

**CONSTRUCTION, OPERATION AND  
RECIPROCAL EASEMENT AGREEMENT**

**February 24, 1989**

**Part III**

for such changes, modifications or alterations that are required by any governmental agency, other than Agency, having jurisdiction over the Project Site.

7. So as to keep the Common Area open and Operating; provided, however, if after the expiration of the period that the Majors are required to Operate there is only one (1) Major Operating in the Center, Developer shall only be required to keep open and Operate the portions of the Common Area located between De la Guerra Place and the Operating Major's Store.

8. So as not to violate Section 11.6 hereof, so long as at least one (1) Major is operating at least forty thousand (40,000) square feet of Floor Area in its Store under a single name, in which case, only the Major who is operating in accordance with the foregoing standard shall have the right to enforce Section 11.6 hereof.

9. So as not to violate Section 11.5 hereof.

17.3 COMPOSITION. Developer agrees that each Major has an interest in achieving a balanced and diversified grouping of retail stores, merchandise and services in the Developer Mall Stores and that a balanced diversification of goods and services will maximize the merchandising of the Developer Mall Stores, assist in the application and enforcement of reasonable standards of appearance, maintenance and housekeeping and promote the traffic and movement of people using the Center for shopping. Developer shall use due diligence and good faith efforts to attain a balanced and diversified mixture of tenants in the Developer Mall Stores. Developer further acknowledges that in order to assure the maximum flow of pedestrian traffic between each respective Major and the Occupants of the Developer Mall Stores, substantial variations of use may be required in the areas close to each Major and that each Major may have a preference for a mix of particular categories of tenants to be located in the area adjacent to its Store. Such category preferences are set forth in each Major's Separate Agreement. Developer shall use good faith, diligent efforts to select a balanced, diversified grouping of Tenants for the Developer Mall Stores located within the area adjacent to the entrance of each Major's Store onto the Paseo designated as the "Tenant Preference Area" on the Site Plan, from the categories of tenants on such Major's list of preferences as set forth in its Separate Agreements. Nothing contained herein shall be construed to grant any third party beneficiary rights to operators, owners or tenants of displaced businesses.

Developer agrees that any agreement by which any Person becomes an Occupant shall be subject to the REA and shall contain provisions which will enable the Developer to enforce at least the following provisions of the REA:

1. Sections 11.5, 11.6, 11.7 and 11.8.1 [Use, Service and Office Use, Prohibited Uses and Non-Interference with Common Area];

2. Article 27 [Sign Criteria] of this REA, including the Sign Criteria attached hereto as Exhibit "K".

3. Article 19 of this REA, including the Rules and Regulations attached hereto as Exhibit "L".

17.4 OPERATION OF THE ARTS COMPLEX. Except as set forth in Sections 12.4 and 15.5 hereof, Developer shall only be obligated to the Agency with respect to the Operation and maintenance of the Arts Complex, and only pursuant to the Developer Lease.

17.5 BENEFIT TO MAJORS. Each and all of the provisions of this REA on Developer's part to be performed (whether affirmative or negative in nature) are intended to and shall bind (i) each and every Person, firm, association or corporation comprised within the term Developer, at any time, and from time to time, and (ii) the Developer Tract, and shall inure to the benefit of each respective Major, so long as such Major is Operating.

17.6 DOMINANT AND SERVICENT ESTATES. With respect to the various covenants (whether affirmative or negative) on the part of Developer contained in this REA which affect or bind the Tract of any Party, the Tract benefited by such covenant shall, during the term of this REA, be the dominant estate, and the Developer Tract (or if the particular covenant affects, binds, or is to be performed on less than the whole of the Developer Tract, then with respect to the particular covenant, such portion thereof, as is affected by, or bound by, the particular covenant, or on which the particular covenant is to be performed) shall during the term of this REA be the servient estate.

17.7 COVENANTS RUNNING WITH THE LAND. Each and all of the provisions of this Article 17 on Developer's part to be performed and each and all of Developer's covenants herein not to use, or permit the use of, any part of the Developer Tract contrary to the provisions of this REA, are also intended to, and shall bind each and every Person, other than Agency, having any fee, leasehold or other interest in any part of the Developer Tract, at any time and from time to time, or derived through any Person now or hereafter comprised within the term Developer to the extent that such part of the Developer Tract is affected or bound by the covenants in question, or that such covenant is to be performed therein, and shall inure to the benefit of each Major, so long as such Major is Operating. The covenants and obligations of Developer under this Article 17 shall not inure to the benefit of Agency, and

Agency shall have no right to enforce the covenants and obligations of Developer under this Article 17.

