

**Property Description**

**Address:** 19835 E. Walnut Drive, # 5 on Property List

**Size:** 1.96 acres, 39,677 SF warehouse building

**Date Purchased:** January 2008

**IUDA Purchase Price:** \$5,900,000

**Estimated Current Value:** \$3,174,160 to \$3,570,930 (most recent appraisal information)

**Reason Acquired:** To facilitate Alameda Corridor East (ACE) in ROW acquisition for the Fairway underpass project

**Plan and Zoning:** Industrial

**Lease Revenue:** \$500 per month, month to month

**Environmental:** Phase I, no remediation

**Potential for Transit-Oriented Development:** None

**History of Development Proposals:** The IUDA purchased the property to facilitate the construction of the ACE project. There will be right of way dedications of two portions of the property adjoining both Fairway Drive and E. Walnut Drive. The main entrance to the property from Fairway Drive will be eliminated. The parking area in the front of the building will not be available during construction and space for several spaces will be lost permanently. After completion of the underpass project, parking in the front of the building will only be accessible by entering the E. Walnut Drive entrance and driving along the northern side of the building. Once the impacts of the project were identified the IUDA commissioned an update of the original appraisal of the property. The updated appraisal (completed in March 2011) established a market value of \$3,174,160 to \$3,570,930 (\$80 to \$90 SF).

Skyscraper Brewery is a brewer and distributor of their brand of beer as well as other brands. They had out grown their facility in El Monte and the IUDA property would be suitable for their expansion needs. The staff of the IUDA worked with Skyscraper during the fall of 2010 and spring of 2011 to develop a DDA. The DDA was completed and placed on the IUDA agenda for approval by the IUDA Board in June of 2011. However, it was removed from the agenda and not acted upon by the IUDA Board due to the passage of AB 26.

**Staff Recommendation:** Staff recommends that Skyscraper Brewery be given the right to purchase the property at fair market value or to enter into a 30 year lease at market rate that can be subordinated to their lender. If an agreement with Skyscraper Brewery cannot be reached the property would be made available for sale through direct contact or through brokers.



⑤ Address : 19835 E. Walnut Dr  
 City : City of Industry  
 APN : 8760-009-900  
 Acre : 1.96 Ac.

Prepared by  
**CNC**  
 ENGINEERING  
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**CITY OF INDUSTRY**  
**SUCCESSOR AGENCY OF THE INDUSTRY**  
**URBAN-DEVELOPMENT AGENCY**  
**PROPERTY LIST ITEM #5**

CHECKED BY: S.T.M.  
 DATE: OCTOBER 2012  
 JOB No. MP 12-03#3  
 SHT. 1 OF 1

## LEASE

THIS LEASE, dated as of September 15, 2011, is between the Industry Urban-Development Agency, a municipal corporation ("Landlord"), and Skyscraper Brewery ("Tenant").

Landlord and Tenant hereby covenant and agree as follows:

1. Basic Lease Information.

The premises to be leased to Tenant are located at 19835 East Walnut Drive, City of Industry.

2. Premises.

2.1 Premises Defined. Landlord leases to Tenant and Tenant hires from Landlord on the terms and conditions contained in this Lease the Premises specified in the Basic Lease Information. The Building, the real property upon which the Building stands, common areas, drives, walkways and other amenities appurtenant to or servicing the Building, are all part of the Premises.

3. Term.

3.1 (a) The Premises are leased on a month-to-month basis for a term not to exceed 6 months. As used herein, the term "Term" shall mean the period commencing on the Commencement Date (inclusive) and ending on the last day of the month after which tenant has received 30 days notice from landlord canceling the lease.

(b) The Premises shall be deemed tendered to Tenant and acceptable for occupancy in the condition in which they exist as of the Commencement Date, and, except as otherwise expressly provided herein, the Landlord shall have no obligation to undertake or complete any repair or construction of or modification thereto during the Term. Within ten (10) days after written request from Landlord, Tenant shall execute and return to Landlord an acknowledgement of the Commencement Date of the term of this Lease.

