

Retail Space Lease

This Lease Agreement (this "Lease") is dated December 04, 2006, by and between Nova Real Estate Holdings, Inc. ("Landlord"), and Charlie's Coffee Cafe ("Tenant"). The parties agree as follows:

RETAIL SPACE. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant a 7,000 square foot food and beverage establishment in the Marina Mall. (the "Retail Space") located at 4202 Marina Way, Los Angeles, California 90045.

TERM. The lease term will begin on February 01, 2007 and will terminate on January 31, 2018.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly installments of \$1,000.00, payable in advance on the first day of each month, for a total lease payment of \$134,000.00. Lease payments shall be made to the Landlord at 321 Strand Avenue, New York, New York 10007, which address may be changed from time to time by the Landlord.

ADDITIONAL RENT. Further, Tenant shall pay to Landlord, as Additional Rent, Tenant's Proportionate Share of Common Area Charges in equal monthly installments in advance on the first business day of each calendar month. The term "Common Area Charges" shall mean an amount equal to the sum of the actual cost of operating, managing, equipping, cleaning, lighting, heating, cooling, repairing, replacing and otherwise maintaining the Common Areas and maintaining order and security therein, including, but not limited to, all costs or insurance relating thereto, all Taxes allocable thereto (other than those payable by Tenant) and all costs of maintaining and operating sewage treatment facilities and meter equipment rooms. Tenant's Proportionate Share of Common Area Charges" shall mean an amount equal to the Common Area Charges multiplied by a fraction the numerator of which shall be the Floor Space of the Retail Space.

SECURITY DEPOSIT. At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit of \$15,000.00 to be held and disbursed for Tenant damages to the Retail Space (if any) as provided by law.

POSSESSION. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Retail Space to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

USE OF RETAIL SPACE. Tenant may use the Retail Space only for the purpose of operating a business open to the public for the sale of goods or services. The Retail Space may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Retail Space not later than the first day of the extended absence.

STORAGE. Tenant shall be entitled to store items of personal property in Locker 16A. during the term of this Lease. Landlord shall not be liable for loss of, or damage to, such stored items. Tenant agrees to store in the Retail Space only such merchandise as is to be offered for sale at retail within a reasonable time after receipt; to store all trash and refuse in appropriate containers within the Retail Space so as not to be visible to the public and to attend to the daily disposal thereof in the manner and by the agency designated by Landlord; to keep all drains inside the Retail Space open; and to receive and deliver goods and merchandise only in the manner and areas and at times designated by Landlord.

PROPERTY INSURANCE. Tenant shall maintain casualty insurance on the Retail Space in an amount not less than \$1,000,000.00. Landlord shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Retail Space. Tenant is responsible for maintaining casualty insurance on its own property.

LIABILITY INSURANCE. Tenant shall maintain liability insurance on the Retail Space in a total aggregate sum of at least \$1,500,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

MAINTENANCE. Tenant shall have the responsibility to maintain the Retail Space in good repair at all times during the term of this Lease.

Except for repairs to be performed by Landlord, the Tenant shall keep and maintain the Retail Space, including equipment, facilities and fixtures therein, and Tenant's connections to any pipes, ducts, conduits and wires within or without the Retail Space, and the entire store, clean, neat and in good order, repair and condition (including all necessary painting and decorating) and free of vermin; and to keep all glass, including that in windows, doors and skylights, clean and in good condition; and to replace any glass which may be damaged or broken with glass of the same quality.

PEST CONTROL. Tenant, at its sole expense, shall engage exterminators to control vermin and pests on a regular basis.

JANITORIAL SERVICE. The Tenant shall provide regular janitorial service to the Leased Retail Space at its sole expense.

FREIGHT HANDLING. Tenant shall not permit the use of any forklift truck, tow truck or any other mechanically powered machine or equipment for handling freight in the Retail Space (except in delivery areas, service courts and service corridors). All equipment and devices hauling freight in the Retail Space other than in the said excepted areas shall be propelled by

hand and shall be provided with rubber tired wheels. No freight shall be hauled into or through the Retail Space or any connecting buildings.

FLOOR LOADS. Tenant shall not place a load upon any floor of the Retail Space which exceeds the floor load per square foot area which such floor was designed to carry.

COVENANT AGAINST WASTE. Tenant agrees that Tenant will not commit waste in or upon the Retail Space or any portion thereof. The Tenant shall be responsible for the ventilation and cleanliness of the Retail Space and for keeping the waste sewerage lines free from grease stoppages and other blockages.

UTILITIES AND SERVICES.

Landlord shall be responsible for the following utilities and services in connection with the Retail Space:

- garbage and trash disposal
- janitorial services

Tenant shall be responsible for the following utilities and services in connection with the Retail Space:

- electricity
- water and sewer
- gas
- heating
- telephone service

Tenant acknowledges that Landlord has fully explained to Tenant the utility rates, charges and services for which Tenant will be required to pay to Landlord (if any), other than those to be paid directly to the third-party provider.