ARTICLE 18  
COVENANTS OF MAJORS

18.1 BROADWAY OPERATING COVENANT. Broadway covenants and agrees, subject to the provisions of Articles 16 [Eminent Domain] and 28 [Force Majeure], that its Store will be open for business on or before the time required by Section 8.4 hereof, that it will open its Store under the trade name "The Broadway" if Broadway is operating at least one other store under such trade name in Southern California at the time it opens for business, and that it will thereafter Operate, or cause to be Operated, for fifteen (15) consecutive years from and after its Actual Opening Date, the Store on the Broadway Tract under the trade name of "The Broadway" or such other name as a majority of the retail department stores of the division of Carter Hawley Hale Stores, Inc., currently called the Broadway Southern California division, is doing business in Southern California. For purposes of this covenant to Operate, "Broadway" shall mean Carter Hawley Hale Stores, Inc., a Delaware corporation, or any other corporation that may succeed, as a result of reorganization, merger, consolidation or sale of stock or assets, to all or substantially all of Carter Hawley Hale Stores, Inc.'s business, or the business of the Broadway Southern California division of Carter Hawley Hale Stores, Inc., or to any Person or entity that acquires all or substantially all of the retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area then being operated by the Broadway Southern California division of Carter Hawley Hale Stores, Inc. in the State of California, and which by written instrument assumes all of Broadway's obligations under this Operating covenant; provided, however, that if at the time in question, the Broadway Southern California division of Carter Hawley Hale Stores, Inc. is operating at least nine (9) retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area in Southern California, then such successor shall mean a person or entity that acquires all or substantially all of the business of the Broadway Southern California division of Carter Hawley Hale Stores, Inc., in Southern California, or all or substantially all of the retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area then being operated by the Broadway Southern California division of Carter Hawley Hale Stores, Inc., in Southern California; provided further, that such successor entity expressly assumes and complies with the following requirement during the remainder of the fifteen (15) year Operating covenant and during the five (5) year period after the expiration of the fifteen (15) year covenant: The Store on the Broadway Tract shall continue to Operate in not less than the Minimum Floor Area set forth in Section 11.1 as a retail department store

similar in type and nature to the Operation prior to the transfer.

For the period commencing with the end of the fifteen (15) year period after the Actual Opening Date of the Broadway Store, and continuing for five years thereafter from said date, Broadway covenants to Operate a retail department store on the Broadway Tract under any name.

From and after the date that is twenty (20) years after the Actual Opening Date of the Broadway Store, Broadway or its permitted successors shall no longer have a covenant to Operate; provided, however, that so long as Broadway or its permitted successors operate the Store on the Broadway Tract, such Store shall be operated for retail use under a single name in not less than forty thousand (40,000) square feet of Floor Area.

18.2 NORDSTROM OPERATING COVENANT. Nordstrom covenants and agrees, subject to the provisions of Articles 16 [Eminent Domain] and 28 [Force Majeure], that its Store will be open for business on or before the time required by Section 9.4 hereof, that it will open its Store under the trade name "Nordstrom," if Nordstrom is operating at least one other Store under such trade name in Southern California at the time it opens for business, and that it will thereafter Operate, or cause to be Operated for fifteen (15) consecutive years from and after its Actual Opening Date, the Store on the Nordstrom Tract under the trade name "Nordstrom," or under such other name as a majority of Nordstrom's retail department stores is doing business in Southern California. For purposes of this covenant to Operate, "Nordstrom" shall mean Nordstrom, Inc., a Washington corporation, or any other corporation that may succeed, as a result of reorganization, merger, consolidation or sale of stock or assets, to all or substantially all of Nordstrom, Inc.'s business, or to any Person or entity that acquires all or substantially all of the retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area then being operated by Nordstrom in the State of California and which by written instrument assumes all of Nordstrom, Inc.'s obligations under this Operating covenant; provided, however, that if at the time in question, Nordstrom, Inc. is operating at least nine (9) retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area in Southern California, then such successor shall mean a person or entity that acquires all or substantially all of Nordstrom's business in Southern California or all or substantially all of the retail stores having in excess of one hundred thousand (100,000) square feet of Floor Area then being operated by Nordstrom, Inc. in Southern California; provided further, that such successor entity expressly assumes and complies with the following requirement during the remainder of said fifteen (15) year Operating covenant and during the five (5) year period after the expiration of the

fifteen (15) year covenant: The Store on the Nordstrom Tract shall continue to Operate in not less than the Minimum Floor Area set forth in Section 11.1 as a retail department store similar in type and nature to the Operation prior to the transfer.

Commencing with the date that is fifteen (15) years after the Actual Opening Date of the Nordstrom Store, and continuing for five years thereafter, Nordstrom covenants to Operate a retail store on the Nordstrom Tract under any name.

Commencing with the date that is twenty (20) years after the Actual Opening Date of the Nordstrom Store and continuing for the remainder of the term of this REA, Nordstrom or its permitted successors shall no longer have a covenant to Operate; provided, however, that so long as Nordstrom or its permitted successors shall operate the Store on the Nordstrom Tract, such Store shall be operated for retail use under a single name in not less than forty thousand (40,000) square feet of Floor Area.

