

**OPTION(S) TO EXTEND  
COMERCIAL LEASE ADDENDUM**

Dated: \_\_\_\_\_

8/28/2021

By and Between:

(Lessor): ATC SQUARE LLC, a California limited liability company

(Lessee): Jimmy Zhang ; Xiaozho Wartell and Xiang Ming Long  
Db: Tropical Hawaiian BBQ

Address of Premises: 1432/1436 E. Grand Avenue, Arroyo Grande, California 93420

Paragraph

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

Lessor hereby grants to Lessee the option to extend the term of this Lease for one (1) additional three (3) year period commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least six (6) months but not more than one (1) year prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below: (Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates): \_\_\_\_\_  
the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one):  
☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area): \_\_\_\_\_

\_\_\_\_\_

All Items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly Base Rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or (Fill in Other "Base Month"):

                      
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The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event, shall any such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to a San Luis Obispo mediator chosen by the Lessor and the decision of the mediator shall be binding upon the parties. The cost of said mediation shall be paid equally by the Parties.

☐ **II. Market Rental Value Adjustment(s) (MRV)**

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

the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

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

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

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

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

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

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

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

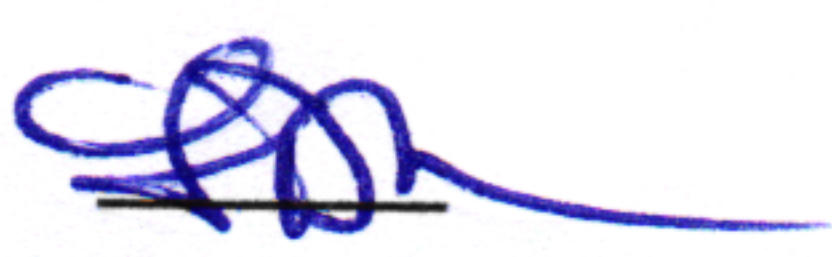
2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market transactions which shall include, but no limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

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

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

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

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

  
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☒ **III. Fixed Rental Adjustment(s) (FRA)**

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

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

The New Base Rent shall be:

1.39	, 9/1/2024	\$2503
1.43	, 9/1/2026	\$2578
1.48	, 9/1/2031	\$2664

☐ **IV. Initial Term Adjustments.**

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

**B. NOTICE:**

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

Executed at: Arroyo Grande, California

Executed at: Arroyo Grande, California

On:

On:

**By LESSOR:**

**ATC SQUARE LLC, a California limited liability company**

By:

Name: Tracy Liskey-Del Rio

Title: Manager/Owner

**By LESSEE/Parties**

**Tropical Hawaiian BBQ**

By:

Name: Jimmy Zhang, Owner

Name: Xiaozhu Wartell, Owner

Name: Xiang Ming Long, Owner

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## COMMERCIAL LEASE AGREEMENT

Dated:

8/28/2021

By and Between:

(Lessor):

ATC SQUARE LLC, a California limited liability company

(Lessee):

Jimmy Zhang, and Xiaozhu Wartell, Xiang Ming Long  
dba "Tropical Hawaiian BBQ"

Address of Premises:

1436/1432 E. Grand Avenue, Arroyo Grande, California 93420

### ADDITIONAL LESSEE RESPONSIBILITIES SPECIFIC TO PREMISES

1. Lessee shall be solely responsible for the following:

- a. Signage: New channel lettering with LED lighting [Subject to approvals in Lease].
- b. Maintenance, repair and/ or replace walk in freezer/ refrigerator and water heater.
- c. Installation, maintenance and repair of fire suppression system certification – Ansell System.
- d. Maintenance, repair or replacement of exhaust system and grease trap to code.
- e. Lessee shall NOT conduct any solid fuel/ open flame cooking.
- f. Hours of operation: 11-8
- g. No storing anything in alley way behind Premises, Building or Project.
- h. Lessee shall keep trash dumpster lids closed and surrounding areas in a neat and clean condition.
- i. HVAC maintenance filter replaced biannually, included in NNN. ~~Repair and replacement of HVAC at tenant's expense.~~ Additional HVAC filter changes tenants responsibility.
- j. Patio area in front of storefront must be kept clean at all times, power wash concrete as needed and shall not impede paths of travel for shopping center customers.

The parties hereto have executed these Additional Lessee Responsibilities Specific to Premises at the place and on the dates specified above their respective signatures.

Executed at: Arroyo Grande, California

On: 8-28-2021

Executed at: Arroyo Grande, California

On: 8-28-2021

#### By LESSOR:

ATC SQUARE LLC, a California limited liability company

By: [Signature]

Name Printed: Tracy Liskey-Del Rio

Title: Manager

#### By LESSEE/ Parties

By: [Signature]

Name Printed: Jimmy Zhang

Title: Lessee, owner

By: Xiaozhu D Wartell

Name Printed: Xiaozhu Wartell

Title: Lessee, owner

By: Xiang Ming Long

Name printed: Xiang Ming Long

Title: Lessee, owner