

## OPTION FOR PURCHASE AND SALE OF CONTRACT

THIS OPTION FOR PURCHASE AND SALE OF CONTRACT (“**Agreement**”) is entered into effective as of July \_\_\_, 2017 (the “**Effective Date**”), by and between HB Capital One, LLC, a Delaware limited liability company (“**Optionor**”), and Veteran Holdings, LLC, a Delaware limited liability company, or its assignee (“**Optionee**”).

### R E C I T A L S :

A. Optionor, as buyer, and Jefferson Properties LLC, a California limited liability company, as seller (“**Seller**”), entered into that certain Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate dated September 6, 2016 (“**Original PSA**”), as amended by that certain First Amendment to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated February 27, 2017 (“**First PSA Amendment**”), and that certain Second Amendment to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate, dated June 8, 2017 (“**Second PSA Amendment**,” together with the Original PSA, the First PSA Amendment and all escrow instructions relating thereto, the “**Purchase Agreement**”), whereby Seller agreed to sell and Optionor agreed to purchase that certain property more particularly described in the Purchase Agreement (“**Property**”). The Purchase Agreement is attached hereto as Exhibit A.

B. Optionor desires to grant, and Optionee desires to accept, an option to purchase all of its right, title and interest in, to and under the Purchase Agreement and the escrow established pursuant to the Purchase Agreement (which shall include all deposits, together with interest thereon, theretofore delivered by Optionor to escrow pursuant to the Purchase Agreement) (collectively, “**Contract Rights**”) upon the terms and conditions set forth in this Agreement.

C. In consideration of the above and the mutual covenants and obligations of the parties set forth herein, Optionor and Optionee hereby agree as follows:

### A G R E E M E N T :

#### 1. Option to Purchase; Delivery of Due Diligence Materials.

1.1 Grant of Option; Escrow. For and in consideration of the Option Consideration set forth in Section 1.3 below, Optionor hereby grants to Optionee the exclusive right and option to purchase the Contract Rights (“**Option**”) in accordance with the provisions of this Agreement. Immediately upon the full execution and delivery of this Agreement, the parties shall open escrow with Escrow Consultants – Century City (“**Escrow Holder**”) (Escrow No. \_\_\_\_\_) (“**Escrow**”), for the purpose of consummating the purchase and sale of the Contract Rights and the transactions contemplated herein. The terms and conditions set forth in this

Agreement shall constitute both the option agreement between Optionor and Optionee and joint preliminary escrow instructions for Escrow Holder.

1.2 Option Term. The term of the Option (“**Option Term**”) shall commence on the Effective Date and expire at 5:00 p.m. PST on July 20, 2017.

1.3 Option Consideration. As consideration for the Option, concurrently with the mutual execution of this Agreement, Optionee shall deliver to Optionor the amount of One Hundred Dollars (\$100) (“**Option Consideration**”).

1.4 Deposit. On or before July 14, 2017, provided Escrow has been opened, Optionee shall deposit with Escrow Holder the sum of Six Hundred Thousand Dollars (\$600,000) in the form of a cashier’s check or wire transfer (together with all interest thereon, “**Deposit**”), which amount shall be applied to the Purchase Price at the Close of Escrow. If (i) the Option is not exercised by Optionee, or (ii) the Option is exercised by Optionee, but the Close of Escrow does not occur for any reason other than an Optionee default, then the Deposit shall promptly be returned to Optionee without further instructions from Optionor and/or Optionee and without offset or deduction with the exception of any escrow cancellation fees for which Optionee is responsible and this Agreement shall terminate and be of no further force or effect except for those obligations which expressly survive termination.

1.5 Exercise of Option. Optionee may exercise the Option by delivering written notice of such exercise (“**Option Notice**”) to Optionor at any time during the Option Term. Upon the exercise of the Option as set forth herein, the provisions of this Agreement shall constitute a binding contract for the purchase and sale of the Contract Rights, and thereupon Optionor agrees to sell to Optionee, and Optionee agrees to purchase from Optionor, the Contract Rights upon the terms and conditions as set forth in Section 3 of this Agreement. If Optionee does not properly and timely exercise the Option during the Option Term or delivers written notice of its intent not to exercise the Option, this Agreement, together with the Option granted herein, shall automatically terminate and be of no further force and effect, except for those obligations that expressly survive termination. If the Option is validly exercised by Optionee, and Optionor delivers an executed counterpart of the Assignment and Assumption (as defined in Section 3.3(a)(i) below) to Escrow Holder, Optionee shall be obligated to perform all obligations of buyer under the Purchase Agreement (to the extent first accruing after the expiration of the Option Term) in order to close escrow thereunder. For the avoidance of doubt, Optionor shall remain liable for all obligations of buyer under the Purchase Agreement to the extent first accruing prior to the expiration of the Option Term.