18.3 HOURS AND METHOD OF OPERATION. During the term of their respective Operating covenants, each Major shall Operate the Store on its respective Tract not less than fifty (50) hours per week. Closing time for the Major's Stores shall be no earlier than 7:00 p.m. Monday through Friday, except for legal holidays. During the term of their respective Operating covenants, each Major shall Operate a department store pursuant to Section 18.1 and 18.2, respectively, but, provided that it is doing so, and except as provided below: (a) the particular contents, wares and merchandise to be offered for sale and the services to be rendered, the methods and extent of merchandising and storage thereof and the manner of Operating their respective Stores shall be within the sole and absolute discretion of each respective Major, and (b) each Major may cause one or more department or departments in their respective Stores to be operated in whole or in part by licensees, tenants or concessionaires. Notwithstanding the above, Broadway covenants that it will open for business as a full-line department store offering men's, women's and children's apparel, accessories, domestics, towels, sheets, bedding, housewares, electronics and gift sections.

18.4 RELEASE FROM OBLIGATIONS. The Majors shall be released from their respective covenants contained in Sections 18.1 and 18.2 in the event of any of the following:

18.4.1 Developer's Failure to Operate. If the Developer ceases to manage and Operate, or cause to be managed or Operated, the Developer Mall Stores in accordance with the following:

(a) As a complex of retail stores and commercial and service enterprises which is part of a first-class, high quality, open air regional shopping center development;

(b) Developer fails to use its due diligence and good faith efforts to (i) have the Floor Area of the Developer Mall Stores occupied and open for business in its entirety and (ii) have a diversified mixture and balance of Occupants;

(c) Developer fails to maintain Floor Area in the Developer Mall Stores of not less than the Minimum Floor Area; provided, however, that if at any time after termination of the period the Majors are required to Operate pursuant to Sections 18.1 and 18.2 above, there shall be only one Major Operating, Developer shall fail to maintain the Floor Area in the Developer Mall Stores located between De la Guerra Place and such Operating Major's Store; or

(d) Developer changes the layout of the Common Area or substantially changes, modifies or alters the Common Area, the Improvements in the Common Area or the exterior of the Developer Mall Stores, without the prior written approval of each Operating Major except for such changes, modifications or alterations that are required by any governmental agency, other than Agency, having jurisdiction over the Project Site.

If Developer fails to comply with the foregoing obligations, Developer shall have sixty (60) days plus any additional cure period granted for a default hereunder after receipt of written notice of such noncompliance from either Major to commence compliance with such obligations, or if any such obligation cannot be performed within said time period, to diligently commence performance within such time period and diligently perform thereafter.

18.4.2 Vacancy in Developer Mall Stores. If at any time after both Majors have opened their respective Stores, less than sixty percent (60%) of the Minimum Floor Area of the Developer Mall Stores is occupied and open for business; provided, however, that Developer shall have twelve (12) months after written notice of noncompliance with such condition to cure the same. Such condition shall be conclusively deemed to have been satisfied if during said twelve (12) month period Developer shall have entered into bona fide leases which require the opening for business of Floor Area of Developer Mall Stores sufficient to increase the occupancy of Developer Mall Stores to the aforesaid level, which bona fide leases shall provide for the actual commencement of occupancy and opening for business of Floor Area by the Occupant within said twelve (12) month period.

18.4.3 Dispute and Release. Any dispute as to compliance with the conditions of this Section 18.4 and/or due diligence respecting the performance of an obligation shall be subject to the provisions of Article 23 respecting arbitration. Nothing contained in the foregoing provisions shall in any manner be construed as diminishing, or deemed to constitute a waiver of, any other rights of a Major resulting from the failure of Developer to perform its covenants set forth in Article 17 or elsewhere in this REA or from the default of any other Party hereunder.

The release under this Article 18.4 shall be effective upon the date a Major ceases Operation and gives notice thereof to Developer and Agency following the occurrence of the events that entitle the Major to cease Operation and after Developer's failure to comply with or satisfy such condition within the applicable time periods set forth in this Section 18.4, and thereupon the Operating covenant of such Major provided in either Section 18.1 or 18.2 hereof shall terminate and such Major shall not be required to thereafter continue Operating its Store or to reinstitute such Operation, notwithstanding subsequent compliance with or satisfaction of the condition referred to herein; provided, however, that Developer shall retain the right to comply with or satisfy the condition (notwithstanding expiration of the time periods set forth therein) at any time prior to cessation of Operation by the Major.

If a Major ceases to Operate its Store in breach of its Operating covenant, such Major shall not be entitled to enforce the provisions of Article 17 against Developer.

18.5 COVENANTS RUNNING WITH THE LAND. Each and all of the provisions of this REA on the respective parts of the Majors to be performed (whether affirmative or negative in nature) are intended to, and shall bind each and every Person, having any fee, leasehold or other interest in any part of the Tract of such Major, at any time and from time to time, to the extent that such part of their respective Tracts is affected or bound by the covenant in question, or that such covenant is to be performed thereon, and shall inure to the benefit of Developer and Agency.