(c) Tenant may terminate this Lease at its option upon thirty (30) days prior written notice to Landlord.

4. Monthly Rental. Tenant shall pay Five Hundred Dollars (\$500.00) monthly to Landlord during the Term. Any other monetary obligation of Tenant to Landlord under this Lease are also deemed to be rent.

5. Utilities. Tenant shall be solely responsible for arranging for the delivery and payment of all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises.

6. Intentionally Deleted.

7. Intentionally Deleted.

8. Use.

8.1 Use. The Premises shall be used for storage and distribution purposes only.

8.2 No Nuisance. Tenant shall not allow, suffer or permit the Premises or any use thereof to constitute a nuisance.

8.3 Compliance with Laws. During the Term, Tenant, at Tenant's expense, shall comply with and cause all of Tenant's agents to comply with all applicable laws, ordinances, rules and regulations of governmental authorities applicable to the Premises or the use or occupancy thereof, including, without limitation, the law commonly known as the Americans With Disabilities Act; provided that Tenant shall not be obligated to make any alterations to the electrical, mechanical, heating, ventilation or air conditioning, life safety or plumbing systems of the Building (collectively the "Building Systems") or structural elements of the Building pursuant to this Section 8.3.

8.4 Hazardous Materials. During the Term, Tenant shall not cause or suffer or permit any Hazardous Materials, as defined below, to be brought upon, kept, used, discharged, deposited or leaked in or about the Premises by Tenant or any of Tenant's agents, except to the extent such Hazardous Materials are customarily kept or used in the normal course of the permitted use set forth in Section 8.1 and are kept and used in accordance with all applicable laws. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of any Hazardous Material on the Premises caused or suffered or permitted by Tenant or any of Tenant's agents results in contamination of the Premises during the Term, or if contamination of the Premises by any Hazardous Material otherwise occurs during the Term for which Tenant is legally liable, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, damages, costs, liabilities and expenses (including, without limitation, diminution in value or use of the Premises, reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work on or under the Premises required by governmental authorities having jurisdiction with respect to such contamination. "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local, state or federal governmental authority or by common law decisions, including without limitation (i) all chlorinated solvents, (ii) petroleum products or by-products, (iii) asbestos and (iv) polychlorinated biphenyls.

9. Alterations and Tenant's Property.

9.1 Alterations. Tenant shall not during the Term make or suffer to be made any material alterations, additions or improvements in or to the Premises (herein collectively called "Alterations") without first obtaining Landlord's written consent thereto. Landlord's consent may be withheld in Landlord's sole discretion if Alterations will affect the structure of the Building or the Building Systems; otherwise Landlord's consent shall not be unreasonably withheld.

9.2 Removal of Property. All Alterations shall become the property of Landlord, and shall be surrendered to Landlord, upon the expiration or earlier termination of this Lease; provided, however, that this provision shall not apply to movable equipment, trade fixtures, personal property or furniture which are owned by Tenant ("Tenant Owned Property"). All Tenant Owned Property shall be removed from the Premises at Tenant's sole cost and expense at the expiration or sooner termination of this Lease. Tenant waives and releases its rights under Section 1019 of the California Civil Code, or any similar law, statute or ordinance now or hereafter in effect, to the extent inconsistent with the provisions of this Lease. Tenant's obligations under this Section shall survive any termination of this Lease.

## 10. Repairs and Other Work.

10.1 Tenant's Obligations. Tenant shall at all times during the Term maintain the Premises in the same condition in which they exist as of the Commencement Date, ordinary wear and tear and casualty excepted; provided that the Tenant shall not be obligated to repair or maintain the Building Systems or the structural elements of the Building located within the Premises. Except as otherwise specifically set forth herein, Landlord shall not be liable for, and there shall be no abatement of rent, with respect to, any injury to or interference with Tenant's business arising from any repairs, maintenance, alteration or improvement (or from the lack thereof) in or to any portion of the Premises, or in or to the fixtures, appurtenances and equipment therein. Tenant hereby waives and releases its rights under Sections 1941 and 1942 of the California Civil Code or under any similar law now or hereafter in effect, except to the extent expressly provided herein.