1.6 Optionee’s Inspection of the Property; Access. During the Option Term, Optionee and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants (including, without limitation, Tenant (as defined below)), to enter upon the Property for the purpose of making inspections and tests that Optionee deems necessary or desirable. Notwithstanding anything herein to the contrary, Optionee hereby acknowledges and agrees that such entry will be on and subject to the terms and conditions of the Purchase Agreement, and that any such access must be arranged directly and exclusively through Optionor. Following any such entry or work, unless otherwise directed in writing by Seller, Optionee shall return the Property to the condition it was in prior to such entry or work,

including the recompaction or removal of any disrupted soil or material as required by the Purchase Agreement. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Optionee shall be paid for by Optionee as and when due and Optionee shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials (excluding, however, claims, losses, liabilities, damages or expenses arising out of Optionee's mere discovery of any pre-existing condition at the Property), the acts or omissions of Optionee, its agents or employees in connection therewith or Optionee's failure to comply with the terms and conditions of the Purchase Agreement when conducting such tests, inspections and other work pursuant to this Section. Prior to entry onto the Property, Optionee shall have delivered to Seller a certificate of insurance or an original endorsement which evidences that Optionee is carrying a commercial general liability insurance policy with a financially responsible insurance company covering activities of Optionee and Optionee's agents, contractors and employees, and Optionee's indemnity obligations contained in this Section 1.6, and as otherwise required by the Purchase Agreement. Such certificate or endorsement shall evidence that such insurance shall have a per occurrence limit of at least One Million Dollars (\$1,000,000.00), shall name Seller as an additional insured, and shall be primary insurance and shall otherwise comply with any additional requirements of the Purchase Agreement. Optionor shall reasonably assist and reasonably cooperate with Optionee in its inspection of the Property and its entry thereto, at no additional cost, liability or expense to Optionor, subject to the terms and conditions of the Purchase Agreement. If this Agreement is terminated for any reason other than the default of Optionor, Optionee shall immediately deliver all studies, tests, inspections and other due diligence material produced by or on behalf of Optionee, except to the extent any of the foregoing constitute attorney work product or are otherwise subject to the attorney-client privilege; provided that any soils reports or tests shall not be considered work product or subject to such privilege. The provisions of this Section shall survive termination of this Agreement.

1.7 Due Diligence Materials. Within one (1) business day after the Effective Date, Optionor shall deliver or make available (in an "electronic war room") to Optionee all material due diligence materials concerning the Property in Optionor's possession or control (i) delivered to Optionor by Seller or any of Seller's agents and (ii) all third party material due diligence materials commissioned by Optionor in connection with Optionor's proposed purchase of the Property (collectively, "**Due Diligence Materials**"). If any Due Diligence Materials come into Optionor's possession or control after Optionor's initial delivery of Due Diligence Materials to Optionee, Optionor shall deliver such additional materials to Optionee within one (1) business day thereafter. Optionee acknowledges having already received the Due Diligence Materials listed on Exhibit C. Upon any termination of this Agreement, Optionee shall immediately return all Due Diligence Materials in its possession or control. The provisions of this Section shall survive termination of this Agreement.

1.8 Title. Optionee is in possession of an amended preliminary title report with an effective date of March 31, 2017 (the "**Report**") prepared by Fidelity National Title Company ("**Title Company**").

2. Representations and Warranties; Optionor Covenants.

2.1 By Optionor. Optionor represents and warrants to Optionee, as of the Effective Date and as of the Closing Date, which representations and warranties shall survive the Close of Escrow for a period of one (1) year, as follows:

(i) Due Organization, Authorization, Execution and Delivery.

Optionor is a duly organized limited liability company under the laws of the State of Delaware and has the requisite power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed and delivered by Optionor and shall constitute the legal, valid and binding obligations of Optionor, fully enforceable against Optionor in accordance with its terms.

(ii) Required Actions. All action required to be taken by Optionor to execute and deliver this Agreement has been taken by Optionor and all actions required by Optionor to consummate the transactions contemplated under this Agreement shall be taken by Optionor prior to the Close of Escrow and no further approval of any third party, board, court, or other body or person is or shall be necessary to permit Optionor to execute and deliver this Agreement and to consummate the transactions contemplated hereunder.

(iii) No Conflict or Violation. Neither the execution and delivery of this Agreement by Optionor, nor the consummation by Optionor of the transactions contemplated hereby, nor compliance by Optionor with any of the provisions hereof will violate, conflict with, or result in a breach of any provisions of, or constitute a material default (or an event which, with notice or lapse of time or both, would constitute a material default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, any of the terms, conditions or provisions of any agreement or other instrument or obligation to which Optionor is a party or to which Optionor may be subject.

(iv) Purchase Agreement. Optionor has delivered a true, correct and complete (subject to redaction of the purchase price) copy of the Purchase Agreement to Optionee and there are no other agreements between Seller and Optionor which supplement, modify or otherwise alter the terms or any obligations or rights under the Purchase Agreement other than those amendments permitted by the terms of this Agreement or which Optionee otherwise approves. The Purchase Agreement is in full force and effect and is assignable to Optionee without the consent of Seller. To Optionor's actual knowledge: (a) no party to the Purchase Agreement is in default under the terms thereof, (b) no event has occurred which, with notice or the passage of time, would constitute a default thereunder, and (c) all representations and warranties contained therein are true in all material respects. The total funds required to be deposited by the buyer under the Purchase Agreement in order to close the transaction contemplated thereby is less than the Purchase Price under this Agreement.