18.6 DOMINANT AND SERVIENT ESTATES. With respect to the various covenants (whether affirmative or negative) on the part of each Major contained in this REA, which affect or bind, or are to be performed on portions of their respective Tracts, the Tract benefited by such covenant shall, during the term of this REA, be the dominant estate, and the Tract of each Major (or if the particular covenant affects, binds, or is to be performed on less than the whole of such Tract, then with respect to the particular covenant, such portion thereof as is affected by, or bound by the particular covenant, or on

which the particular covenant is to be performed), shall, during the term of this REA, be the servient estate.

ARTICLE 19  
RULES AND REGULATIONS

Each Party severally agrees to observe and comply with, and shall cause its respective Occupants and Permittees to observe and comply with, such rules and regulations related to the Center as may be adopted by the mutual agreement of the Parties hereto, from time to time. The Parties hereby adopt the Rules and Regulations attached hereto and marked Exhibit "L", until such time as new and different Rules and Regulations shall be adopted, as aforesaid. An amendment of such Rules and Regulations shall not be deemed to be, nor shall it require, an amendment to this REA.

ARTICLE 20  
TRANSFERS OF INTEREST, RIGHTS,  
POWERS AND OBLIGATIONS

20.1 LIMITATIONS ON TRANSFER OR ASSIGNMENT. In no event shall the rights, powers and obligations conferred upon Developer, Broadway and Nordstrom pursuant to this REA be at any time transferred or assigned by any such Party except through a transfer of its interest in its Tract.

20.2 TRANSFER OF INTEREST. In the event of the transfer, conveyance or termination of the whole of the interest of a Party in its Tract without retaining any beneficial interest therein, other than as a Mortgagee, or without simultaneously acquiring a new interest by way of fee ownership, leasehold, life estate, or any other similar interest, then the rights and powers conferred upon and the obligations under this REA of the transferring Party shall be transferred and assigned with its interest, or termination thereof, and the successor shall assume such rights, powers and obligations and thereupon become the Party as to its Tract. The foregoing transfer shall be subject to Sections 1.15, 18.1, and 18.2 hereof.

20.3 TRANSFER OR ASSIGNMENT OF INTEREST BY AGENCY. Agency shall not transfer or assign its rights, powers and obligations under this REA without the prior written approval of the Parties hereto, which approval shall not be unreasonably withheld. Notwithstanding the above, Agency may only transfer or assign its interest in connection with an assignment, sale, transfer or conveyance of the Project Site to the City, any governmental agency of the City exercising powers similar to those exercised by Agency at the date hereof or a nonprofit corporation formed by or on behalf of Agency; provided, however, that nothing contained herein shall prohibit the sale of the Project Site to Developer. Any assignee or transferee of Agency shall expressly assume by written instrument all of the

obligations of Agency hereunder upon the transfer of Agency's interest in this REA.

20.4 RETENTION OF INTEREST. If (a) the whole of the interest of any Party in its Tract is transferred or conveyed, but a new interest is created in the transferring Party simultaneously with the conveyance of its previous interest, by way of fee ownership, leasehold, life estate, or any other similar interest, or (b) the transferring Party shall convey its interest in its Tract or a portion thereof by a Mortgage, then none of the rights, powers and obligations of the transferring Party under this REA shall be transferred or assigned with the transfer or conveyance of its interest, but all of the rights, powers and obligations of the transferring Party under this Agreement shall remain in such Party so long as the transferring Party retains, under clause (a) above, the new interest in and to its Tract (other than as a Mortgagee under the terms of a Mortgage), or so long as the transferring Party remains, under clause (b) above, the beneficial owner of the interest in its Tract. Upon the termination of the new interest created in the transferring Party as specified in this Section 20.4, the rights, powers and obligations of the transferring Party under this Agreement shall vest in the transferee as if the new interest created in the transferring Party had never existed, subject only to the provisions of Article 20.6 of this REA.

20.5 MULTIPLE OWNERSHIP.

20.5.1 Designation. If a Party transfers or conveys its interest in its Tract or any portion thereof in such manner as to vest ownership of the Tract or interest therein in more than one Person, then the Persons owning all of the interests in such Tract shall be jointly considered a single Party and such Persons shall designate one of their number to act on behalf of all such Persons in the performance of the provisions of this REA. Any such designation shall be in writing, duly executed, verified and acknowledged by each such Person, and shall be served upon all the other Parties in accordance with the notice provisions of Article 24 of this REA, together with a certificate that a copy thereof has been so served.