10.2 Conditions Applicable to Repairs and Other Work. All repairs, replacements, and reconstruction (including, without limitation, all Alterations) made by or on behalf of Tenant or any of Tenant's agents during the Term shall be made and performed (a) at Tenant's cost and expense, (b) by reputable contractors or mechanics reasonably approved by Landlord, (c) in such manner as to be at least equal in quality of materials and workmanship to the original work or installation, (d) in accordance with such reasonable requirements as Landlord may impose with respect to insurance and bonds to be obtained by Tenant in connection with the proposed work, and (e) in compliance with such other requirements as Landlord may reasonably impose (including without limitation a requirement that Tenant furnish Landlord with as-built drawings upon completion of the work).

## 11. Liens.

11.1 Tenant shall keep the Premises free from any liens during the Term of the Lease, except to the extent caused by Landlord. In the event that Tenant shall not, within fifteen

(15) days following notice of the imposition of any such lien, cause same to be released of record by payment or posting of a bond fully satisfactory to Landlord in form and substance, Landlord shall have, in addition to all other remedies provided herein and by law, the right (but not the obligation) to cause the lien to be released by such means as Landlord shall deem proper, including, without limitation, payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered rent and shall be payable by Tenant within thirty (30) days after demand. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or that Landlord shall deem proper for the protection of Landlord, the Premises and any other party having an interest therein, from mechanics', materialmen's and other liens. In addition to all other requirements contained in this Lease, Tenant shall give to Landlord at least five (5) business days' prior written notice of commencement of any construction on the Premises.

12. Intentionally Deleted.

13. Inability to Perform.

13.1 Except to the extent expressly provided herein, if, by reason of acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or any other cause or event beyond Landlord's reasonable control, Landlord is unable to fulfill or is delayed in fulfilling any of Landlord's obligations under this Lease or any collateral instrument, no such inability or delay shall (a) constitute an actual or constructive eviction, in whole or in part, (b) entitle Tenant to any abatement or diminution of rent, (c) relieve Tenant from any of its obligations under this Lease, or (d) impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant or by reason of injury to or interruption of Tenant's business, or otherwise. Tenant hereby waives and releases its right to terminate this Lease under Section 1932(1) and Sections 1941 and 1942 of the California Civil Code or under any similar laws, statutes or ordinances now or hereafter in effect, except to the extent expressly provided herein.

14. Destruction.

14.1 Repair. Subject to the provisions of Sections 14.3 and 14.4 below, if any portion of the Premises is damaged by any casualty (the "Damaged Property") to the extent that a portion of the Premises is made unusable for the normal operation of Tenant's business on the Premises and the Damaged Property can, in Landlord's reasonable opinion, be repaired during the Term, Landlord shall proceed immediately to make such repairs in accordance with Section 14.4 below (unless this lease is terminated pursuant to this Article 14). Landlord's opinion regarding time to repair shall be delivered to Tenant within thirty (30) days after the date of the damage. Notwithstanding anything to the contrary herein, the total destruction of the Building shall automatically terminate this Lease as of the date of destruction.

14.2 Tenant's Right to Terminate. If such damage causes all or any material portion of the Premises to be unusable by Tenant for the normal operation of Tenant's business on the Premises and in Landlord's reasonable opinion damage to the Premises cannot be repaired during the Term, Tenant may terminate this Lease by delivery of written notice to Landlord

within thirty (30) days after the date on which Landlord's opinion regarding time and repair is delivered to Tenant. Upon termination, rent pursuant to Article 5 shall be apportioned as of the date of the damage.