(v) Leases and Contracts. Except for that certain Standard Lease dated March 31, 2001, between Seller, as landlord, and E.V.S., Inc., as tenant, as amended by that certain Amendment to the April 1<sup>st</sup>, 2001 Lease for 9401 Jefferson Blvd, Culver City CA effective June 1, 2009, between Seller, as landlord, and EVS 2 Inc., as tenant, and that certain Second Amendment to Lease fully executed on February 28, 2017, between Seller, as landlord,

and E.V.S., Inc. a/k/a E.V.S. 2, Inc. d/b/a Goodman's Tow Service, as tenant (collectively, "EVS Lease"), to Optionor's actual knowledge, there are no written or oral leases or contracts relating to the Property that will impose any obligation on buyer under the Purchase Agreement after the closing of the transaction contemplate thereunder. Optionor has delivered a copy of the EVS Lease to Optionee, which copy is, to the knowledge of Optionor, true, correct and complete.

(vi) No Prior Transfer. Optionor has not previously sold, transferred or conveyed the Contract Rights, nor do there exist any rights of first refusals or options to purchase the Contract Rights.

(vii) Due Diligence Materials. To Optionor's actual knowledge, Optionor has delivered to Optionee copies of all Due Diligence Materials which copies are, to the knowledge of Optionor, complete. The Due Diligence Materials may have been obtained from a variety of sources and Optionor makes no representations as to the accuracy of such information.

2.2 By Optionee. Optionee represents and warrants to Optionor, as of the Effective Date and as of the Closing Date, which representations and warranties shall survive the Close of Escrow for a period of one (1) year, as follows:

(i) Due Organization, Authorization, Execution and Delivery. Optionee is a duly organized limited liability company under the laws of the State of Delaware and has the requisite power and authority to enter into and carry out the terms of this Agreement. This Agreement has been duly executed and delivered by Optionee and shall constitute the legal, valid and binding obligations of Optionee, fully enforceable against Optionee in accordance with its terms.

(ii) Required Actions. All action required to be taken by Optionee to execute and deliver this Agreement has been taken by Optionee and all actions required by Optionee to consummate the transactions contemplated under this Agreement shall be taken by Optionee prior to the Close of Escrow and no further approval of any third party, board, court, or other body or person is or shall be necessary to permit Optionee to execute and deliver this Agreement and to consummate the transactions contemplated hereunder.

(iii) No Conflict or Violation. Neither the execution and delivery of this Agreement by Optionee, nor the consummation by Optionee of the transactions contemplated hereby, nor compliance by Optionee with any of the provisions hereof will violate, conflict with, or result in a breach of any provisions of, or constitute a material default (or an event which, with notice or lapse of time or both, would constitute a material default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, any of the terms, conditions or provisions of any agreement or other instrument or obligation to which Optionee is a party or to which Optionee may be subject.

2.3 Optionor Covenants. Optionor hereby makes the following covenants for the benefit of Optionee:

(a) Between the Effective Date and the earlier of the termination of this Agreement or the Close of Escrow, Optionor shall not without the consent of Optionee

(which consent may be granted or withheld in Optionee's sole discretion): (i) terminate the Purchase Agreement; or (ii) amend, modify or supplement the Purchase Agreement in any way (provided that, with the Optionee's consent (which consent shall be granted unless the proposed amendment would materially and adversely affect Optionee's rights under this Agreement), Optionor may enter into such amendments as may be necessary to extend the diligence period, accelerate the closing and to otherwise facilitate the transactions contemplated by the Purchase Agreement and this Agreement).

(b) Prior to the Close of Escrow, Optionor shall cause to be removed any encumbrance or lien caused by Optionor or its employees, contractors, agents or representatives.

(c) If, after the Close of Escrow, Optionee delivers a thirty (30) day notice to the tenant under the EVS Lease ("**Tenant**") to terminate the existing EVS Lease, and Tenant does not timely vacate the Property, then Optionor shall immediately cause an attorney mutually acceptable to Optionee and Optionor to file and diligently prosecute an unlawful detainer action with a court of competent jurisdiction to recover possession of the Property. Such unlawful detainer action shall be prosecuted in the name of Optionee and at Optionee's direction at Optionor's expense (in no event exceeding \$15,000 in the aggregate). For the avoidance of doubt, any such fees, costs and/or expenses in excess of \$15,000 in the aggregate shall be the responsibility of Optionee. Optionor makes no representation, warranty or guaranty regarding the potential outcome or likelihood of success of any such unlawful detainer action. The provisions of this paragraph shall survive the Close of Escrow.

### 3. Purchase of Contract Rights and Escrow Instructions.

3.1 Purchase of Contract Rights. If Optionee properly and timely exercises the Option, the terms and conditions of this Agreement shall govern the purchase and sale of the Contract Rights.

