

SUCCESSIVE
OPTIONS TO
EXTEND

Tenant is hereby given three (3) successive options to extend this lease, upon the same terms and conditions as those herein specified, for additional periods of five (5) years each, from the end of the term of this lease (i.e., from the end of the original term or any extension thereof). If Tenant elects to exercise any of said options, it shall do so by giving Landlord written notice of its election to exercise such option at least twelve (12) months before the beginning of the additional period covered by the option Tenant elects to exercise. If Tenant gives such notice, the term of this lease shall thereupon be automatically extended for the additional period of years covered by the option so exercised without execution of an extension or renewal lease.

NEW BUILDING
TO BE ERECTED
BY LANDLORD

Landlord covenants and agrees to erect, make and complete a new building and improvements on the land described in this lease in accordance with the provisions hereinafter set forth:

GENERAL
DESCRIPTION
OF THE WORK

(a) Said building shall be a full ground floor building with outside measurements of approximately 214'3" x 140'. The southerly wall of said building shall be supported on steel and designed so as to be removed in its entirety upon expansion of said building, as herein provided.

J. C. PENNET
COMPANY
BY: *[Signature]*
BY: *[Signature]*

It is agreed that said building shall comprise an office area, with two toilets therein, and said office may be located where Tenant directs, ~~rather than where shown located on the Floor Plan attached hereto.~~ The building is to be set back 50' from the west line of Commercial Drive and 10' from the westerly property line.

PHYSICAL
REQUIREMENTS
OF THE SITE,
LAWS, ETC.

(b) Said building and improvements shall be designed, constructed, made and completed to meet all physical requirements of the site, to overcome all conditions relative to soil and water, and to comply with all laws, ordinances, rules, regulations and orders of City, County, State, or other duly constituted authority applicable thereto. It is further agreed that the Landlord shall, at its expense, procure all building and other permits required. Anything herein contained to the contrary notwithstanding, if Landlord shall not be permitted by any applicable laws, ordinances, rules, regulations or orders to construct a building having the approximate dimensions and number of floors herein provided for, Tenant may at its option either accept a building of such dimensions as may be so permitted or cancel this lease by giving Landlord written notice of Tenant's election to cancel the same.

INITIALED BY
LANDLORD

[Signature]

PLANS AND
SPECIFICA-
TIONS

(c) Said building and improvements shall be constructed and completed in accordance with outline plans and specifications attached hereto and made a part hereof. Said outline plans and specifications are intended to be the basis to provide Tenant with a complete unit suitable for Tenant's use as a stockroom for the storage of merchandise, and for other purposes Tenant may desire.

COST OF
THE WORK

(d) Landlord agrees to pay its architect or engineer to prepare working plans and specifications and to pay the cost of said new building and improvements herein provided. Tenant agrees to furnish and install its own store and trade fixtures in the demised premises at its expense.

CONTRACTS
AND BIDS

(e) All contracts for the construction of said building and improvements shall be made by and in the name of, and be carried out by the Landlord. Landlord agrees that the contract covering the installation of the air conditioning system shall provide for a one-year warranty by the installing contractor to commence at the time the Tenant accepts said system.

(CONTINUED ON NEXT PAGE)