14.3 Landlord's Right to Terminate. In the event (i) insurance proceeds are not available to the Landlord to pay all of the cost of any damage or destruction of the Real Property; or (ii) the Damaged Property cannot, in Landlord's reasonable opinion, be repaired during the Term, Landlord may elect to terminate this Lease as hereinafter provided. Landlord may terminate this Lease for the reason stated in clauses (i) or (ii) of this Section 14.3, by delivery of written notice to Tenant within thirty (30) days after the date of damage or destruction. Notwithstanding the foregoing, Tenant may, within ten (10) days after Tenant's receipt of such termination notice from Landlord, elect to waive any obligation of Landlord to repair the Damaged Property, in which event Landlord's termination notice shall be deemed cancelled and this Lease shall remain in full force and effect, provided that neither Landlord nor Tenant shall have any obligation to repair the Damaged Property.

14.4 Extent of Repair Obligations. If this Lease is not terminated pursuant to Section 14.2 or 14.3 above, Landlord shall repair the structure of the Building and all improvements (except those constructed or installed by Tenant, if any) in the Premises at the completion of Landlord's Work, and Tenant shall repair all other portions of the Premises. All such repairs shall be performed in a good and workmanlike manner and shall restore the items repaired to substantially the same usefulness, design and construction as existed immediately before the damage. All work by Tenant shall be performed in accordance with the requirements of Section 10.2 above. In the event of any termination of this Lease, the proceeds from any insurance paid by reason of damage to or destruction of the Real Property or any portion thereof shall belong to and be paid to Landlord, except for proceeds payable under Tenant's fire insurance policies.

14.5 Waiver of Subrogation. As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to their insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by their insurer to evidence compliance with such waiver.

14.6 Non-Application of Certain Statutes. The provisions of this Lease constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Real Property. Any statute or regulation of the State of California or any other governmental authority or body, including, without limitation, Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, with respect to any rights or obligations concerning any such damage or destruction, shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Building.

## 15. Insurance.

15.1 Insurance on Tenant's Property. Tenant shall during the Term provide insurance coverage for all risks of physical loss or damage insuring the full replacement value of Tenant's trade fixtures, furnishings, equipment, inventory and all other items of personal property of Tenant.

15.2 Tenant's Liability Insurance. Tenant shall during the Term of the Lease provide broad form commercial general liability insurance, and automobile liability insurance, each with a minimum combined single limit of liability of at least One Million Dollars (\$1,000,000), and statutory worker's compensation insurance with a Five Hundred Thousand Dollars (\$500,000) employer's liability limit covering all of Tenant's employees. Such broad form commercial general liability insurance shall include products and completed operations liability insurance, fire legal liability insurance, contractual liability insurance applicable to all of Tenant's indemnity obligations under this Lease, and such other coverage as Landlord may reasonably require from time to time.

15.3 Form of Policies. All insurance policies required to be carried by Tenant under this Lease shall (i) be written by companies rated A 10 or better in "Best's Insurance Guide" and authorized to do business in California, (ii) name Landlord, and any other parties designated by Landlord as additional insureds, (iii) as to liability coverages, be written on an "occurrences" basis, (iv) provide that Landlord shall receive thirty (30) days' notice from the insurer before any cancellation or change in coverage, and (v) contain a provision that no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. Each such policy shall contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance. Any deductible amounts under any insurance policies required to be carried by Tenant hereunder shall be payable by Tenant. Tenant shall deliver reasonably satisfactory evidence of such insurance to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring policies; and, in the event Tenant shall fail to procure such insurance or to deliver reasonably satisfactory evidence thereof within five (5) business days after written notice from Landlord of such failure, Landlord may, at its option and in addition to Landlord's other remedies in the event of a default by Tenant hereunder, procure such insurance for the account of Tenant, and the cost thereof shall be paid to Landlord as rent. Notwithstanding the foregoing, if any such insurance expires without having been renewed by Tenant, Landlord shall have the option in addition to Landlord's other remedies to procure such insurance for the account of Tenant immediately and without notice to Tenant, and the cost thereof shall be paid to Landlord as rent. The limits of the insurance required under this Lease shall not limit the liability of Tenant.