3.2 Purchase Price. The purchase price for the Contract Rights shall be Nine Million One Hundred Thousand Dollars (\$9,100,000) ("**Purchase Price**").

#### 3.3 Deliveries to Escrow Holder.

(a) Optionor Deliveries. At least one (1) day prior to the Closing Date, Optionor shall deliver to Escrow Holder the following documents and instruments:

(i) Assignment and Assumption of Contract Rights. Three (3) executed counterparts of an assignment and assumption of the Contract Rights, which assignment shall be prepared by Optionee in a form reasonably acceptable to Optionor, Optionee and Seller, to be effective as of and concurrent with the Close of Escrow ("**Assignment and Assumption**"). Pursuant to the Assignment and Assumption:

(A) Optionee shall assume all rights and obligations of Optionor under the Purchase Agreement (except for obligations of Optionor under the Purchase Agreement relating to the period prior to the expiration of the Option Term),

(B) Optionee shall be obligated to pay to Seller the unpaid balance of the purchase price under the Purchase Agreement (i.e., net of the earnest money deposit in the amount of \$199,500 previously paid by Optionor thereunder (“**Purchase Agreement Deposit**”)), and Optionee shall receive a credit against the Purchase Price under this Agreement equal to such amount paid by Optionee,

(C) if Optionee is credited under the Purchase Agreement with the Purchase Agreement Deposit, Optionee shall be obligated to pay to Optionor the amount of such Purchase Agreement Deposit at the Close of Escrow, and Optionee shall receive a credit in such amount against the Purchase Price under this Agreement,

(D) if Optionee is credited under the Purchase Agreement with amounts previously paid by Optionor pursuant Section 40 of the Original PSA (“**Credit Amounts**”), Optionee shall be obligated to pay to Optionor the amount of such Credit Amounts at the Close of Escrow, and Optionee shall receive a credit in such amount against the Purchase Price under this Agreement,

(E) if Optionee is credited under the Purchase Agreement with the \$300,000 “Closing Extension Payment” previously paid by Optionor pursuant of the Original PSA (“**Extension Credit Amounts**”), Optionee shall be obligated to pay to Optionor the amount of such Extension Credit Amounts at the Close of Escrow, and Optionee shall receive a credit in such amount against the Purchase Price under this Agreement, and

(F) Optionee shall receive a credit against the Purchase Price under this Agreement for all customary third party closing costs paid by Optionee, as buyer, under the Purchase Agreement for which the buyer under the Purchase Agreement is responsible (excluding Optionee’s attorneys’ fees).

(ii) Other Documents. Such other documents and instruments as may be reasonably required under this Agreement or otherwise necessary to consummate the transactions contemplated by this Agreement.

(b) Optionee Deliveries. At least one (1) day prior to the Closing Date, Optionee shall deliver to Escrow Holder the following documents and instruments:

(i) Funds. The balance of the Purchase Price (i.e., the amount of the Purchase Price less the amount of the Deposit), plus Optionee’s share of closing costs hereunder.

(ii) Assignment and Assumption of Contract Rights. Three (3) executed counterparts of the Assignment and Assumption.

(iii) Other Documents. Such other documents and instruments as may be required under this Agreement or otherwise necessary to consummate the transactions contemplated by this Agreement.

3.4 Close of Escrow. Escrow shall close (“**Close of Escrow**”) on the Closing Date, provided (i) Escrow Holder has received all deliveries specified in Section 3.3 above, and (ii) a grant deed in a form reasonably approved by Optionee is recorded in the Official Records of the County of Los Angeles conveying title to the Property to Optionee or any assignee or designee of Optionee. The Close of Escrow shall occur on July 20, 2017 (“**Closing Date**”); provided the Close of Escrow shall only occur if the closing under the Purchase Agreement occurs concurrently therewith. If the closing under the Purchase Agreement occurs on a date subsequent to July 20, 2017, then, provided Optionee has delivered the Option Notice during the Option Term and is not in default of this Agreement, the Close of Escrow shall occur on such later date (in which event the term “**Closing Date**” shall mean and refer to such later date); provided, further, in no event shall the Close of Escrow occur later than July 27, 2017 at 5:00 PM (“**Outside Closing Date**”), unless otherwise agreed to in writing by Optionor and Optionee. Notwithstanding the foregoing, if the closing under the Purchase Agreement does not occur on July 20, 2017 due to Seller’s default thereunder, then Optionor shall have the right, at Optionor’s election, to terminate this Agreement, in which event the Deposit shall be returned to Optionee.

3.5 Closing Costs. Optionee shall pay all closing costs for which the buyer under the Purchase Agreement is responsible (collectively, “**Optionee Closing Costs**”). Except for the Optionee Closing Costs and closing costs for which the seller under the Purchase Agreement is responsible, all other closing costs required to consummate the transaction contemplated by this Agreement (including, without limitation, the cost of the Escrow) shall be split 50/50 between Optionor and Optionee.

