like quality and character as existed prior to the condemnation.

All awards for the taking of any part of the Premises or any payment made under the threat of the exercise of the power of eminent domain shall be the property of the Landlord, whether made as compensation for the diminution of the value of the leasehold or for the taking of the fee or as severance damages; provided, however, that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property.

Each Party hereby waives the provisions of Code of Civil Procedure 1265.130 allowing either party to petition the Superior Court to terminate this Lease in event of partial taking of the Premises.

Rent shall be abated or reduced during the period from the date of taking until the completion of restoration by Landlord, but all other obligations of Tenant under this Lease shall remain in full force and effect. The abatement or reduction of the rent shall be based on the extent to which the restoration interferes with Tenant's use of the Premises.

14. ASSIGNMENT AND SUBLETTING.

Tenant shall not voluntarily or by operation of law assign, transfer, sublet, mortgage, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent which shall not be unreasonably withheld. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without such consent shall be void and shall constitute a breach of this Lease. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of at least fifty-one (51%) percent of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one (51%) percent of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply to corporations the stock of which is traded through an exchange or over the counter.

Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation to pay the rent and to perform all other obligations to be performed by Tenant hereunder for the term of this Lease. The acceptance of rent by Landlord from any other person shall not be deemed a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Landlord shall be entitled to a fee of five hundred (\$500.00) dollars whenever Tenant assigns lease.

If the consideration Tenant receives for any Transfer exceeds the Rent payable under this Lease for the same period and portion of the Premises, seventy-five percent (75%) of the Net Profits, as herein defined, shall be due and payable by Tenant to Landlord as additional rent under this Lease. Net profits shall be any amount payable by such subtenant or assignee over the sum of: (i) amounts payable to Landlord hereunder as Rent for the space sublet or assigned, plus (ii) leasing commissions and the amortized cost of approved tenant improvements installed and paid for by Tenant. The cost of such improvements shall be amortized without interest over the remaining Term of this Lease. Tenant shall pay Landlord the net profits so determined (i) on subletting, either monthly or annually at the option of Landlord, and (ii) on an assignment, as received by Tenant.

15. DEFAULT.

(a) Event of Default.

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

(1) Failure to pay rent when due. If the failure continues for five (5) days after written notice has been given to Tenant.

(2) Abandonment and vacation of the Premises (failure to occupy the Premises for fourteen (14) consecutive days shall be deemed an abandonment and vacation).

(3) Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Tenant by Landlord. If the default cannot reasonably be cured within said thirty (30) day period, Tenant shall not be in default under this Lease if Tenant commences to cure the default within the thirty (30) day period and diligently prosecutes the same to completion.

(4) The making by Tenant of any general assignment, or general arrangement for the benefit of creditors, the filing by or against Tenant of a petition to have Tenant

adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy unless the same is dismissed within sixty (60) days; the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where such seizure is not discharged within thirty (30) days.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Tenant perform the provisions of this Lease of Lease of pay the rent that is in arrears as the case may be, within the applicable period of time. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

(b) Landlord's Remedies.

The Landlord shall have the following remedies if Tenant commits a default under this Lease. These remedies are not exclusive but are cumulative and in addition to any remedies now or hereafter allowed by law.

Landlord can continue this Lease in full force and effect, and the Lease will continue in effect so long as Landlord does not terminate Tenant's right to possession, and the Landlord shall have the right to collect rent when due. During the period that Tenant is in default, Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to the Landlord for all costs the Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any reletting. No act by Landlord allowed by this paragraph shall terminate this Lease unless Landlord notifies Tenant that Landlord elects to terminate this Lease. After Tenant's default and for so long as Landlord has not terminated Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assume or sublet its interest in the Lease, but Tenant shall not be released from liability. Landlord's consent to the proposed assignment or subletting shall not be unreasonably withheld.

If Landlord elects to relet the Premises as provided in this paragraph, any rent that Landlord receives from such subletting shall apply first to the payment of any indebtedness from Tenant to Landlord other than the rent due from Tenant to Landlord; secondly, to all costs, including maintenance, incurred by Landlord in such reletting; and third, to any rent due and unpaid under this Lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Landlord receives from such reletting shall be held by Landlord and applied in payment of future rents as rent becomes due under this Lease. In no event shall tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this Lease, the rent received from the reletting is less than the rent due on that date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs, including maintenance, that Landlord shall have incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

Landlord can, at its option, terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premise, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest in this Lease shall not constitute a termination of Tenant's right to possession. In the event of such termination, Landlord has the right to recover from Tenant:

(1) The worth, at the time of the award, of the unpaid rent that has been earned at the time of the termination of this Lease.

(2) The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of the termination of this Lease until the time of the award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

(3) The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

(4) Any other amount, including court costs, necessary to compensate landlord for all detriment proximately caused by Tenant's default.

"The worth at the time of the award," as used in (1) and (2) of this paragraph is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth at the time of the award" as referred to in (3) of this paragraph is to be computed by discounting the

amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one (1%) percent.

If Tenant is in default under the terms of this Lease, landlord shall have the additional right to have a receiver appointed to collect rent and conduct Tenant's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Landlord to terminate.

Landlord at any time after Tenant commits a default can cure the default at Tenant's cost and expense. If Landlord at any time, by reason of Tenant's default pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest thereon, shall be considered additional rent.

16. SIGNS.

Tenant shall not have the right to place, construct or maintain any sign, advertisement, awning, banner, or other exterior decorations on the building or other improvements that are a part of the Premises without Landlord's prior written consent, which shall not be unreasonably withheld.

17. EARLY POSSESSION.

In the event that the Landlord shall permit Tenant to occupy the Premises prior to the commencement date of the term of this Lease, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date of this Lease.

18. SUBORDINATION.

This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewal, modifications, and extensions thereof. Notwithstanding any such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all the other provisions of this lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor shall elect to have this Lease prior to the lien of its mortgage or deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease is dated prior to or subsequent to the date of such mortgage, deed of trust, or ground lease, or date of recording thereof. Tenant agrees to execute any documents required to effect such subordination or to make this Lease prior to the lien of any mortgage, deed of trust, or ground lease, as the case may be, and failing to do so within ten (10) days after written demand from Landlord does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead to do so.