20.5.2 Effect of Designation. In the absence of such written designation, the acts of the transferring Party whose interest is so divided with respect to the performance of the provisions of this REA shall be binding upon all of the Persons owning any interest in such Tract until such time as the written designation is properly served as provided by Section 20.5.1, whether or not the transferring Party retains any interest in the Tract in question. The exercise or performance of any rights, powers or obligations of a Party under this REA by the Person designated to represent such Party shall be binding upon all Persons having an interest or right

in such Tract and/or upon all Persons having an interest in such Party. So long as such designation remains in effect, all Persons having an interest or right in the Tract and/or all Persons having an interest or right in such Party shall act only through such Person designated hereunder and the other Parties to the REA shall have the right to deal exclusively with and rely solely upon the acts or omissions of such Person in the performance or provisions of this REA.

20.5.3 Removal of Designated Person. Any Person designated hereunder may be removed by the Persons so designating, provided that written notice of such removal and designation of a new Person to act as the Party on behalf of all such Persons under this REA is given and made in the manner specified in this Section 20.5, and in the absence of any such written notice and designation, the previous designation shall continue in effect and the acts of the Person previously designated with respect to the performance of the provisions of this REA shall be binding upon all such Persons until such time as the written notice and designation is properly served as provided by Section 20.5.1.

20.5.4 Designation of Party Representative by Other Parties. Notwithstanding anything to the contrary herein contained, if (a) at any time after a Person has been designated to act on behalf of a Party hereunder, such Person is removed or dies, becomes incapacitated or is dissolved and no new Person is designated to act on behalf of such Party pursuant to Section 20.5.1 above, or (b) if a Person has not been designated hereunder within thirty (30) days after any other Party hereto receives notice of any change in ownership of any portion of a Tract which would give rise to the requirement for designation under this Section 20.5, or (c) if the designation of a Person to act on behalf of a Party earlier than the expiration of such thirty (30) day period is reasonably necessary to enable or entitle any other Party to comply with any of its obligations under this REA, or to take any other action that may be necessary or permitted to carry out the purposes of this REA, then in any such event, the other Parties acting jointly or, upon failure of such joint action, any Party at any time may make such designation of a Person to act on behalf of all such Persons comprising such Party under this REA, which designation shall be made and given in accordance with the applicable provisions of this Section 20.5. The designation made hereunder shall remain in full force and effect until the Persons comprising such Party make a new designation pursuant to the provisions of this Section 20.5.

20.5.5 Status of Designated Person. Any Person designated pursuant to the provisions of this Section 20.5 shall be the agent of each of its principals, hereby irrevocably appointed for such purpose, and upon whom service of any process, writ, summons, order or other mandate of any nature

of any court in any action, suit or proceeding arising out of this REA may be made, and service upon such designated Person shall constitute due and proper service of any such matter upon each of its principals, provided a copy of the matter is also mailed to the principals at the principals' last addresses known to the sender.

20.5.6 Obligation of Other Persons Comprising Party. Notwithstanding anything to the contrary herein contained, the designation of a Person to act on behalf of one or more Persons as a Party under this Section 20.5 shall not for any purpose relieve any such Persons from the obligations or liabilities created by or arising from this REA and whenever there are multiple Persons comprising a Party each such Person comprising such Party shall be jointly and severally liable for the performance of all the obligations and liabilities of such Party.

20.6 RELEASE. If any Party sells, transfers or assigns all of its interest in its Tract and all of its rights under this REA in accordance with this Article 20, the transferring Party shall, except as otherwise provided in this REA, be released from future obligations hereunder from and after the effective date of such sale, transfer or assignment, provided that the following conditions are satisfied:

(a) with respect to any accrued obligations hereunder, any and all amounts which shall then be due and payable by the transferring Party to any other Party hereto shall have been paid to such other Party;

(b) the transferring Party shall promptly give notice to Agency and the other Parties of any such sale, transfer, conveyance or assignment; and

(c) the transferee shall execute and deliver to Agency and the other Parties a written, recordable instrument recorded in the Official Records of Santa Barbara County, California, in which: (i) the name and address of the transferee shall be disclosed; and (ii) the transferee shall acknowledge the obligations of the transferring Party hereunder and undertake to be bound by this REA (and, where appropriate, any Separate Agreement[s]) and assume all liabilities and obligations of the transferring Party hereunder in accordance with the provisions of this REA (and such Separate Agreement[s]). Failure to deliver and record any such written instrument shall not affect the running of any covenants herein with the land, nor shall such failure negate, modify or otherwise affect the liability of any transferee pursuant to the provisions of this REA, it being understood that any transferee of the entire interest of a Party in its Tract shall take such interest subject to all terms, covenants, obligations, restrictions and conditions set forth in this REA; provided, however that failure of a transferee to deliver

a written assumption shall constitute a default by the transferee hereunder.