3.6 Conditions to Optionee’s Obligation to Close Escrow. Optionee’s obligation to close Escrow under this Agreement is conditioned upon and subject to the satisfaction of all of the conditions set forth below (or written waiver thereof by Optionee, it being agreed that Optionee may waive any or all of such conditions), which conditions are exclusively for the benefit of Optionee:

(a) Title Policy. As of the Closing Date, the Title Company shall be unconditionally committed to issue a standard coverage CLTA Owner’s Policy of Title Insurance, in the full amount of the Purchase Price, showing fee title to the Property vested in Optionee (or any assignee or designee of Optionee) in a condition approved by Optionee prior to the expiration of the Option Term (“**Title Policy**”). Optionor shall be under no obligation to remove or otherwise cure any matters set forth in the Report or otherwise cause the issuance of the Title Policy and Optionee acknowledges that its exercise of the Option shall be deemed to be Optionee’s approval of the condition of title set forth on the Report.

(b) No Default. As of the Closing Date, Optionor shall not be in material default in the performance of any of its covenants or other obligations under this Agreement or the Purchase Agreement.

(c) Representations and Warranties. As of the Closing Date, all representations and warranties made by Optionor in this Agreement shall be true and correct in all material respects.



(d) Concurrent Closings. The Close of Escrow shall occur concurrently with the closing under the Purchase Agreement (with Optionee or its assignee or designee as the “buyer” thereunder); provided that such condition shall not apply nor operate for the benefit of Optionee if the reason for the failure of such closing under the Purchase Agreement is the default of Optionee thereunder or under this Agreement. Optionor shall be permitted to deliver whatever notices are permitted and necessary under the Purchase Agreement to cause the close of escrow thereunder to occur earlier than the otherwise scheduled closing date in order that such close of escrow occurs concurrently with the Close of Escrow. Neither Optionee nor Optionor shall have any obligation to modify or amend the Purchase Agreement in order to cause the closing thereunder to occur concurrently with the Close of Escrow, but each party agrees to reasonably cooperate with the other in good faith in connection therewith.

3.7 Conditions to Optionor’s Obligation to Close Escrow. Optionor’s obligation to close Escrow under this Agreement is conditioned upon and subject to the satisfaction of all of the conditions set forth below (or written waiver thereof by Optionor, it being agreed that Optionor may waive any or all of such conditions), which conditions are exclusively for the benefit of Optionor:

(a) Funds. As of the Closing Date, Optionee shall have deposited into Escrow all funds required to be so deposited by Optionee pursuant to this Agreement in order to close Escrow.

(b) No Default. As of the Closing Date, Optionee shall not be in material default in the performance of any of its covenants or other obligations under this Agreement.

(c) Representations and Warranties. As of the Closing Date, all representations and warranties made by Optionee in this Agreement shall be true and correct in all material respects.

(d) Exercise of Option. Optionee shall have timely exercised the Option in accordance with this Agreement.

3.8 Disbursements and Other Actions by Escrow Holder. Upon the Close of Escrow, Escrow Holder shall promptly undertake all of the following in the manner indicated:

(a) Prorations. Prorate all matters referenced in Section 3.5 above based upon the statement delivered into Escrow signed by the parties.

(b) Funds. Disburse from funds deposited by Optionee with Escrow Holder towards the payment of all items chargeable to the account of Optionee pursuant hereto in payment of such costs, including, without limitation, the payment of the purchase price under the Purchase Agreement to Seller and the payment of the applicable portion of the Purchase Price to Optionor, and disburse the balance of such funds, if any, to Optionee.

(c) Title Policy. Direct the Title Company to issue the Title Policy to Optionee or the assignee or designee of Optionee.

(d) Documents to Optionor. Deliver to Optionor an original copy of the fully-executed Assignment and Assumption and any other documents to be delivered to Optionor hereunder.

(e) Documents to Optionee. Deliver to Optionee an original copy of the fully-executed Assignment and Assumption and any other documents to be delivered to Optionee hereunder.

(f) Coordination. Coordinate the Close of Escrow with the closing under the Purchase Agreement.

3.9 As-Is Purchase; Release. Except for the express representations and warranties set forth in this Agreement, Optionee acknowledges and agrees that (i) no representations, warranties or guaranties are made by Optionor in connection with the Contract Rights or the Property, (ii) by the expiration of the Option Term, Optionee shall have undertaken all such physical inspections and examinations of the Property as Optionee deems necessary or appropriate under the circumstances, and (iii) Optionee is purchasing the Property on an "AS-IS" "WITH ALL FAULTS" condition as of the Closing Date with respect to any facts, circumstances, conditions and defects.