19. SURRENDER.

On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in good condition, broom clean, ordinary wear and tear accepted. Tenant shall repair any damage to the Premises occasioned by its use thereof, or by the removal of Tenant's trade fixtures, furnishings and equipment which repair shall include the patching and filling of holes and repair of structural damage. Tenant shall remove all of its personal property and fixtures on the Premises prior to the expiration of the term of this Lease and if required by Landlord pursuant to Article 10(a) above, any alternations, improvements, or additions made by Tenant to the Premises. If Tenant fails to surrender the Premises to Landlord on the expiration of the Lease as required by this paragraph, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to vacate the Premises, including, without limitation, claims made by any succeeding tenant resulting from Tenant's failure to surrender the Premises.

20. HOLDING OVER.

If the Tenant, with the Landlord's consent remains in possession of the Premises after the expiration or termination of the term of this Lease, such possession by Tenant shall be deemed to be a tenancy from month-to-month at a rental in the amount of One Hundred and ten percent (110%) of the last monthly rental plus all other charges payable hereunder, upon all of the provisions of this Lease applicable to month-to-month tenancy.

21. BINDING ON SUCCESSORS AND ASSIGNS.

The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the parties hereto, their heirs, personal representatives, successors, and assigns.

22. NOTICES.

Whenever under this Lease a provision is made for any demand, notice, or declaration of any kind, it shall be in writing and served either personally or sent by registered or certified United States Mail, postage prepaid, addressed at the addresses as set forth below:

TO LANDLORD AT: Peter Ellis, LLC (A California Limited Liability Corporation)
c/o Kinry & Associates
2000 Van Ness Avenue, Suite 100
San Francisco CA 94109
kinry@yahoo.com
Fax: 415 440 4550
415 771 1999

TO TENANT AT: Sokol Belishova dba Euro Motorcars

P.O. BOX 77372.

SAN FRANCISCO CA 94107.

(415) 533 1839.

ADDRESSES &
phone #

Such notices shall be deemed to be received within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

23. LANDLORD'S RIGHT TO INSPECTIONS.

Landlord and Landlord's agent shall have the right to enter the Premises at reasonable times for the purpose of inspecting same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the building of which the Premises are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last one hundred twenty (120) days of the term of this Lease place on or about the Premises any ordinary "For Sale or Lease" signs, all with rebate of rent or liability to Tenant.

24. CHOICE OF LAW.

This Lease shall be governed by the laws of the state where the Premises are located.

25. ATTORNEY'S FEES.

If either Landlord or Tenant becomes a party to any litigation or arbitration concerning this Lease, the Premises, or the building or other improvements in which the Premises are located, by reason of any act or omission of the other party or its authorized representatives, and not by reasons of any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by it in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

26. LANDLORD'S LIABILITY.

The term "Landlord" as used in this Lease shall mean only the owner or owners at the time in question of the fee title or a Lessee's interest in a ground lease of the Premise, and in the event of any transfer of such title or interest. Landlord herein named (and in case of any subsequent transfers to the then successor) shall be relieved from and after the date of such transfer of all liability in respect to Landlord's obligations thereafter to be performed. The obligations contained in this Lease to be performed by Landlord shall be binding upon the Landlord's successors and assigns only during their respective period of ownership.

27. WAIVERS

No waiver by Landlord or any provision hereof shall be deemed a waiver of any other provisions hereof or to any subsequent breach by Tenant of the same or any other provisions. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord

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San Francisco CA 94109
kinry@yahoo.com
Fax: 415 440 4550
415 771 1999

TO TENANT AT: Sokol Belishova dba Euro Motorcars

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If either Landlord or Tenant becomes a party to any litigation or arbitration concerning this Lease, the Premises, or the building or other improvements in which the Premises are located, by reason of any act or omission of the other party or its authorized representatives, and not by reasons of any act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by it in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

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No waiver by Landlord or any provision hereof shall be deemed a waiver of any other provisions hereof or to any subsequent breach by Tenant of the same or any other provisions. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord

shall not be a waiver of any preceding breach by Tenant of any provision hereof other than the failure of Tenant to pay the particular rent so accepted regardless of Landlord's knowledge of such preceding breach at the time of its acceptance of such rent.

28. INCORPORATION OF PRIOR AGREEMENTS.

This Lease contains an agreement of the parties with respect to any mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease made be modified only in writing and signed by the parties in interest at the time of such modification.

29. TIME.

Time is of the essence of this Lease.

30. SEVERABILITY.

The unenforceability, invalidity, or illegality of any provisions of this lease shall not render the other provisions hereof unenforceable, invalid or illegal.

31. ESTOPPEL CERTIFICATES.

Each party within ten (10) days after notice from the other party shall execute and deliver to the other party a certificate stating that this Lease is unmodified and in full force and effect or in full force and effect as modified and stating the modification. The certificate shall also state the amount of the minimum monthly rent, the dates of which rents has been paid in advance and the amount of any security deposit or prepaid rents, if any, as well as acknowledging that there are not to that party's knowledge of any unsecured defaults on the part of the other party or specifying such defaults, if any, which are claimed. Failure to deliver such certificate within ten (10) day period shall be conclusive upon the party failing to deliver the certificate to the benefit of the party requesting the certificate that this Lease is in full force and effect that there are no unsecured defaults hereunder and has not been modified except as may be represent by the party requesting the certificate.

32. COVENANTS AND CONDITIONS.

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

33. SINGULAR AND PLURAL.

When required by the context of this Lease, the singular shall include the plural.

34. JOINT AND SEVERAL OBLIGATIONS.

"Party" shall mean Landlord and Tenant, and if more than one person or entity is the Landlord or Tenant, the obligations imposed on the party shall be joint and several.

