

OPTION(S) TO EXTEND TERM
STANDARD LEASE ADDENDUM

Dated: <~LS Lease Date>
By and Between
Lessor: <~CMN Lessor>
Lessee: <~CMN Lessee>
Property Address: <~PROP Addr>
(street address, city, state, zip)

Paragraph: <OE Par>

~~A. OPTION(S) TO EXTEND:~~

~~**TERM.** Subject to the terms, conditions and provisions of Paragraph 39, Lessor hereby grants to Lessee the <OE Num Ext> option(s) to extend the term of this the Lease ("**Extension Option(s)**"), with each Extension Option being for <OE Num Ext> additional a term of <OE Ext Mos> month period(s) months, commencing when the prior term expires upon each and all of the following terms and conditions:~~

~~(i) ("**Option Term(s)**"). In order to exercise an option to extend Extension Option, Lessee must give written notice of such election to Lessor and Lessor must receive the same such notice at least <OE Min Mos Ntc> but not more than <OE Max Mos Ntc> months prior to the date that the option period applicable Option Term would commence, time being of the essence. If timely and proper notification of the exercise of an option Extension Option is not given by Lessee and/or received by Lessor, such option Extension Option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.~~

~~(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are except as specifically modified, the terms, conditions of this Option.~~

~~(iii) Except for the and provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option the Lease shall apply; during Option Terms but the amount of Rent during Option Terms shall be established by using the method(s) selected below (check method(s) to be used and fill in appropriately):~~

~~(iv) This Option is personal to [CB] L 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.~~

~~(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:~~

~~(Check Method(s) to be Used and Fill in Appropriately)~~

~~**Consumer Price Index.**~~

~~(a) During the Option Term(s) which start(s) on <OE CPI OTerm Start>, the monthly Base Rent shall be increased on <OE CPI Dates> and every <OE CPI Num Mos> months thereafter during such Option Term(s) ("**Option Term CPI Increase Date(s)**") commensurate with the increase in the Option Term CPI (as herein defined) determined as follows: the monthly Base Rent scheduled for the month immediately preceding the first occurring Option Term CPI Increase Date shall be multiplied by a fraction the denominator of which is the Option Term Base CPI (as herein defined), and the numerator of which is the Option Term Comparison CPI (as herein defined). The amount so calculated shall constitute the new Base Rent until the next Option Term Increase Date during the applicable Option Term, but in no event shall any such new Base Rent be less than the Base Rent for the month immediately preceding the applicable Option Term CPI Increase Date.~~

~~(b) The term "**Option Term CPI**" shall mean [CB] L **Cost of Living Adjustment(s) (COLA)**~~

~~a. On (Fill in COLA Dates): <OE COLA Dates> 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 Labor Statistics of the U.S. Department of Labor for (select one): [CB] CPI W (Urban Wage Earners and Clerical Workers) or [CB] CPI U (All Urban Consumers), for (Fill fill in Urban Area): <OE Urb Area> or [CB] the area in which the Premises is located, All Items (1982-1984 = 100), herein referred to as "**CPI**".~~

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~~b. —) The monthly Base Rent payable in accordance with paragraph A.I.a. of this Addendum^{term "Option Term Comparison CPI"} 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 ^{mean} the CPI of the calendar month ²~~which is 2~~ full 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 ^{applicable Option Term CPI Increase Date}. The term "Option Term Base CPI" shall mean the CPI of the calendar month which is 2 full months prior to (select one): ~~[CB] the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month")~~ or ~~[CB] (Fill in Other "Base Month")~~; ~~Commencement Date of the Original Term, [CB] start of the applicable Option Term, or [CB] (fill in month)~~ ~~<OE Othr Base Mo>~~. 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 rent adjustment.~~

~~(c. — In the event the) If compilation and/or publication of the CPI shall be ^{is} transferred to any other ^{another} governmental department or bureau or agency or shall be ^{is} discontinued, then ^{instead} the index most nearly the same as the CPI shall be used to ^{make such calculation}. In the event that ^{calculate the Base Rent increases hereunder}. If the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said ^{Association} ~~association~~ and the decision of the arbitrators shall be binding upon the parties. ~~The, with the~~ cost of ~~said Arbitration shall be~~ ^{such arbitration being} paid equally by the Parties.~~

~~[CB] II. Market Rental Value Adjustment(s) (MRV)~~

~~a. — On (Fill in MRV Adjustment Date(s)) ~~<OE MRV Adj Dates>~~ 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 writing, to arbitration in accordance with the following provisions:~~