Excepting in all cases those losses, liabilities, damages, costs, expenses and claims arising from or attributable to Optionor's breach of its representation, covenants and warranties set forth in this Agreement, Optionee hereby releases Optionor from all rights, claims and demands which Optionee may have arising out of the Purchase Agreement or the Property as of the Close of Escrow, whether known or unknown. Optionee specifically waives the provisions of Section 1542 of the California Civil Code, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

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Optionee's Initials

3.10 Remedies Upon Optionee Default. IF AFTER OPTIONEE EXERCISES THE OPTION, ESCROW FAILS TO CLOSE AS A RESULT OF A DEFAULT BY OPTIONEE HEREUNDER AND AFTER OPTIONEE HAS HAD AN OPPORTUNITY TO CURE SUCH DEFAULT IN ACCORDANCE WITH THE TERMS OF SECTION 3.12 BELOW ("**OPTIONEE'S DEFAULT**"), THEN UPON WRITTEN NOTICE FROM OPTIONOR TO ESCROW HOLDER AND OPTIONEE, OPTIONOR SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT AND OPTIONEE SHALL THEREAFTER BE LIABLE TO OPTIONOR IN THE AMOUNT OF SIX HUNDRED THOUSAND DOLLARS (\$600,000) AS LIQUIDATED DAMAGES FOR OPTIONEE'S DEFAULT AS OPTIONOR'S SOLE AND EXCLUSIVE REMEDY; PROVIDED THAT OPTIONOR SHALL ALSO BE ENTITLED TO COLLECT ITS ATTORNEYS FEES IN ACCORDANCE WITH SECTION 7.10 BELOW AND THE FOREGOING SHALL NOT LIMIT OPTIONEE'S RIGHTS AND

REMEDIES UNDER ANY INDEMNITY OR OTHER PROVISION WHICH BY ITS TERMS EXPRESSLY SURVIVES THE TERMINATION OF THIS AGREEMENT. THE PARTIES AGREE THAT, BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO DETERMINE OPTIONOR'S ACTUAL DAMAGES BY REASON OF OPTIONEE'S DEFAULT AND THAT THE FOREGOING AMOUNT IS A REASONABLE ESTIMATE OF THESE DAMAGES AND SUCH AMOUNT SHALL BE OPTIONOR'S SOLE AND EXCLUSIVE REMEDY, AT LAW OR IN EQUITY, FOR OPTIONEE'S DEFAULT. OPTIONOR HEREBY WAIVES ANY RIGHT THAT OPTIONOR MAY HAVE TO RECOVER ANY OTHER DAMAGES OR TO EXERCISE ALL OTHER REMEDIES AVAILABLE AT LAW OR IN EQUITY INCLUDING, WITHOUT LIMITATION, ANY AND ALL RIGHTS OPTIONOR WOULD OTHERWISE HAVE UNDER CALIFORNIA CIVIL CODE SECTION 3389 TO SPECIFICALLY ENFORCE THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 3.10 AND BY THEIR INITIALS

IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

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Optionor's Initials

\_\_\_\_\_  
Optionee's Initials

3.11 Remedies Upon Optionor Default. If Escrow fails to close as a result of any breach or default by Optionor that is not cured prior to the expiration of the cure period described in Section 3.12 below, Optionee may either (i) terminate this Agreement and receive a refund of its Deposit plus up to \$50,000 of out of pocket costs and expenses incurred in connection within this Agreement, or (ii) seek an action for specific performance, as its sole and exclusive remedy. Nothing contained in this Section 3.11 shall prevent Optionee from collecting its attorneys' fees in accordance with Section 7.10 below or limit Optionee's rights and remedies under any indemnity or other provision which by its terms expressly survives termination of the Agreement.

3.12 Right to Cure. Notwithstanding any other provision in this Agreement to the contrary, no default by either party hereto shall result in a breach or default of this Agreement, or the termination or limitation of any rights of such party hereunder, unless and until the other party shall have notified the defaulting party in writing of said default, and the defaulting party shall have failed to cure such breach or default within one (1) business day after receiving such notice, but in no event later than the Outside Closing Date.

4. Cooperation. If Optionee validly exercises the Option, Optionor and Optionee agree to cooperate with one another in good faith to coordinate the Close of Escrow with the closing under the Purchase Agreement.

5. Brokers. Each party hereto hereby represents and warrants to the other that it has dealt with no broker or finder in connection with this transaction other than the dealings with Engels & Volkers, representing Optionee, and Industry Partners, representing Optionor. If and only if the Close of Escrow occurs in accordance with this Agreement, Optionor shall be solely responsible to pay Engels & Volkers a commission in an amount equal to One Hundred Eighty-

Two Thousand Dollars (\$182,000), which commission shall be paid through Escrow. Optionor shall be solely responsible to pay Industry Partners a commission pursuant to a separate agreement upon the Close of Escrow. Each party hereto agrees to indemnify, defend and hold harmless the other party from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and court costs) of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party or on its behalf with any broker or finder in connection with this Agreement or transaction contemplated hereby, provided the payment of commissions to Engels & Volkers and Industry Partners shall be as set forth above. The foregoing indemnity shall survive the Close of Escrow or the termination of this Agreement.