35. OPTION TO EXTEND.

Provided that Tenant shall not then be in default hereunder, and have not been delinquent in the remittance of their rents during the first term (Years 1-3 of the lease), with the exception of one delinquency occurrence annually, which would be brought current within one (1) week's written notice to Tenant, Tenant shall have the option to extend the term of this Lease for one (1) additional three (3) year period upon the same terms and conditions herein contained, except for fixed minimum monthly rentals, upon delivery by Tenant to Landlord of written notice of its election to exercise such option(s) at least ninety (90) days prior to the expiration of the original (or extended) term hereof. The monthly rental for the first option year shall be the final month's payment third year of the current term of the lease, plus an additional five percent (5%); thereafter an annual increases based upon the Consumer Price Index, as published by the U.S. Dept. of Labor, Bureau of Statistics for all goods and services for the San Francisco Metropolitan Bay Area.

36. ADDENDUM.

Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof and shall supersede any conflicting terms or provisions contained in this Lease.

37. All rental payments shall be credited first to any fees and assessments with the balance credited toward rents.

38. Payments received five (5) days after the due date will be assessed a late fee of ten percent (10%) of the monthly rents. Tenant and Landlord agree that Landlord will sustain costs and damage as a result of any late payment of rent, but that it will be extremely difficult to determine with specificity the actual amount of that damage. Therefore, Tenant agrees to pay a late charge as specified in this Lease Agreement under the heading of RENTS. The parties agree that this late charge represents a fair and reasonable estimate of the costs and damage that Landlord will incur by reason of late payment by Tenant. The provision for payment of a late charge does not constitute a grace period and Landlord may serve a 3-Day Notice to Pay Rent or Quit on the day after the due date. Landlord and Tenant agree that

Tenant paying rent five days after the due date on three separate occasions within any twelve month period shall constitute habitual late payment of rent and may be considered a just cause for eviction. Payment of the late charge does not cure the late payment for purposes of establishing habitual late payment of rent.

39. Bank service fee for returned check are subject to a fifty dollars (\$50.00) charge, which is subject to change.

40. No loud music or other noise apparatus is allowed.

41. Tenants will not disturb the peaceful quiet enjoyment of other tenants.

42. Tenants shall be responsible for the proper disposal of all hazardous waste. Further, Tenants shall be responsible for the cost of disposal, relocation fees, any and all fees associated with the hazardous waste.

43. Tenant shall be responsible for the cost of all services upon the premises inclusive of but not limited to garbage, water, and all other utilities.

44. Tenant, at Tenant's sole cost and expense, shall be responsible for compliance with the Americans with Disabilities Act (ADA).

45. Tenant shall be responsible for the procurement of all required licenses and permits to operate a business at this rental location.

46. Tenant, at Tenant's sole cost and expense, shall be responsible for the immediate clean up of any and all graffiti markings and vandalism committed upon the property.

47. **Rules for Renovating Units:**

Contractors must post a \$1,000.00 security deposit payable to the landlord, or his authorized agent which would be applied in the event of damage to walls, and other appurtenances of the building. Checks will not be deposited and will be returned when work is completed provided no damage is found.

Contractors will be asked to provide a schedule of construction to the landlord, or his authorized agent. Contractor will be responsible for documenting or bringing any pre-existing conditions to the attention of the landlord, or his authorized agent.

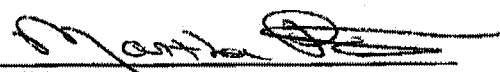
48. Tenant may engage its own contractors to perform remodel work upon written approval by Landlord. In such event, Landlord shall charge a five percent (5%) administration fee on all construction costs.

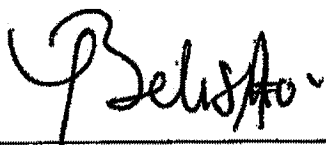
49. **AGENT REPRESENTING BOTH LANDLORD AND TENANT:** A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Landlord and the Tenant in a transaction, but only with the knowledge and consent of both the Landlord and the Tenant. In a dual agency situation, the agent has the following affirmative obligations to both the Landlord and the Tenant. (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Landlord or the Tenant. (b) Other duties to the Landlord and the Tenant are stated as follows: (1) Diligent exercise of reasonable skill and care in the performance of the agent's duties. (2) A duty of honest and fair dealing and good faith. (3) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are no known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above. In representing both the Landlord and the Tenant, the agent may not, with the express permission of the respective party, disclose to the other party that the Landlord will accept a price less than the listing price, or that the Tenant will pay a price greater than the price offered. The above duties of the real estate agent in a real estate transaction does not relieve the Landlord or the Tenant from the responsibility to protect their own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

The parties hereto have executed this Lease on the date first above written.

Peter Ellis, LLC (A California Limited Liability Corporation)

Dated: June 9, 2020

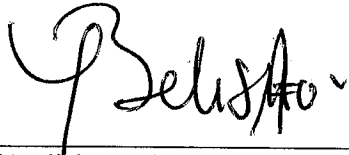
By: 
LANDLORD

 06-09-2020
Sokol Belishova dba Euro Motorcars, Tenant

Peter Ellis, LLC (A California Limited Liability Corporation)

Dated: _____

By: _____
LANDLORD



06-09-2020

Sokol Belishova dba Euro Motorcars, Tenant

**“AMERICANS WITH DISABILITIES ACT”
(ADA) NOTICE**

Please be advised that a Landlord or Tenant of real property may be subject to the Americans with Disabilities Act (the ADA), a Federal law codified at 42 USC Section 12101 et seq. Among other requirements of the ADA that could apply to your property, Title III of the ADA requires the Landlord and Tenant of public accommodations” (defined broadly and including virtually all commercial property) to remove barriers to access by disabled persons and provide auxiliary aids and services for hearing, vision, or speech impaired persons by January 26, 1992. The regulations under Title III of the ADA are codified at 28 CFT Part 36. The regulations may require elective modifications or alterations to be done in compliance with the ADA.