15.4 Compliance with Insurance Requirements. Tenant shall not do anything, or suffer or permit anything to be done, in or about the Premises that shall invalidate or be in conflict with the provisions of any fire or other insurance policies covering the Building or any property located therein. Tenant, at Tenant's expense, shall comply with, and shall cause all occupants of the Premises to comply with, all applicable customary rules, orders, regulations or requirements of any board of fire underwriters or other similar body.

16. Possessory Interest Tax. Landlord hereby gives Tenant notice, and Tenant acknowledges receipt of such notice, as required pursuant to California Revenue and Taxation Code Section 107.6 that the leasehold interest created by this Lease may result in a possessory interest tax being levied against the Premises, and that in such event Tenant shall be obligated to pay such tax.

17. Assignment.

17.1 Consent Required. Notwithstanding the provisions of Section 28.2 below, neither Tenant nor any sublessee or assignee of Tenant shall, directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of the Premises or Tenant's leasehold estate hereunder (each such act is herein referred to as an "Assignment"), or sublet the Premises or any portion thereof or permit the Premises to be occupied by anyone other than Tenant (each such act is herein referred to as a "Sublease"), without Landlord's prior written consent in each instance, which consent may be granted or withheld in the Landlord's sole discretion. Any Assignment or Sublease that is not in compliance with this Article 17 shall be void. The acceptance of rent by Landlord from a proposed assignee, sublessee or occupant of the Premises shall not constitute consent to such Assignment or Sublease by Landlord.

17.2 Notice. Any request by Tenant for Landlord's consent to a specific Assignment or Sublease shall include (a) the name of the proposed assignee, sublessee or occupant, (b) the nature of the proposed assignee's, sublessee's or occupant's business to be carried on in the Premises, (c) a copy of the proposed Assignment or Sublease, and (d) such financial information and such other information as Landlord may reasonably request concerning the proposed assignee, sublessee or occupant or its business. Landlord shall respond in writing, stating the reasons for any disapproval, within fifteen (15) business days after receipt of all information reasonably necessary to evaluate the proposed Assignment or Sublease.

17.3 No Release. No consent by Landlord to any Assignment or Sublease by Tenant, and no specification in this Lease of a right of Tenant's to make any Assignment or Sublease, shall relieve Tenant of any obligation to be performed by Tenant under this Lease. The consent by Landlord to any Assignment or Sublease shall not relieve Tenant or any successor of Tenant from the obligation to obtain Landlord's express written consent to any other Assignment or Sublease.

17.4 Assumption of Obligations. Each assignee or other transferee of Tenant's interest hereunder, other than Landlord, shall assume all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of rent, and for the performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the Term. Each sublessee of all or any portion of the Premises shall, as a condition to such sublease, agree in writing for the benefit of Landlord (a) to comply with and agree to the provisions of this Lease, and (b) that such sublease (and all further subleases of any portion of the Premises) shall terminate upon any termination of this Lease, regardless of whether or not such termination is voluntary, or at the option of Landlord shall attorn to Landlord.

18. Building Services.

18.1 Intentionally Deleted.

18.2 Security Systems and Programs. The Landlord shall have no liability for, or responsibility to provide or maintain, any safety or security devices or services in the Premises or the Building. The risk that any safety or security device, service or program may not be effective, or may malfunction or be circumvented, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against criminal acts and other losses.

19. Default.

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

(a) Failure of Tenant to pay any rent when due, where such failure has not been cured within three (3) days of written notice of such failure.

(b) Failure of Tenant to perform any of the provisions of this Lease to be performed by Tenant, other than as described in Section 19.1(a), where such failure shall continue for thirty (30) days after notice of such failure by Landlord to Tenant; provided however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within such thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(c) The filing by or against Tenant of any action or proceeding under any federal or state insolvency, reorganization, bankruptcy or other debtor relief statute now or hereafter existing, (unless in the case of such action taken against Tenant, the same is dismissed within sixty (60) days); or the appointment of a trustee or receiver over or the attachment of Tenant's leasehold estate in the Premises or Tenant's assets at the Premises that is not dismissed within thirty (30) days after the filing thereof.

