2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market transactions which shall include, but not limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

23) Notwithstanding the foregoing, the new MRV-Base Rent shall not be less than the rent payable for the month immediately preceding the rent adjustment.

## □ IV. Initial Term Adjustments.

The formula used to calculate adjustments to the Base Rent during the original Term of the Lease shallcontinue to be used during the extended term

OPTION(S) TO EXTEND STANDARD LEASE ADDENDUM
Dated
By and Between (Lessor)
By and Between (Lessee)
Address of Premises:
Paragraph
<ul> <li>except where specifically modified by this option shall apply.</li> <li>(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.</li> <li>(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:</li> </ul>
<ul> <li>(Check Method(s) to be Used and Fill in Appropriately)</li> <li>I. Cost of Living Adjustment(s) (COLA)         <ul> <li>a. On (Fill in COLA Dates):</li> <li></li></ul></li></ul>
the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labo Statistics of the U.S. Department of Labor for (select one): CPI W (Urban Wage Earners and Clerical Workers) or CPI U (All Urban Consumers) for (Fill in Urban Area):
All Items (1982-1984 = 100), herein referred to as "CPI". b. The monthly Base Rent payable in accordance with paragraph A.I.a of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month 2 months prior to calendar month which is 2 months prior to (select one): the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or C (Fill in Other "Base Month"):
The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event, shall any such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the Base Rent adjustment. c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties canno agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the there

# ules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

#### Market Rental Value Adjustment(s) (MRV) П.

On (Fill in MRV Adjustment Date(s)) a.

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows: 1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in

PAGE 1 OF 2

INITIALS

INITIALS

(i) Within 15 days thereafter, Lessor and Lessee shall each select an appraiser or broker ("**Consultant**" - check one) of their choice to act as an arbitrator. The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie. the one that is NOT the closest to the actual MRV.

2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market transactions which shall include, but not limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

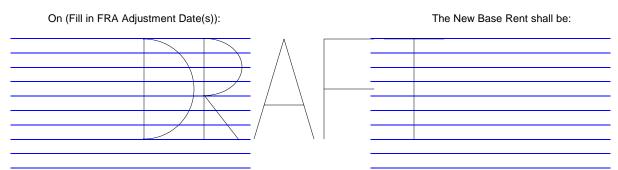
23) Notwithstanding the foregoing, the new MRV Base Rent shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
 the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

#### □ III. Fixed Rental Adjustment(s) (FRA)

The Base Rent shall be increased to the following amounts on the dates set forth below:



### IV. Initial Term Adjustments.

The formula used to calculate adjustments to the Base Rent during the original Term of the Lease shall continue to be used during the extended term

#### B. NOTICE:

Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

#### C. BROKER'S FEE:

The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203.