We recommend that you and your attorney review the ADA and the regulations, and if appropriate, your proposed lease or purchase agreement to determine if this law would apply to you, and the nature of the requirements. These are legal issues. You are responsible for conducting your own investigations of these issues. In addition to seeking legal advice, you may obtain more information on the ADA from the entities listed below:

The following is a directory of free information on the ADA:

Office on the Americans with Disabilities Act
Civil Rights Division
U.S. Dept. of Justice
P.O. Box 6618
Washington DC 20035-6118
(202) 514.0301 (Voice) (ADA Information Hotline)

For more specific information about requirements for accessible design in new construction and alterations:

Architectural and Transportation Barriers Compliance Board
111 18th Street N.W., Suite 501
Washington DC 20036
(202) 272.5434 (Voice or TDD)
1(800) 872.2253

For Federal Tax Issues:

Internal Revenue Service
Office of the Chief Counsel
P.O. Box 7604
Ben Franklin Station
Washington DC 20044
(202) 566.3292 (Voice Only)

For Technical Assistance or general information on ADA

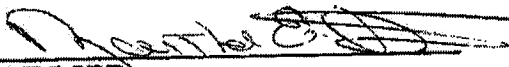
Pacific Disability and Business Technical Assistance Center (Pacific DABTAC)
440 Grand Avenue, Suite 500
Oakland CA 94610
1(800) 727.5232 (Voice or TDD)

By your signature below, you acknowledge receipt of this Notice (ADA) and, if applicable, as the Landlord in this transaction authorized Broker to distribute this Notice to all prospective Tenant/Buyer for this property.


5/8/09

Dated: 6-9-20

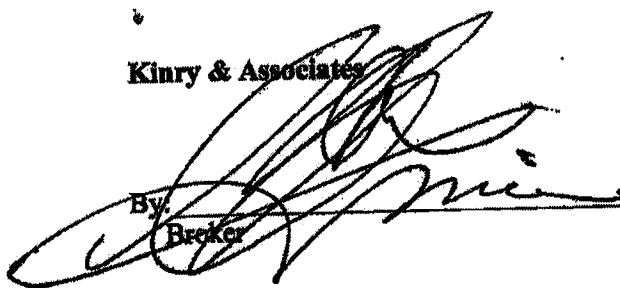
Peter Ellis, LLC (A California Limited Liability Corporation)

By: 
LANDLORD

Tenant

 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: 
Broker

Date 6/9/2020

By your signature below, you acknowledge receipt of this Notice (ADA) and, if applicable, as the Landlord in this transaction authorized Broker to distribute this Notice to all prospective Tenant/Buyer for this property.

5/8/09

Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

By: _____
LANDLORD

Tenant

Sokol Belishova 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: *[Signature]* Date 6/9/2020
Broker

**NOTICE
TO OWNERS, AND TENANTS
REGARDING HAZARDOUS MATERIALS**

Comprehensive federal, state and local laws and regulations (the laws) have been adopted in recent years and continue to be proposed and adopted to deal with the problem of hazardous materials and underground storage tanks located in properties through the state.

The term "hazardous materials" may include but is not limited to, petroleum based products, paints and solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonium compounds, asbestos, PCB's and other chemical products present in metals, minerals, chemicals, hydrocarbons; biological or radioactive materials in the soil, buildings or building components, in above ground or underground storage tanks, or elsewhere in property(s) which is (are) of interest to you as an owner, tenant, buyer or other.

The laws are broad and complex and may impose liability on current and former owners and/or occupants or others connected with property contaminated by hazardous materials. Additionally, the laws mandate corrective action and notification to occupants, contractors and others connected with the property. Examples of recent laws affecting owners, tenants and buyers are the adoption of new California Health and Safety Code provisions (the result of Proposition 65) and the Asbestos Notification requirements of the Health and Safety Code sections 25915-24 which mandates, under possible penalty of fines and/or imprisonment, notice to co-owners, certain tenants, subtenants, contractors and their employees concerning the presence of asbestos-containing materials known to owners and contractors.

If hazardous materials have been or are going to be used, stored, handled or disposed of on the property(s) in question, or if the property has or may have underground storage tanks, it is essential that legal and technical advice be obtained to determine, among other things, what permits and approval have been or may be required, the estimated costs associated with the use, storage, handling, clean-up, removal or disposal of the hazardous materials, and what contractual protections are necessary or desirable. Hazardous materials and underground storage tanks may be present on all types of real property. Consequently, this Notice is meant to apply to any transaction involving any type of real property, whether improved or unimproved. It is important, therefore, to obtain expert assistance for site investigation and building inspections. Past uses of the property often provide valuable information regarding the possible presence of hazardous materials or underground storage tanks on the property and should be investigated.

Certainly, the brokers involved will disclose any knowledge they actually possess with respect to the existence of hazardous materials or underground storage tanks on the property. The brokers involved have not made and does not make an independent investigation or analysis of the property to determine information concerning the subject matter of this Notice. The brokers make no representations regarding the presence or

absence of such hazardous materials or underground storage tanks on the property. The brokers recommend that you consult with qualified professional of your selection, including your architect, contractor, engineer, industrial hygienist, and /or attorney, concerning the status of property and laws dealing with the subject of this Notice.

Your signature(s) below indicates (i) your knowledge that you have received this Notice, read it, and understand its contents; (ii) your waiver of claims against Brokers, with respect to the subject matter of this Notice as to property(s) submitted by or through Broker, or listed by Broker, for sale or lease, except in the case of gross negligent conduct of Broker; and (iii) your agreement to indemnify, defend and hold Broker harmless against all claims, damages, cost and expenses, including attorney's fees resulting from the subject matter of this Notice.

We acknowledge receiving and reading this Notice.

Dated: June 9, 2020

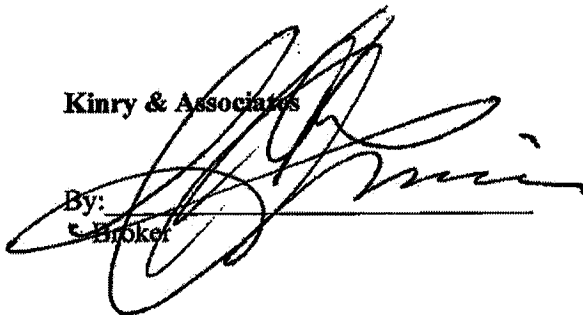
Peter Ellis, LLC (A California Limited Liability Corporation)

By: 
LANDLORD

Tenant

Belishova 06-09-2020
Şokol Belishova dba Euro Motorcars

Kinry & Associates

By: 
Broker

6/9/2020
Date

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Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

By: _____
LANDLORD

Tenant

Belishova 06-09-2020
Sokol Belishova dba Euro Motorcars

Kinry & Associates

By: [Signature] Date 6/9/2020
Broker

**Rider to Lease Agreement
240 6th Street, San Francisco**

Referring to that agreement made on 1 June 2020 by and between Peter Ellis, LLC (A California Limited Liability Corporation) (hereinafter referred to as "Landlord") and Sokol Belishova dba Euro Motorcars (hereinafter referred to as "Tenant").