~~(i) Within 15 days thereafter, Lessor and Lessee shall each select an independent third party ~~[CB] appraiser or [CB] broker ("Consultant"~~ check one) of their choice to act as an arbitrator (Note: the parties may not select either of the Brokers that was involved in negotiating the Lease). 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 be limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.~~

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~~3) Notwithstanding the foregoing, the new 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:~~

~~1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and~~

~~2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.~~

~~[CB] III. Fixed Rental Adjustment(s) (FRA)~~

~~The [CB] II. Fixed Percentage. During the Option Term(s) which start(s) on <OE Fixed Pct Opt Start Date>, the monthly Base Rent shall be increased on <OE Fixed Pct Dates> and every <OE Fx Pct No Mos> months thereafter during such Option Term(s) ("Option Term Percentage Increase Date(s)") by <OE Fx Pct> percent (<OE Fx Pct No> %) of the monthly Base Rent scheduled to be paid for the month immediately preceding the applicable Option Term Percentage Increase Date.~~

~~[CB] III. Fair Market Value.~~

~~(a) During the Option Term(s) which start(s) on <OE FMV Opt St Dt CB>, the amount of Rent shall be the amount forecasted to be the fair market rental value of the Premises during such Option Term established pursuant to the procedures, terms, assumptions and conditions set forth herein ("Fair Market Value"); provided, however, regardless of such Fair Market Value, Base Rent during an Option Term shall not be less than the Base Rent scheduled as of when the prior term expires. Starting as of Lessee's exercise of the applicable Extension Option (but not earlier than six (6) months before start of the applicable Option Term), the Parties shall for thirty (30) days ("Negotiation Period") attempt to agree upon the Fair Market Value. If during the Negotiation Period the Parties do not agree on the Fair Market Value, then the Fair Market Value shall be established pursuant to the procedures set forth herein, which shall be binding.~~

~~(b) Each Party shall, within fifteen (15) days after the end of the Negotiation Period, in writing submit to the other Party such Party's determination of the Fair Market Value ("Submitted Value(s)"). If a Party fails to timely provide a Submitted Value, then the other Party's Submitted Value shall be the Fair Market Value. If both Parties timely provide Submitted Values, then each Party shall, within fifteen (15) days after both Parties have exchanged Submitted Values, in writing notify the other Party of such Party's selected arbitrator who shall meet the qualifications set forth herein ("Advocate Arbitrator(s)"). Lessor and Lessee may select an Advocate Arbitrator who is favorable to such Party's position and may, prior to or after appointment of an Advocate Arbitrator, consult with such Party's Advocate Arbitrator. If a Party fails to timely and properly provide notice of such Party's chosen Advocate Arbitrator, then the other Party's Submitted Value shall be the Fair Market Value.~~

~~(c) If both Parties timely and properly designate Advocate Arbitrators, then such Advocate Arbitrators shall, within fifteen (15) days after their selection, choose a third (3rd) neutral arbitrator who shall meet the qualifications set forth herein ("Neutral Arbitrator"). The Neutral Arbitrator shall be engaged jointly by Lessor and Lessee. If Advocate Arbitrators fail to agree upon and timely appoint a Neutral Arbitrator, then the President of AIR CRE shall appoint such Neutral Arbitrator within fifteen (15) days after request by either Party. If the President of AIR CRE does not timely appoint the Neutral Arbitrator, then either Party may file an appropriate legal action for a judge with competent jurisdiction over the Parties to appoint the Neutral Arbitrator.~~

~~(d) The Advocate Arbitrators and the Neutral Arbitrator ("Arbitrator(s)") shall be duly licensed real estate brokers or salespersons in good standing in the state in which the Premises is located, shall have been active over the five (5) year period before their appointment in the leasing of properties similar to the Premises within the general real estate market of the Premises. The Neutral Arbitrator shall additionally not be related to or affiliated with either Party or Advocate Arbitrator, and shall not have previously represented in a real estate transaction a Party or anyone related to or affiliated with a Party. All matters to be determined by the Arbitrators shall be decided by a majority vote of the Arbitrators, with each Arbitrator having one (1) vote. The Arbitrators may, as the Arbitrators determine, hold hearings and require briefs, including market data and additional information.~~