19.2 Remedies. Upon the occurrence of a default by Tenant under this Lease that is not cured by Tenant within the grace periods specified in Section 19.1, Landlord shall have the following rights and remedies in addition to all other rights and remedies available to Landlord at law or in equity:

(a) The rights and remedies provided by California Civil Code Section 1951.2, including, but not limited to, the right to terminate Tenant's right to possession of the Premises and to recover the amounts specified in California Civil Code Subsections 1951.2(a)(1)-(4);

(b) The rights and remedies provided by California Civil Code Section 1951.4, including, without limitation, the right to continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due. Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not of themselves constitute a termination of Tenant's right to possession;

(c) The right and power to enter the Premises and remove therefrom all persons and property, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and to sell such property and apply the proceeds therefrom pursuant to applicable California law;

(d) The right to have a receiver appointed for Tenant, upon application by Landlord, to take possession of the Premises, and to apply any monies collected from the Premises; and

(e) The right to specific performance of any or all of Tenant's obligations hereunder, and to damages for delay in or failure of such performance.

19.3 Remedies Cumulative. The exercise of any remedy provided by law or the provisions of this Lease shall not exclude any other remedies unless they are expressly excluded by this Lease. Tenant hereby waives any right of redemption or relief from forfeiture following termination of, or exercise of any remedy by Landlord with respect to, this Lease.

## 20. Fees and Expenses; Indemnity; Payment.

20.1 Landlord's Right to Remedy Defaults. If Tenant shall default in the performance of any of its obligations under this Lease after notice and expiration of the applicable cure period, Landlord may remedy such default at Tenant's expense, without thereby waiving any other rights or remedies of Landlord with respect to such default. Notwithstanding the foregoing, Landlord shall have the right to cure any failure by Tenant to perform any of its obligations under this Lease without notice to Tenant if such failure results in an immediate threat to life or safety of any person, or impairs the Building or its efficient operation.

20.2 Indemnity. Except to the extent caused by the negligence or willful misconduct of Landlord, Tenant shall indemnify Landlord, against and save Landlord harmless from and defend Landlord through attorneys reasonably satisfactory to Landlord from and against any and all claims, losses, costs, liabilities, damages and expenses including, without limitation, reasonable attorneys' fees, to the extent incurred in connection with or arising from (a) any default by Tenant in the observance or performance of any of the terms, covenants, conditions or other obligations of this Lease, or the failure of any representation made by Tenant in this Lease, (b) the use or occupancy or manner of use or occupancy of the Premises during the Term by Tenant or any person occupying the Premises, (c) the condition of the Premises during the Term or any occurrence or happening on the Premises between the Commencement Date and the time Landlord has accepted the surrender of the Premises after the expiration or termination of the Term, (d) any act, negligence or willful misconduct of Tenant or any subtenant of the

Premises or any of their respective employees while on the Premises, or (e) Landlord's inability to obtain access to any portion of the Premises with respect to which Landlord has not been furnished a key (if locked) or access has been otherwise restricted.

20.3 Interest on Past Due Obligations. Unless otherwise specifically provided herein, any amount due from Tenant to Landlord under this Lease which is not paid within five (5) days from the date when due shall bear interest from the due date until paid at the lesser of the highest rate then permitted by law or a rate per annum which is equal to four percent (4%) plus the highest rate identified by Bank of America NT&SA as its "reference rate" between the date such amount was due and the date such payment was received. The payment of such interest shall not alone excuse or cure any default under this Lease.

21. Access to Premises.

21.1 Landlord's Right to Enter. Landlord reserves for itself and its agents, employees and independent contractors the right to enter the Premises, subject to Tenant's reasonable requirements for maintaining secure areas, at all reasonable times (upon reasonable telephonic notice) to inspect the Premises, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, mortgagees, beneficiaries or (during the last twelve (12) months of the Term only) tenants, to post notices of nonresponsibility, to determine whether Tenant is complying with its obligations under this Lease, and to alter, improve or repair the Premises or any other portion of the Building. In the event of an emergency, Landlord shall have the right to enter the Premises at any time without notice. Landlord shall have the right to use any and all means that Landlord may deem necessary or proper to open doors in an emergency, in order to obtain entry to any portion of the Premises. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, any right to abatement of rent, or any other loss occasioned by Landlord's exercise of any of its rights under this Section 21.1. Tenant waives all rights to consequential damages (including, without limitation, damages for lost profits and lost opportunities) arising in connection with Landlord's exercise of its right under this Section 21.1.