1. Landlord has designated the bathroom on the ground floor as the American Disability Act "ADA" bathroom for the tenants' of 240 6th Street, San Francisco.
2. Use of toilet facility by co-occupying tenant and his customers is only accessible during Tenant's hours of operation when Tenant or his staff is on-site and his alarm system is not activated.
3. Tenant has been informed that although Landlord does not authorize any subletting of the rental premises; however, this does not bar or impede the Tenant from assigning his leasehold to a qualified candidate or creating a partnership.
4. Property taxes. Tenant shall reimburse Landlord for all property taxes in direct proportion to the percentage of space he occupies. The square footage presently occupied by Tenant is specified as Exhibit A on the subject lease agreement.
5. Due to the Covid 19 Pandemic which has created a national economic hardship, Landlord hereby grants Tenant a one time twenty percent (20%) discount on the first term's entire first year's monthly rents. Adjusting for the discount, the monthly rents shall be rounded out to Nine thousand, six hundred eighty five dollars (\$9,685.00); upon the second year of the first term, an annual increase based upon the Consumer Price Index (as referenced to Page 1 of this agreement) shall be applicable to the monthly rents, Twelve Thousand, One Hundred Six Dollars (\$12,106.00).

All other terms and conditions to remain the same and in full force and effect.

Dated: June 9, 2020

Peter Ellis, LLC (A California Limited Liability Corporation)

By: [Signature]
LANDLORD

Sokol Belishova

[Signature] 06-09-2020
TENANT

**Rider to Lease Agreement
240 6th Street, San Francisco**

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All other terms and conditions to remain the same and in full force and effect.

Dated: _____

Peter Ellis, LLC (A California Limited Liability Corporation)

Sokol Belishova

By: _____
LANDLORD

Belishova 06-09-2020

TENANT

EXHIBIT G

TENANT’S ESTOPPEL CERTIFICATE

DATE: _____

TENANT: _____

PREMISES: _____

LEASE DATE: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

TERM IN MONTHS: _____

DATE RENT AND OPERATING EXPENSE
PARKING: _____

PAYMENTS ARE DUE: _____

OPTIONS: Check if you have any of these
options or rights, and provide details in
Sections 5 or 9 below.

_____ Extension Option
_____ Termination Option
_____ Expansion Option
_____ Purchase Option

CURRENT MONTHLY PAYMENTS: _____

BASE RENTAL: _____

TAXES: _____

OP. EXP. CAP: _____

_____ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: _____

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES
("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE
DATE, BETWEEN _____

(“LANDLORD”) AND TENANT, HEREBY CERTIFIES, REPRESENTS AND WARRANTS TO THE CITY AND COUNTY OF SAN FRANCISCO (“CITY”), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.
2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. Tenant acknowledges Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust; George P. Potiris, Trustee of the GPP 2019 Exempt Trust; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust; James G. Pappas; Christina Pappas-Boettger; Ellece Vasti; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust; and Catherine Guzman as the lawful successor landlord to Peter Ellis LLC. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing “NONE” below):
3. Premises. The Premises consist of that certain real property and the building and other improvements located thereon the upper floor level situated in the City and County of San Francisco, State of California, commonly known as and described as 240 6th Street, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing “NONE” below):
4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.
5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or rights to terminate the Lease (if none, indicate so by writing “NONE” below):
6. Rental Escalations. The current monthly base rental specified above is subject to the following escalation adjustments (if none, indicate so by writing “NONE” below):
7. No Defaults/Claims. Neither Tenant nor Landlord under the Lease is in default under any terms of the Lease nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default under the Lease. Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, nor is Tenant entitled to any concession, rebate, allowance or free rent for any period after this certification. Tenant has no complaints or disputes with Landlord regarding the overall operation and maintenance of the property within which the Premises are located (the “Property”), or otherwise.
8. No Advance Payments. No rent has been paid in advance by Tenant except for the current month’s rent.
9. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any interest therein (if none, indicate so by writing “NONE” below):
10. Notification by Tenant. From the date of this Certificate and continuing until _____, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate

as of the date hereof or as of any future date.

11. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises.

12. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable thereunder, except those listed below (if none, indicate so by writing "NONE" below):

13. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes hereof, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 78075 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

14. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

15. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

16. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

[SIGNATURES ON FOLLOWING PAGE]

EXECUTED BY TENANT ON THE DATE FIRST WRITTEN ABOVE.

By:

[NAME]

[TITLE]

By:

[NAME]

[TITLE]

EXHIBIT H

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by _____

_____, a _____
("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's office address is _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 20__.

On behalf of:

_____,
[NAME]

a _____
By: _____
[NAME]

Its: _____

EXHIBIT I

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder’s use only)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT dated as of _____, 20____, is by and between Martha E. Potiriades, Trustee of the MEP 2019 Exempt Trust, as to an undivided one ninth (1/9) interest; George P. Potiris, Trustee of the GPP 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; Kalli K. Carvalho, Trustee of the KKC 2019 Exempt Trust, as to an undivided one-ninth (1/9) interest; James G. Pappas, as to an undivided one-sixth (1/6) interest; Christina Pappas-Boettger, as to an undivided one-sixth (1/6) interest; Ellece Vasti, as to an undivided one-ninth (1/9) interest; Stephanie A. Papas, Trustee of the Stephanie A. Papas Revocable Trust, as to an undivided one-ninth (1/9) interest; and Catherine Guzman, as to an undivided one-ninth (1/9) interest (“Seller”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“City”).

1. Seller is the owner of certain real property located in the City and County of San Francisco, California, commonly known as 240 6th Street (Lot 004; Block 3731), more particularly described in Exhibit A attached to and incorporated by this reference in this Memorandum of Agreement (the “Real Property”).