6. Confidentiality. Concurrent with the full execution and delivery of this Agreement, Optionor and Optionee agree to execute and deliver a confidentiality agreement in the form attached hereto as Exhibit B. Upon the breach or default by a party with respect to its obligations under the confidentiality agreement, the non-breaching / non-defaulting party shall be entitled to all remedies available to it at law or in equity.

7. General Provisions.

7.1 Entire Agreement. This Agreement, including all recitals, exhibits and schedules hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous understandings, negotiations, representations, promises and agreements, oral or written, by or between the parties, with respect to the subject matter hereof. No representations, inducements, promises, or agreements have been made in connection with this Agreement by any party, or anyone acting on behalf of any party, other than those expressly set forth herein.

7.2 Amendment. This Agreement may not be changed, waived, supplemented, discharged or terminated orally or by any act or failure to act on the part of any party, but only by an agreement in writing signed by all of the parties.

7.3 Waiver. No waiver of any provision of this Agreement shall be binding unless executed in writing by the party making the waiver. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver unless the written waiver so specifies.

7.4 Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument. The parties and Escrow Holder shall be entitled to rely upon facsimile signatures of the parties.

7.5 Governing Law; Venue. This Agreement is and shall be deemed to be a contract entered into pursuant to the laws of the State of California and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of California. The parties irrevocably submit to the jurisdiction and venue of any State court sitting in Los Angeles County in any action or proceeding brought to enforce or otherwise arising out of or related to this Agreement and irrevocably waive to the fullest extent permitted by law any

objection which it may now or hereafter have to the resting of such jurisdiction and venue in such forum, and hereby further irrevocably waive any claim that such forum is an inconvenient forum.

7.6 Interpretation. The parties have jointly participated in the negotiation and drafting of this Agreement, and this Agreement shall be construed fairly and equally as to the parties, without regard to any rules of construction relating to the party who drafted a particular provision of this Agreement.

7.7 Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by nationally recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested to the applicable party at the address set forth below, or sent by facsimile or email and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if sent by overnight courier, the business day following its deposit with such overnight courier, (iii) if mailed, three (3) business days after the date of posting by the United States post office, or (iv) if given by facsimile or email, when sent. Any notice, request, demand, direction or other communication sent by facsimile or email must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing.

If to Optionor  
HB Capital One, LLC  
59 Chenery Street  
San Francisco, CA 94131  
Attention: Neils Cotter  
Email: neilscotter@gmail.com

With a copy to:  
Cox, Castle & Nicholson LLP  
50 California Street, Suite 3200  
San Francisco, CA 94111  
Attention: Mathew A. Wyman  
Facsimile: 415.392.4250  
Email: mwyman@coxcastle.com

If to Optionee:  
Veteran Holdings, LLC  
9922 Jefferson Blvd.  
Culver City, CA 90232  
Attention: C. Kenworthy  
Facsimile: 310.405.7588  
Email: ck@aaah.com

With a copy to:  
Advisors LLP  
11911 San Vicente Blvd., Suite 265  
Los Angeles, CA 90049  
Attention: Robert J. Plotkowski  
Facsimile: 310.472.5433  
Email: rob@advisorsllp.com

If to Escrow Holder: Escrow Consultants – Century City  
1901 Avenue of the Stars, Suite 1458  
Los Angeles, CA 90067  
Attention: Laura Padilla  
Facsimile: \_\_\_\_\_  
Email: laura@escrowccc.com

If to Title Company: Fidelity National Title Company  
5000 Van Nuys Blvd., Suite 500  
Sherman Oaks, CA 91403  
Attention: Sheila Isham  
Facsimile: 818.475.5013  
Email: team.sheila@fnf.com

Notice of change of address shall be given by written notice in the manner detailed in this Section 7.7. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent.

7.8 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal and legal representatives, successors and assigns. Optionor acknowledges and agrees Optionee may assign all of its rights and obligations under this Agreement to the City of Los Angeles (or one of its divisions or affiliates) and, upon such assignment to and assumption by, the City of Los Angeles (or one of its divisions or affiliates), Optionee shall be automatically released and discharged from any and all obligations and liabilities under this Agreement.

7.9 Further Actions. Each of the parties agrees to execute and deliver all further documents and to take all further actions reasonably necessary or appropriate to effectuate the purposes of this Agreement.

7.10 Legal Fees. If any action or suit is commenced by any party hereunder that in any way relates to or arises out of this Agreement, then the prevailing party in such action or dispute shall be entitled to have and recover of and from the other party all costs and expenses of suit, including reasonable attorneys' and expert witness fees and costs. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including reasonable attorneys' and expert witness fees and costs (collectively, "**Costs**") incurred in enforcing, perfecting and executing such judgment. For the purposes of this Section 7.10, Costs shall include, without limitation, attorneys' fees, costs and expenses incurred in (i) postjudgment motions, (ii) contempt proceeding, (iii) garnishment, levy, and debtor and third party examination, (iv) discovery, and (v) bankruptcy litigation.