20.7 EFFECT OF TRANSFER OR ASSIGNMENT ON MORTGAGEE.

Except as provided below, the provisions of Sections 20.2 shall not apply to (i) the granting of a Mortgage on a Tract or the Improvements thereon to secure a loan; (ii) to the acquisition of a Tract by reason of foreclosure, or termination of a Sale and Leaseback, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action; nor (iii) to a subsequent transfer or assignment by a Mortgagee or other Person who shall acquire a Party's interest in its Tract as the result of a foreclosure, or through termination of a Sale and Leaseback or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action. Notwithstanding the above, any subsequent transfer or assignment by the transferee of a Mortgagee or other Person acquiring an interest in a Tract as the result of a foreclosure, or termination of a Sale and Leaseback, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action shall comply with the provisions of Sections 20.2, and 20.6. In addition, the following releases shall be effective as hereinafter provided:

(a) The release from all unaccrued obligations under this REA of a leaseback lessee in a Sale and Leaseback upon the termination or expiration of the leaseback provided such lessee shall have complied with the provisions of Section 20.6(a);

(b) The release of any leaseback lessor under a Sale and Leaseback which shall have acquired possession through termination or expiration of the leaseback, upon the sale, transfer, conveyance or assignment of its title or interest from all obligations under this REA which relate to actions or omissions which occurred prior to the time such leaseback lessor acquired possession; or

(c) The release of any Mortgagee which shall have acquired title through foreclosure, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action upon sale, transfer, conveyance or assignment of its title or interest from all obligations under this REA which relate to actions or omissions which occurred prior to the time such Mortgagee acquired title.

In the event of any termination or expiration of the interest of the leaseback lessee or any surrender thereof to the leaseback lessor or any nominee of the leaseback lessor which shall hold said interest for the benefit of such leaseback lessor, the leaseback lessor and its successors and

assigns shall (notwithstanding any language in the leaseback document or any other instrument, or in any instrument of surrender, preventing the merger of title in said leaseback lessor and notwithstanding the fact that such surrender may be made to such nominee of the leaseback lessor) be liable for the performance of the thereafter accruing obligations under and pertaining to the terms of this REA, including, with respect to a leaseback lessor of the Major's Tracts, the obligations under Section 21.9 hereof.

20.8 NO RELEASE OF CERTAIN OBLIGATIONS. Anything in this Article 20 to the contrary notwithstanding, it is expressly understood and agreed that in the event of any transfer or assignment of a Party's rights, powers and obligations under this REA, no Party or signatory to this REA shall by reason of such transfer or assignment be released from its obligations to construct and open Improvements pursuant to the requirements of Articles 7, 8 or 9 nor shall any Major be released from its covenant to Operate pursuant to Article 18 of this REA, except as otherwise specifically provided in Section 18.4.

20.9 ENFORCEABILITY BY AGENCY. The provisions of this Article 20 shall inure to the benefit of and shall be enforceable by Agency.

## ARTICLE 21 UNPERFORMED COVENANTS

21.1 CERTAIN OPERATOR DEFAULTS. If Operator fails to perform any of the covenants to be performed by the Operator under Article 12 [Operation and Maintenance of Common Area], Section 13.5 [Maintenance of Liability Insurance for Common Area] or Section 13.9.1 [Maintenance of Casualty Insurance for Common Area] of this REA, any other Party may (but shall not be required to): (a) if no emergency exists, perform the same after giving thirty (30) days notice to Operator (unless within such thirty (30) day period Operator shall commence the necessary action to cure and thereafter continue the same with due diligence); and (b) in an emergency situation, perform the same without notice or delay. Operator shall reimburse the Party performing the same for the cost thereof on demand, unless Operator notifies such other Party within ten (10) days after its notice given under clause (a) above, or within ten (10) days after its demand for reimbursement if no notice was given, that Operator contends it is (or was) not obligated to perform the same, in which case the obligation to perform shall be subject to arbitration in accordance with Article 23 hereof. Despite the giving of such notice by Operator, the Party claiming the default may, nevertheless, perform the act in question, but shall not be entitled to reimbursement of its cost until after arbitration has been concluded in its favor. Performance of any of foregoing obligations of the Operator by any Party shall not relieve the Operator of the

continuing obligation to perform such obligations. The rights granted by this Section 21.1 shall not be construed to permit the Majors to continually perform the obligations of the Operator set forth above, without complying with Section 12.3 hereof.

21.2 OTHER DEFAULTS. If a Party (the "Defaulting Party") shall fail or neglect to perform any act or thing herein provided to be performed by it (except for construction and opening by a Party of its respective Improvements as provided in Articles 7, 8 or 9 and the Major's respective Operating covenants set forth in Sections 18.1 and 18.2) or shall fail to pay any sum of money required to be paid by it hereunder, and such failure shall continue for the grace period specified in Section 21.7 after notice from another Party to this REA specifying the acts or things to be performed, any other Party may (but shall not be required to) perform or pay the same, and the Defaulting Party, on demand, shall reimburse such other Party for the cost thereof, unless the Defaulting Party notifies the other Party within thirty (30) days after receipt of such notice that it contends it is (or was) not obligated to perform the same, in which case the obligation to perform shall be subject to arbitration in accordance with Article 23 hereof. Despite the giving of such notice by the Defaulting Party, the Party claiming the default nevertheless may perform the act in question, but shall not be entitled to reimbursement of its costs until arbitration has been concluded in its favor.