2. Seller and City have entered into that certain unrecorded Agreement for the Purchase and Sale of Real Estate dated as of _____, 20____ incorporated by this reference into this Memorandum (the “Agreement”), pursuant to which Seller agreed to sell, and City agreed to purchase, the Real Property upon all the terms and conditions set forth in the Agreement.

3. The purpose of this Memorandum of Agreement is to give notice of the Agreement and the respective rights and obligations of the parties thereunder, and all of the terms and conditions of the Agreement are incorporated herein by reference as if they were fully set forth herein.

4. This Memorandum of Agreement shall not be deemed to modify, alter or amend in any way the provisions of the Agreement. In the event any conflict exists between the terms of the Agreement and this instrument, the terms of the Agreement shall govern and determine for

all purposes the relationship between Seller and City and their respective rights and duties.

5. This Memorandum of Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum of Agreement as of the date first written above.

[SIGNATURES ON FOLLOWING PAGE]

SELLER:

Martha E. Potiriades, Trustee of the MEP
2019 Exempt Trust

George P. Potiris, Trustee of the GPP 2019
Exempt Trust

Kalli K. Carvalho, Trustee of the KKC 2019
Exempt Trust

James G. Pappas

Christina Pappas-Boettger

Ellece Vasti

Stephanie A. Papas, Trustee of the Stephanie
A. Papas Revocable Trust

Catherine Guzman

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: .

Andrico Q. Penick
Director of Property

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

SCHEDULE 1

ENERGY DISCLOSURE DOCUMENTS



ENERGY STAR® Data Verification Checklist

N/A

ENERGY STAR®
Score¹

Garage

Registry Name: Garage
Property Type: Repair Services (Vehicle, Shoe, Locksmith, etc.)
Gross Floor Area (ft²): 18,789
Built: 1925

For Year Ending: Dec 31, 2023
Date Generated: May 16, 2024

¹ The ENERGY STAR score is a 1-to-100 assessment of a building's energy efficiency as compared with similar building nationwide, adjusting for climate and business activity.

Property & Contact Information

Property Address

Garage
 240 6th Street
 San Francisco, California 94103

Property ID: 28921114

Property Owner

240 6th Street Owners
 10337 Chantel Ln
 Stockton, CA 95212
 (____)____-_____

Primary Contact

Chris Boettger
 10337 Chantel Ln
 Stockton, CA 95212
 12094822931
 cpappasboettger@gmail.com

1. Review of Whole Property Characteristics

Basic Property Information

1) Property Name: Garage

Yes No

Is this the official name of the property?

If "No", please specify: _____

2) Property Type: Repair Services (Vehicle, Shoe, Locksmith, etc.)

Yes No

Is this an accurate description of the primary use of this property?

3) Location:

240 6th Street
 San Francisco, California 94103

Yes No

Is this correct and complete?

4) Gross Floor Area: 18,789 ft²

Yes No

Is value an accurate account of the gross floor area for the property?

5) Average Occupancy (%): 50

Yes No

Is this occupancy percentage accurate for the entire 12 month period being assessed?

6) Number of Buildings: 1

Yes No

Does this number accurately represent all structures?

7) Whole Property Verification:

Yes No

Does this application represent the entire property? If any space or energy use has been excluded from this property, please describe it in the notes section below.

Notes:

Indoor Environmental Quality

1) Outdoor Air Ventilation

Yes No

Were measurements and/or calculations taken and recorded under normal building operating conditions using an allowable method as described in the Licensed Professional's Guide which demonstrate this property meets the minimum ventilation rates according to ANSI/ASHRAE Standard 62?

[NOTE: In the case of an audit of this application, Appendix A: IEQ Measurement Form from the LP Guide, will be required to be completed and submitted to EPA. Failure to submit measurements will result in a denial of the application.]

2) Thermal Environmental Conditions

Yes No

Were measurements taken and recorded per the Licensed Professional's Guide which demonstrate this property meets the acceptable thermal environmental conditions according to ANSI/ASHRAE Standard 55, Thermal Environmental Conditions for Human Occupancy?

[NOTE: In the case of an audit of this application, Appendix A: IEQ Measurement Form from the LP Guide, will be required to be completed and submitted to EPA. Failure to submit measurements will result in a denial of the application.]

3) Illumination

Yes No

Were measurements taken and recorded per the LP Guide which demonstrate this property meets minimum recommended illumination levels according to the most recent version of the Illuminating Engineering Society of North America (IESNA) Lighting Handbook?

[NOTE: In the case of an audit of this application, Appendix A: IEQ Measurement Form from the LP Guide, will be required to be completed and submitted to EPA. Failure to submit measurements will result in a denial of the application.]

Notes:**2. Review of Property Use Details****Repair Services (Vehicle, Shoe, Locksmith, etc.): Building Use**

★ This Use Detail is used to calculate the 1-100 ENERGY STAR Score.

★ 1) Gross Floor Area: 18,789 ft²
 Yes No

Is this the total size, as measured between the outside surface of the exterior walls of the building(s)? This includes all areas inside the building(s) such as: occupied tenant areas, common areas, meeting areas, break rooms, restrooms, elevator shafts, mechanical equipment areas, and storage rooms. Gross Floor Area should not include interstitial plenum space between floors, which may house pipes and ventilation. Gross Floor Area is not the same as rentable, but rather includes all area inside the building(s). Leasable space would be a sub-set of Gross Floor Area. In the case where there is an atrium, you should count the Gross Floor Area at the base level only. Do not increase the size to accommodate open atrium space at higher levels. The Gross Floor Area should not include any exterior spaces such as balconies or exterior loading docks and driveways.

2) Weekly Operating Hours: 40
 Yes No

Is this the total number of hours per week that the property is occupied by the majority of the employees? It does not include hours when the HVAC system is starting up or shutting down, or when property is occupied only by maintenance, security, cleaning staff, or other support personnel. For properties with a schedule that varies during the year, use the schedule most often followed.