7.11 Relationship of the Parties. The parties do not intend, and nothing contained in this Agreement shall be deemed, to create a partnership (general or limited), co-tenancy, joint venture, agency, limited liability company, trust or other fiduciary relationship of any nature whatsoever between the parties. The parties further agree that if any such partnership,

co-tenancy, joint venture, agency, limited liability company, trust or other fiduciary relationship is determined to exist between the parties, then the parties agree, to the maximum extent allowed by law, to waive any fiduciary or other similar duties that may exist with respect to such a relationship.

7.12 No Personal Liability. The obligations of Optionor and Optionee under this Agreement do not constitute personal obligations of the individual partners, members, and/or equity owners of Optionor or Optionee, and neither party shall not seek recourse against any such individual partners, members, and/or equity owners, or any of their personal assets, for satisfaction of any liability in respect to this Agreement.

7.13 Unenforceable Provisions. Any provision of this Agreement that is determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.14 Ambiguity and Construction of Certain Terms. All personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall be deemed to include all other genders; the singular shall include the plural and vice versa. Titles of articles and sections are for convenience only and in no way define, limit, amplify or describe the scope or intent of any provisions hereof. "Herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or other subdivision; "Section" refers to the entire section and not to any particular subsection, subparagraph, paragraph or other subdivision. Reference to days for performance shall mean calendar days unless business days are expressly indicated. As used herein, the terms "include(s)" and "including" shall mean "include(s), without limitation" and "including, without limitation," respectively.

7.15 Time of the Essence. Time is of the essence in the performance of each and every covenant of this Agreement.

[SIGNATURE TO APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, Optionor and Optionee have executed this Agreement as of the Effective Date.

“Optionor”

HB Capital One, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

“Optionee”

Veteran Holdings, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_



**Exhibit A**

**PURCHASE AGREEMENT**

[To Be Inserted]

## Exhibit B

### CONFIDENTIALITY AGREEMENT

\_\_\_\_\_, 2017

Ladies and Gentlemen:

HB Capital One, LLC, a Delaware limited liability company (“Buyer” or “Optionor”), and \_\_\_\_\_ (“Seller”), on the other hand, entered into that certain \_\_\_\_\_ dated \_\_\_\_\_ (“Purchase Agreement”), whereby Seller agreed to sell and Buyer agreed to purchase that certain property more particularly described in the Purchase Agreement (“Property”).

Optionor and Veteran Holdings, LLC, a Delaware limited liability company (“Optionee”), entered into that certain Option for Purchase and Sale of Contract dated July \_\_\_\_, 2017 (“Option Agreement”), whereby Optionor granted to Optionee an option to purchase all of Optionor’s right, title and interest in, to and under the Purchase Agreement (the “Option Transaction”).

1. Optionor and Optionor’s Broker agree to keep confidential, and to cause the Optionor / Optionor’s Broker Parties (as applicable and as defined below) to keep confidential the identity of Optionee and its interest holders, all other information regarding Optionee and such interest holders and the financial terms of the Transaction (collectively, the “Confidential Information”). Optionor and Optionor’s Broker will not disclose the Confidential Information to any person other than (i) those employees, representatives, agents, contractors, attorneys and consultants of the receiving party who are actively and directly participating or assisting in the evaluation of the Option Transaction and/or the negotiation and execution of the Option Agreement (collectively, the “Optionor / Optionor’s Broker Parties”); provided, that Optionor and Optionor’s Broker shall cause such parties to maintain the confidentiality of all Confidential Information, or (ii) as required by a written directive, law or any other order or mandate from governmental, administrative, regulatory or judicial authorities; provided, that the receiving party has made good faith efforts to promptly notify Optionee of such legal requirement, order or mandate in order to give Optionee a reasonable opportunity to seek any legal remedies to maintain the information in confidence. Any disclosure permitted hereunder will be limited to the information that is requested or required to be disclosed as determined by Optionor in its reasonable and good faith discretion.

2. Optionor and Optionor’s Broker shall in no event issue, and shall ensure that the Optionor / Optionor’s Broker Parties do not issue, any press release or statement with regard to the Transaction (whether or not the same is consummated).

3. Whether or not the Transaction is consummated, the confidentiality obligations of Optionor and Optionor’s Broker hereunder shall remain in effect; provided that such obligations

shall not apply in connection with any dispute between Optionee and Optionor or Optionor's Broker.

4. Optionor and Optionor's Broker acknowledge and agree that money damages would not be a sufficient remedy for any breach of this letter agreement and that Optionee shall be entitled to equitable relief without bond or other security, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be exclusive remedies for any breach of this letter agreement, but shall be in addition to all other remedies available to Optionee at law or in equity. The prevailing party in any litigation arising out of or in connection with this letter agreement shall be entitled to recover its legal fees and costs of suit in addition to any award of damages or equitable relief.

5. This letter agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to the principles of conflict of laws thereof.

Very truly yours,

Veteran Holdings, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Confirmed and Agreed to:

HB Capital One, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2017

[OPTIONOR'S BROKER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2017

**Exhibit C**

**DUE DILIGENCE MATERIALS**

[TO BE INSERTED]