22. Notices.

22.1 Except as otherwise expressly provided in this Lease, any payment required to be made and any bills, statements, notices, demands, requests or other communications given or required to be given under this Lease shall be effective only if rendered or given in writing, sent by personal delivery or registered or certified mail, return receipt requested, or by overnight courier service or by facsimile transmission with a following copy by first class mail, addressed (a) to Tenant at the Premises, (b) to Landlord at the address set forth in the Basic Lease Information or (c) to such other address as either Landlord or Tenant may designate as its new address in California for such purpose by notice given to the other in accordance with the provisions of this Section 22.1. Any such bill, statement, notice, demand, request or other communication shall be deemed to have been rendered or given on the date of receipt or refusal to accept delivery.

23. No Waiver.

23.1 No provision of this Lease may be waived, and no breach thereof shall be waived, except by a written instrument signed by the party against which the enforcement of the waiver is sought. No failure by Landlord to insist upon the strict performance of any obligation of Tenant under this Lease, no course of conduct between Landlord and Tenant, and no acceptance of the keys or to possession of the Premises before the termination of the Term by Landlord or any employee or representative of Landlord shall constitute a waiver of any breach or a waiver or modification of any term, covenant or condition of this Lease. No payment by Tenant of a lesser amount than the aggregate of all rent then due under this Lease shall be deemed to be other than on account of the first items of such rent then accruing or becoming due, unless Landlord elects otherwise.

24. Tenant's Certificates.

24.1 Tenant, at any time and from time to time, within ten (10) days after written request, shall execute, acknowledge and deliver to Landlord, addressed (at Landlord's request) to any prospective purchaser, ground or underlying lessor or mortgagee or beneficiary of any part of the Premises, an estoppel certificate in form and substance reasonably designated by Landlord. Tenant's failure to do so within such ten (10) day period shall be conclusive upon Tenant that all facts set forth in Landlord's proposed certificate are true and correct.

25. Intentionally Deleted.

26. Intentionally Deleted.

27. Intentionally Deleted.

28. Miscellaneous.

28.1 Intentionally Deleted.

28.2 Successors and Assigns. The terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided herein, their respective personal representatives and successors and assigns.

28.3 Severability. If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall remain in effect and shall be enforceable to the full extent permitted by law.

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

28.5 Integration. The terms of this Lease (including, without limitation, the Exhibits hereto) are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written).

28.6 Quiet Enjoyment. Upon Tenant paying the rent and performing all of Tenant's obligations under this Lease, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities claiming by or through Landlord.

28.7 Intentionally Deleted.

28.8 Time of Essence. Time is of the essence of each and every provision of this Lease.

28.9 Broker's Commissions. Each party represents and warrants to the other that it has not entered into any agreement or incurred or created any obligation which might require the other party to pay any broker's commission, finder's fee or other commission or fee relating to the leasing of the Premises, except for the brokers specified in the Basic Lease Information. Each party shall indemnify, defend and hold harmless the other and the other's constituent partners and their respective officers, directors, agents and employees from and against all claims for any such commissions or fees made by anyone claiming by or through the indemnifying party, except for the brokers named in the Basic Lease Information.

28.10 Recovery Against Landlord. Tenant shall look solely to Landlord's interest in the Premises for the recovery as provided under applicable law of any judgment against Landlord. Landlord, or if Landlord is a partnership, its partners whether general or limited, or if Landlord or any constituent partner of Landlord is a corporation, its directors, officers and shareholders, shall never be personally liable for any such judgment. In the event that any Landlord hereunder sells or conveys its interest in the Building, all liabilities and obligations on the part of such Landlord under this Lease accruing thereafter shall terminate and all such liabilities and obligations shall be binding upon the new owner.