3) Number of Workers on Main Shift: 3
 Yes No

Is this the total number of workers present during the primary shift? This is not a total count of workers, but rather a count of workers who are present at the same time. For example, if there are two daily eight hour shifts of 100 workers each, the Number of Workers on Main Shift value is 100. Number of Workers on Main Shift may include employees of the property, sub-contractors who are onsite regularly, and volunteers who perform regular onsite tasks. Number of Workers should not include visitors to the buildings such as clients, customers, or patients.

4) Number of Computers: 1
 Yes No

Is this the total number of computers, laptops, and data servers at the property? This number should not include tablet computers, such as iPads, or any other types of office equipment.

Notes:

3. Review of Energy Consumption

Data Overview

Site Energy Use Summary

Electric - Grid (kBtu) 30,115 (100%)
 Total Energy (kBtu) 30,115

Energy Intensity

Site (kBtu/ft²) 1.6
 Source (kBtu/ft²) 4.5

National Median Comparison

National Median Site EUI (kBtu/ft²) 34.6
 National Median Source EUI (kBtu/ft²) 96.9
 % Diff from National Median Source EUI -95.4%

Emissions (based on site energy use)

Total (Location-Based) GHG Emissions (Metric Tons CO₂e) 2.1

Power Generation Plant or Distribution Utility:

City & County of San Francisco

Note: All values are annualized to a 12-month period. Source Energy includes energy used in generation and transmission to enable an equitable assessment.

Summary of Energy Meters Used in Metrics

The following meters are associated with the property, meaning that they are added together to get the total energy use for the property. Please see additional tables in this checklist for the exact meter consumption values. **Note: please review all meter entries, making note of any unusual entries, and, if they are correct, provide a manual note to explain.**

Meter Name	Fuel Type	Start Date	End Date	Associated With:
Electric Grid Meter Aggregate	Electric - Grid	01/01/2022	In Use	Garage

Yes No

Total Energy Use

Do the meters shown above account for the total energy use of this property during the reporting period of this application?

Yes No

Additional Fuels

Do the meters above include all fuel types at the property? That is, no additional fuels such as district steam, generator fuel oil have been excluded.

Yes No

On-Site Solar and Wind Energy

Are all on-site solar and wind installations reported in this list (if present)? All on-site systems must be reported.

Notes:

Electric - Grid Meter: Electric Grid Meter Aggregate (kWh (thousand Watt-hours))

Associated With: Garage

Start Date	End Date	Usage	Green Power?
01/01/2023	01/31/2023	1,035.86	No
02/01/2023	02/28/2023	890.06	No
03/01/2023	03/31/2023	1,025.89	No
04/01/2023	04/30/2023	950.46	No
05/01/2023	05/31/2023	714.35	No
06/01/2023	06/30/2023	670.33	No
07/01/2023	07/31/2023	759.93	No
08/01/2023	08/31/2023	786.45	No
09/01/2023	09/30/2023	101.67	No
10/01/2023	10/31/2023	703.75	No

Start Date	End Date	Usage	Green Power?
11/01/2023	11/30/2023	597.74	No
12/01/2023	12/31/2023	589.72	No
Total Consumption (kWh (thousand Watt-hours)):			8,826.21
Total Consumption (kBtu (thousand Btu)):			30,115

Yes No

Total Energy Consumption for this Meter

Do the fuel consumption totals shown above include consumption of all energy tracked through this meter that affect energy calculations for the reporting period of this application (i.e., do the entries match the utility bills received by the property)?

Notes:

4. Signature & Stamp of Verifying Licensed Professional

_____ (Name) visited this site on _____ (Date). Based on the conditions observed at the time of the visit to this property, I verify that the information contained within this application is accurate and in accordance with the Licensed Professional Guide.

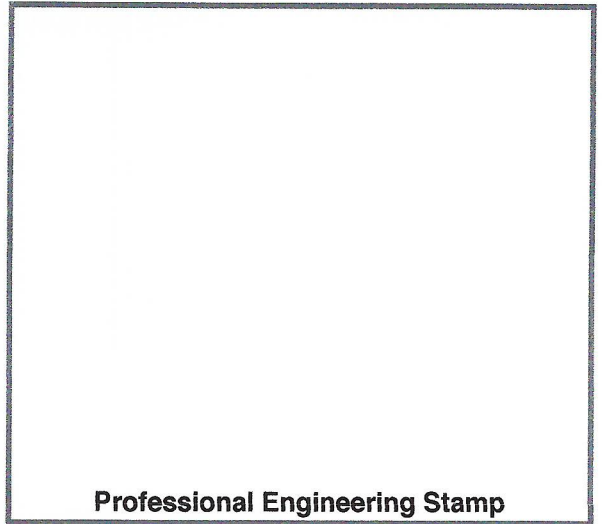
Signature Chris Bretzger[®] (owner)
Date 5-16-24

No licensed professional used.

Licensed Professional

Chris Boettger
10337 Chantel Ln
Stockton, CA 95212
12094822931
cpappasboettger@gmail.com

NOTE: When applying for the ENERGY STAR, the signature of the Verifying Professional must match the stamp.



Professional Engineering Stamp

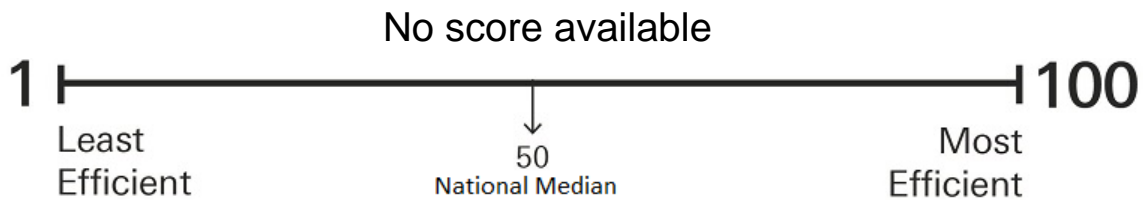
(if applicable)

ENERGY STAR[®] Energy Performance Scorecard

1.6
kBtu per
square foot*

Garage

For Year Ending	December 31, 2023
Property Address	240 6th Street San Francisco, California 94103
Primary Function	Repair Services (Vehicle, Shoe, Locksmith, etc.)
Gross Floor Area (ft ²)	18,789
Year built	1925
Energy Use per sq. ft.*	1.6 kBtu



What is the ENERGY STAR Score?