If any Party other than the Defaulting Party in good faith shall deem that an emergency is occurring or has occurred so that a default (other than a default in construction and opening of Improvements or in an Operating covenant) requires immediate curing, then only such notice as is hereinafter provided shall be required, and such other Party may act promptly and take such action as is necessary to cure the alleged default. Any Party performing any action pursuant to the preceding sentence shall act with reasonable promptness and shall give notice to the Defaulting Party of the doing of such work and the alleged default. Such notice, notwithstanding any other provision of this REA, need not be in writing if the giving of a written notice would not be reasonably possible under the circumstances, so long as such notice is given to an officer or responsible official of the Defaulting Party. Written confirmation of the action shall be given as soon as reasonably possible. The Party so acting shall prosecute any work performed by it under the provisions of this Section 21.2 diligently to completion.

Nothing in this Section 21.2 shall give any Party the right to enter upon the Floor Area of any other Party or to do any work on or in any Store.

21.3 MANNER OF ACTION. Any action by a Party taken pursuant to this Article 21 shall be taken at such times and in such manner as to cause the least practical interference with the business being conducted within the Shopping Center. Except for any negligent or willful act or omission, the acting Party shall not be liable or in any way responsible for any loss, inconvenience, annoyance or damage resulting to the Defaulting Party or the Defaulting Party's Occupants for any action taken pursuant to this Article 21.

21.4 RIGHTS AND REMEDIES OF NONDEFAULTING PARTIES. If a Party breaches its covenant to construct and open Improvements on its Tract, or its covenant to Operate, or if a Party shall fail or neglect to perform any act or thing or pay any sum of money required to be performed and paid by such Party under this REA, and such failure or neglect continues after notice of such breach or failure from another Party through the grace period specified in Section 21.7, and another Party does not perform such covenant or pay such sum on behalf of the Defaulting Party in accordance with Section 21.2 hereof, the nondefaulting Parties, either individually or jointly, may exercise any or all rights and remedies available to them in law or equity, including, without limitation, but subject to Section 23.1 hereof, a suit for damages or the institution of proceedings for specific performance or an injunction to compel the Defaulting Party to observe or perform its covenants and obligations hereunder. Notwithstanding the above, if the failure to perform or pay any sum of money is the result of a dispute that is subject to arbitration under Article 23 hereof, the nondefaulting Parties shall comply with the provisions of Article 23 prior to commencing any judicial proceeding.

21.5 INJUNCTIVE RELIEF. Notwithstanding anything contained in Section 21.4, or the application of any period for curing a default under Sections 21.2 or 21.7, in the event of any violation or threatened violation by any Party of any of the terms, restrictions, covenants and conditions of this REA (whether affirmative or negative in nature), any of the Parties shall have the right to enjoin such violation or threatened violation in a court of competent jurisdiction. Prior to the commencement of any such action, at least five (5) days' written notice of such violation shall be given to the Party responsible therefor.

21.6 NO WAIVER. No act or thing done or performed by a Party pursuant to this Article 21 and no omission to act pursuant to this Article 21 shall be construed as a waiver of any default by the Defaulting Party or as a waiver of any covenant, term or condition herein contained or of the performance thereof.

21.7 "GRACE PERIOD". The term "grace period", as used in this Article 21, shall mean a period of thirty (30) days duration, except that if, because of the nature of the act or thing in question, longer than thirty (30) days is required to do or perform the same, the grace period shall be of the duration required to do or perform the same if commenced with reasonable promptness and thereafter prosecuted diligently to completion.

21.8 LICENSE FOR SELF-HELP. Each Party hereby grants to the other Parties, for the benefit of the Tract of each such other Party during the term of this REA, a nonexclusive license over and under any and all parts of its Tract for all purposes reasonably necessary to enable each other Party (acting directly or through employees, agents, contractors or subcontractors) to exercise its rights under this Article 21.

21.9 RIGHTS OF LEASEHOLD MORTGAGEES. If any Mortgagee of a Party's Tract has delivered a written notice to each of the other Parties in accordance with Section 24.2 hereof, any notice of a default or failure to satisfy a condition hereunder shall not be effective until such Mortgagee has received a copy thereof. Upon receipt of such notice, the Mortgagee shall have the right, but not the obligation, to remedy the default or satisfy the condition specified in such notice on behalf of the Defaulting Party. Such Mortgagee shall have ninety (90) days after the date of the notice of default or of failure to satisfy a condition to remedy or satisfy the same, provided, however, if such default or condition cannot be remedied or satisfied within said ninety (90) day period, the Mortgagee shall have such additional time as may be required to prosecute such remedy or satisfaction to completion, as long as the Mortgagee commences the remedy or satisfaction within said ninety (90) day period and thereafter diligently prosecutes the same to completion; provided, further, that if the Mortgagee cannot reasonably satisfy the condition or remedy the default without acquiring possession of the Defaulting Party's interest in its Tract, the Mortgagee shall have one hundred eighty (180) days after the date of the notice of default to commence any nonjudicial or judicial foreclosure proceeding required to obtain possession of the Defaulting Party's interest in its Tract and a reasonable time period thereafter in which to diligently pursue such proceeding to completion. Except as provided below, a Mortgagee shall have a reasonable period of time after the Mortgagee acquires possession of a Defaulting Party's interest in its Tract to satisfy the condition or remedy the default.