TAXES. Taxes attributable to the Retail Space or the use of the Retail Space shall be allocated as follows:

REAL ESTATE TAXES. Tenant shall pay all real estate taxes and assessments which are assessed against the Retail Space during the time of this Lease. Accordingly, Tenant shall pay all real property or real estate taxes, assessments, license fees, and other impositions, whether general, special, ordinary, or extraordinary, and of every kind and nature, which may be separately levied, assessed or imposed upon or with respect to the Premises. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of such payments. Landlord may, at its election, pay such taxes, assessments, license fees, and/or other charges and Landlord shall receive immediate reimbursement of the amounts so paid.

PERSONAL TAXES. Landlord shall pay all personal taxes and any other charges which may be levied against the Retail Space and which are attributable to Tenant's use of the Retail Space, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

DESTRUCTION OR CONDEMNATION OF RETAIL SPACE. If the Retail Space are partially destroyed by fire or other casualty to an extent that prevents the conducting of Tenant's use of the Retail Space in a normal manner, and if the damage is reasonably repairable within sixty days after the occurrence of the destruction, and if the cost of repair is less than \$15,000.00, Landlord shall repair the Retail Space and a just proportion of the lease payments shall abate during the period of the repair according to the extent to which the Retail Space have been rendered untenable. However, if the damage is not repairable within sixty days, or if the cost of repair is \$15,000.00 or more, or if Landlord is prevented from repairing the damage by forces beyond Landlord's control, or if the property is condemned, this Lease shall terminate upon twenty days' written notice of such event or condition by either party and any unearned rent paid in advance by Tenant shall be apportioned and refunded to it. Tenant shall give Landlord immediate notice of any damage to the Retail Space.

DEFAULTS. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 5 days (or any other obligation within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Retail Space without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

LATE PAYMENTS. For any payment that is not paid within 3 days after its due date, Tenant shall pay a late fee of \$200.00.

HOLDOVER. If Tenant maintains possession of the Retail Space for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to 125 % of the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

REMODELING OR STRUCTURAL IMPROVEMENTS. Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Retail Space as specified above. Tenant may also construct such fixtures on the Retail Space (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Retail Space without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall

remove) such fixtures, and shall restore the Retail Space to substantially the same condition of the Retail Space at the commencement of this Lease.

ACCESS BY LANDLORD TO RETAIL SPACE. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Retail Space to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Retail Space. As provided by law, in the case of an emergency, Landlord may enter the Retail Space without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Retail Space to prospective tenants.

CONSTRUCTION ON ADJACENT PREMISES. If any excavation or other building operation shall be authorized or undertaken on any premises adjoining or above or below the Retail Space or on any other premises in the Shopping Center, Tenant shall permit Landlord, or the adjoining owner, and their respective agents, employees, licensees and contractors, to enter the Retail Space and to shore the foundations and/or wall thereof, and to erect scaffolding and/or protective barricades around and about the Retail Space (but not so as to preclude entry thereto) and to do any act or thing necessary for the safety or preservation of the Retail Space. Tenant's obligations under this Lease shall not be affected by any such construction or excavation work, shoring-up, scaffolding or barricading. Landlord shall not be liable in any such case for any inconvenience, disturbance, loss of business or any other annoyance arising from any such construction, excavation, shoring-up, scaffolding or barricades, but Landlord shall use its best efforts to assure that such work will cause as little inconvenience, annoyance and disturbance to Tenant as possible consistent with accepted construction practice in the vicinity and to assure that such work shall be expeditiously completed.

INDEMNITY REGARDING USE OF RETAIL SPACE. To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Retail Space, except Landlord's act or negligence.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Retail Space any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Retail Space, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

COMPLIANCE WITH REGULATIONS. Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

MECHANICS LIENS. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Retail Space and the filing of this

Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the Retail Space free of all liens resulting from construction done by or for the Tenant.

ARBITRATION. Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Retail Space.

RELATIONSHIP OF THE PARTIES. Nothing contained herein shall be deemed or construed by the parties hereto, or any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of Payment or Additional Rent nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

ASSIGNABILITY/SUBLETTING. Tenant may not assign or sublease any interest in the Retail Space, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of California.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

BINDING EFFECT. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

SIGNATURES AND NOTICE. This Lease shall be signed by the following parties. No notice under this Lease shall be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed to the parties below:

LANDLORD:

Nova Real Estate Holdings, Inc.
Vice President
321 Strand Avenue
New York, New York 10007

TENANT:

Charlie's Coffee Cafe
Owner

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

LANDLORD:

Nova Real Estate Holdings, Inc.

By: _____ Date: December 04, 2006
John Smith,
Vice President

TENANT:

Charlie's Coffee Cafe

By: _____ Date: December 04, 2006
Charlie Meyer
Owner