~~(e) Within thirty (30) days after selection of the Neutral Arbitrator, the three Arbitrators shall first reach a decision as to their own independent opinion of the Fair Market Value established by taking into account the terms, assumptions and conditions set forth herein ("Arbitrators' Market Value"), then decide which Party's Submitted Value is closer in monetary amount to the Arbitrators' Market Value ("Selected Market Value"), then provide the Parties a copy of the Arbitrators' Market Value and finally notify the Parties of the Selected Market Value. The Selected Market Value shall be the Fair Market Value. The Arbitrators shall have no right to decide a Selected Market Value which is a compromise to (or modification of) the Submitted Values. The decision of the Arbitrators shall be binding upon the Parties. The Party whose Submitted Value is not the Selected Market Value shall, within ten (10) days after the Arbitrators decide the Selected Market Value, pay the fees and costs of all three (3) Arbitrators.~~

~~(f) If the Fair Market Value has not been established before the start of the applicable Option Term, then Lessee shall continue to pay to Lessor rent in the amount payable for the month immediately preceding the start of such Option Term and Lessor's acceptance of such rent shall not waive, adversely affect or prejudice the Parties' right to complete establishment of the Fair Market Value or Lessor's right to collect the full amount of the Fair Market Value once the Fair Market Value is established. Lessee shall, within ten (10) days after establishment of the Fair Market Value, pay to Lessor any deficiency in rent then due for the Option Term. Following establishment of Fair Market Value, the Parties shall, within ten (10) days after request by either Party, sign an amendment to this Lease to confirm the Fair Market Value and the expiration date of this Lease, but the Parties' failure to request or to sign such an amendment shall not affect establishment of the Fair Market Value or extension of the Lease term.~~

~~(g) The Arbitrators, in deciding the Arbitrators' Market Value, shall take into account rent rates, rent abatements, periodic rent increases, real property taxes, insurance premiums and other operating expenses, tenant improvement and other applicable allowances, building services, length of lease term and other factors professional real estate brokers and/or appraisers customarily consider in determining fair market rent of property in an arm's length transaction by ready, willing and able parties for space of comparable location, size, age, condition, quality, parking, visibility, view, signage and accessibility if the Premises were marketed in a normal and customary manner for a reasonable length of time on the open market to be leased to a tenant with financial strength and credit worthiness comparable to Lessee and guarantors (if any) of this Lease (as of Lessee's exercise of the Extension Option) for a term comparable to the length of the applicable Option Term and used for the Agreed Use (or other reasonably comparable uses). The Arbitrators, in deciding the Arbitrators' Market Value, shall not consider as a comparable transaction any of the following: a sublease, lease assignment, lease renewal or extension; lease with a tenant that has equity, is related to or affiliated with the~~

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landlord; or a lease of space that was subject to a right of first refusal, right of first offer, expansion option or other encumbrances. The Arbitrators, in deciding the Arbitrators' Market Value, shall reduce the Fair Market Value on account of Alterations and improvements made by Lessee to the extent the cost thereof was paid solely by Lessee (in excess of any applicable improvement allowance, abated rent in lieu of improvement allowance or other consideration provided by Lessor for Lessee's improvement of the Premises), shall not reduce the Fair Market Value on account of any real estate brokerage commission savings by Lessor, and shall not reduce the Fair Market Value on account of deferred maintenance or repair of the Premises for which Lessee was responsible under the Lease but did not perform.

[CB] **IV. Fixed Rental Adjustment(s) ("FRA").**

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

On (~~Fill~~ fill) in FRA Adjustment Date(s):

- <OE FRA Dt 1>
- <OE FRA Dt 2>
- <OE FRA Dt 3>
- <OE FRA Dt 4>
- <OE FRA Dt 5>
- <OE FRA Dt 6>
- <OE FRA Dt 7>
- <OE FRA Dt 8>
- <OE FRA Dt 9>
- <OE FRA Dt 10>

The ~~New~~ new Base Rent shall be:

- <OE FRA New Rent 1>
- <OE FRA New Rent 2>
- <OE FRA New Rent 3>
- <OE FRA New Rent 4>
- <OE FRA New Rent 5>
- <OE FRA New Rent 6>
- <OE FRA New Rent 7>
- <OE FRA New Rent 8>
- <OE FRA New Rent 9>
- <OE FRA New Rent 10>

[CB] **IV. Initial. Continuation of Original Term Adjustments.**

The ~~formula used to calculate adjustments to the~~ monthly Base Rent during the ~~original Term of the Lease~~ Option Term(s) which start(s) on <OE OTOpt St Dt CB> shall ~~continue to be used~~ increased in accordance with the same formula provided in the Lease to be used to calculate increases in the Base Rent 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~~ Original Term of the Lease.

C. BROKER'S FEE:

~~The~~ For each adjustment in Base Rent specified above, 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.

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