The ENERGY STAR score rates commercial building's energy performance relative to similar buildings nationwide. Expressed as a number on a simple 1-100 scale, the score rates performance on a percentile basis: a building with a score of 50 performs better than 50% of its peers. Higher scores mean better energy efficiency, resulting in less energy use and fewer greenhouse gas emissions. If a 1-100 score for a specific building type has not been developed, Site Energy Use Intensity (EUI) will be displayed on this scorecard.

Learn more at:

energystar.gov/scorecard

*Site energy use



LEARN MORE AT
energystar.gov

ENERGY STAR® Progress & Goals Report

N/A

ENERGY STAR®
Score¹

Garage

Primary Property Type: Repair Services
(Vehicle, Shoe, Locksmith, etc.)
Gross Floor Area (ft²): 18,789
Built: 1925

Property Address:
Garage
240 6th Street
San Francisco, California 94103

For Year Ending: December 31, 2023
Date Generated: May 16, 2024

Property ID: 28921114

1. The ENERGY STAR score is a 1-100 assessment of a building's energy efficiency as compared with similar buildings nationwide, adjusting for climate and business activity.

Performance Comparison

	Progress			Performance Goals		
	Baseline (Ending Date 12/31/2022)	(Ending Date 12/31/2023)	% Change	Property's Target	National Median	ENERGY STAR Score of 75
ENERGY STAR Score	N/A	N/A	N/A	N/A	50	75
Energy						
Site EUI (kBtu/ft²)	2.2	1.6	-27.2	N/A	34.6	N/A
Source EUI (kBtu/ft²)	6.2	4.5	-27.2	N/A	96.9	N/A
Energy Cost (\$)	4,237.61	3,236.78	-23.6	N/A	69,880.1	N/A
Energy Cost Intensity (\$/ft²)	0.23	0.17	-23.6	N/A	3.72	N/A
Total (Location-Based) GHG Emissions						
Total (Location-Based) GHG Emissions (Metric Tons CO ₂ e)	2.9	2.1	-27.6	N/A	46.1	N/A
Total (Location-Based) GHG Emissions Intensity (kgCO ₂ e/ft²)	0.2	0.1	-27.6	N/A	2.5	N/A
Water						
All Water Use (kgal)	N/A	N/A	N/A	*	*	*
Indoor Water Use (kgal)	N/A	N/A	N/A	*	*	*
Indoor Water Use Intensity (gal/ft²)	N/A	N/A	N/A	*	*	*
Total Water Cost (\$)	N/A	N/A	N/A	*	*	*

*Setting and managing water targets is not yet available in Portfolio Manager.



ENERGY STAR® Statement of Energy Performance

N/A

Garage

Primary Property Type: Repair Services (Vehicle, Shoe, Locksmith, etc.)
Gross Floor Area (ft²): 18,789
Built: 1925

**ENERGY STAR®
Score¹**

For Year Ending: December 31, 2023
Date Generated: May 16, 2024

1. The ENERGY STAR score is a 1-100 assessment of a building's energy efficiency as compared with similar buildings nationwide, adjusting for climate and business activity.

Property & Contact Information

Property Address

Garage
240 6th Street
San Francisco, California 94103

Property Owner

240 6th Street Owners
10337 Chantel Ln
Stockton, CA 95212
() -

Primary Contact

Chris Boettger
10337 Chantel Ln
Stockton, CA 95212
12094822931
cpappasboettger@gmail.com

Property ID: 28921114

Energy Consumption and Energy Use Intensity (EUI)

Site EUI

1.6 kBtu/ft²

Annual Energy by Fuel

Electric - Grid (kBtu) 30,115 (100%)

National Median Comparison

National Median Site EUI (kBtu/ft²) 34.6
National Median Source EUI (kBtu/ft²) 96.9
% Diff from National Median Source EUI -95%

Source EUI

4.5 kBtu/ft²

Annual Emissions

Total (Location-Based) GHG Emissions 2
(Metric Tons CO2e/year)

Signature & Stamp of Verifying Professional

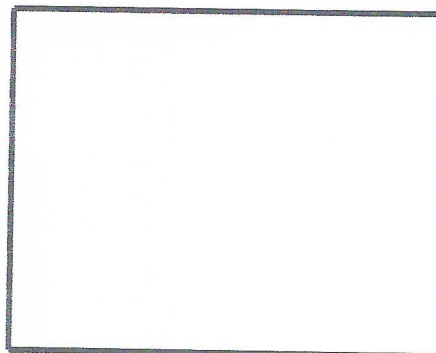
I _____ (Name) verify that the above information is true and correct to the best of my knowledge.

LP Signature: Chris Boettger (owner) Date: 5-16-24

Licensed Professional

Chris Boettger
10337 Chantel Ln
Stockton, CA 95212
12094822931
cpappasboettger@gmail.com

No licensed professional used.



Professional Engineer or Registered Architect Stamp (if applicable)

EXHIBIT J

**PROPERTY EXEMPTION NOTICE
California Revenue and Tax Code Section 5082**

[San Francisco Tax Assessor
1 Dr. Carlton B. Goodlett Place
City Hall, Room 190
San Francisco, CA 94102-4698]

[insert date]

Re: City and County of San Francisco Acquisition of Property
Notice of Property Tax Exemption Under CA Revenue and Tax Code § 5082

Dear _____[insert name of Tax Assessor]:

We write this letter to inform you that the City and County of San Francisco acquired the property described in the attached deed (the "Property") on _____[Title Company to insert Closing Date] (the "Apportionment Date").

In accordance with California Revenue and Tax Code §5082, we are notifying you of this acquisition, and request that you cancel property taxes for the remaining portion of the fiscal year following the Apportionment Date.

Please do not hesitate to contact the City's Director of Property at the following address if you have any questions or need any further information:

Director of Property
City and County of San Francisco
25 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
(p) 415-554-9860

Very truly yours,

Director of Property
City and County of San Francisco

cc: San Francisco Controller
San Francisco Tax Collector
San Francisco Department of Technology
San Francisco Public Utilities Commission