28.11 Amendments. No amendments or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing duly executed by both Landlord and Tenant. No amendment to this Lease shall be binding on any mortgagee or beneficiary of Landlord (or purchaser at any foreclosure sale) unless such mortgagee or beneficiary shall have consented thereto in writing.

28.12 Attorneys' Fees. If Landlord becomes a party to any litigation not initiated by Tenant concerning this Lease or the Premises by reason of any act or omission of Tenant or its authorized representatives, and not by reason of its own act or omission or any act or omission of its authorized representatives, Tenant shall be liable to Landlord for reasonable attorneys' fees and court costs incurred by Landlord in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, or institutes any proceeding in a bankruptcy or similar court which has jurisdiction over the other party or any or all of its property or assets, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and court costs. The fees recoverable, as provided above, shall include fees incurred on appeal and any other post-judgment proceeding.

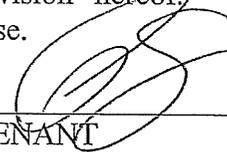
28.13 Relocation Assistance. In consideration of Landlord entering into this Lease, Tenant agrees to take full responsibility for moving its business, and any furnishings, fixtures, equipment and personal property, from the Property and for any resulting loss of business goodwill (the "Relocation"), and Landlord shall have no obligation to provide assistance to Tenant in connection therewith under any federal or state relocation laws or regulations, including, without limitation, the California Relocation Assistance and Real Property Acquisition statutes and guidelines. In connection therewith, and to the fullest extent permitted by law, Tenant further agrees that, effective on the termination of this Lease, Landlord shall be, and hereby is, fully and forever released from any and all claims and liabilities, whether direct or indirect, known or unknown, foreseen or unforeseen, that have arisen, or that may arise, in connection with the Relocation. By such release, Tenant expressly waives the provisions of California Civil Code Section 1542 that provide:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

and all similar provisions or rules of law. Tenant understands that, by waiving these provisions, Tenant waives the right to make claims against Landlord for matters pertaining to the Relocation that are presently unknown or unanticipated.

Tenant's agreement under this Section 28.13 constitutes material consideration for Landlord's agreement to enter into this Lease. Landlord and Tenant have each initialed this Section 28.13 to indicate their acceptance of each and every provision hereof. The provisions of this Section 28.13 shall survive the termination of this Lease.

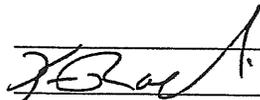
KR  
\_\_\_\_\_  
LANDLORD

  
\_\_\_\_\_  
TENANT

IN WITNESS WHEREOF, Landlord and Tenant have each caused their duly authorized representatives to execute this Lease on their behalf as of the date first above written.

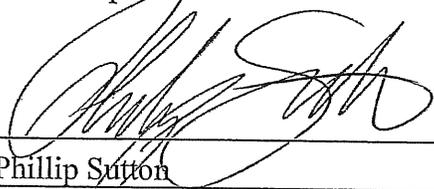
LANDLORD:

**Industry Urban-Development Agency, a  
municipal corporation**

By:   
Name: Kevin Radecki  
Title: Executive Director

TENANT:

Skyscraper Brewery  
A California Corporation

By:   
Name: Phillip Sutton  
Title: President

Address:

3229 Durfee street  
El Monte, CA 91732

## BASIC LEASE INFORMATION

Building: 19835 E. Walnut Drive  
City of Industry, California 91748

Landlord's Address: 15625 East Stafford Street, Suite 100  
City of Industry, CA 91744  
Attn: Kevin Radecki  
Telephone: (626) 333-1480  
Facsimile: (626) 336-4273

Tenant's Address: 3229 Durfee Street  
El Monte, CA 91732  
Attn: Phillip Sutton  
Telephone: (626) 372-2440

Commencement Date: September 15, 2011 (3.1)

Termination Date: Month-to-Month (3.1)