Notwithstanding the above, if the condition or default specified in the notice of default or failure to satisfy a condition is a failure by Developer to construct and complete the Developer's Improvements in accordance with Article 7 hereof or to Operate the Common Area and the Developer Mall

Stores in accordance with Article 17 hereof, the Mortgagee shall have a period of one (1) year from the date Mortgagee acquires possession of the Developer's interest in its Tract in which to satisfy the condition or remedy the default (i) by commencing, or causing to be commenced, construction of the Developer Improvements in accordance with Article 7 hereof, or (ii) by Operating or causing to be Operated the Common Area and Developer Mall Stores in accordance with Article 17 hereof. If the condition or default specified in the notice of default is the failure by a Major to construct and complete its Improvements in accordance with Article 8 or 9, as appropriate, the Mortgagee shall have a period of one year from the date the Mortgagee acquires possession of the Major's interest in its Tract, to commence, or cause to be commenced, construction of the Improvements on the Majors Tract.

Notwithstanding anything contained herein, the covenants to Operate contained in Sections 18.1 and 18.2 are subordinated to the lien of any Mortgage recorded against the Broadway Tract or the Nordstrom Tract, respectively, which is burdened by such covenant to Operate including, but not by way of limitation, any blanket mortgage which may cover any other property or properties of Broadway or Nordstrom, whether owned in fee or as a leasehold, to the end that a purchaser or purchasers in any foreclosure proceedings or pursuant to any exercise of power of sale, or any grantee under a deed in lieu of foreclosure and all successors to or through any such purchaser or purchasers, or to or through any such grantee, shall take free and clear of such covenant to Operate. Upon the request of Broadway and Nordstrom, each Party and Agency shall execute and deliver to the requesting Major such covenants in recordable form as shall be required in order to confirm or effect any such subordination. The foregoing subordination shall not extend to the provisions of Section 18.1 and 18.2 relating to operation of the respective Improvements on each Major's Tract after the expiration of the covenant to Operate. Nothing contained herein shall be deemed to relieve Broadway or Nordstrom from their respective covenants to Operate in accordance with Sections 18.1 and 18.2. In addition, nothing contained herein shall be deemed to affect any provisions set forth in this REA that make certain obligations of Developer, and the Majors' rights to enforce such obligations, conditional upon Operation of the Improvements on the Majors' Tracts in accordance with this Agreement.

The acquisition of possession of a Defaulting Party's interest in a Tract by a Mortgagee or other Person by reason of foreclosure, or termination of a Sale and Leaseback, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, shall not relieve the Defaulting Party of any personal liability resulting from a failure to construct and open Improvements in accordance with Article 7, 8 or 9

hereof, or a failure to Operate its improvements in accordance with Sections 18.1 or 18.2 hereof.

Nothing contained herein shall prevent a Party from exercising its rights to cure the default of the Defaulting Party under Section 21.4 hereof nor prohibit a Major from exercising its rights under Section 12.3 hereof until the Mortgagee has acquired the Developer's interest in the Developer Tract.

21.10 LIABILITY OF PARTIES UPON TRANSFER OF INTEREST. From and after the date of any sale, conveyance, assignment or other transfer of a Party's entire interest in its Tract, whether such transfer is voluntary or involuntary, such Party shall be relieved of all personal liability under this REA, except as otherwise provided herein. The foregoing release shall not apply (a) to any liability of such Party arising prior to the date of such transfer, (b) to any liability of such Party arising from a failure to construct and open Improvements in accordance with Articles 7, 8 or 9 hereof, or (c) to the Operating covenants of the Majors set forth in Sections 1.17, 18.1 and 18.2 hereof.

21.11 RIGHTS AND REMEDIES OF AGENCY. If any Party breaches any covenant or obligation expressly required to be performed for the benefit of Agency, or if any Party shall fail or neglect to perform any act or thing or pay any sum of money expressly required to be performed or paid by such Party to Agency hereunder and such failure shall continue after notice from Agency through the grace period specified in Section 21.7 hereof, Agency may exercise any and all of its rights or remedies available in law or equity, including, without limitation, a suit for damages or the institution of proceedings for specific performance or an injunction to compel the defaulting Party to observe or perform its covenants or obligations hereunder. If Agency shall breach any covenant or fail to perform any obligation expressly made applicable to Agency by this REA, or if Agency shall fail or neglect to perform any act or thing or pay any sum of money expressly required to be performed or paid by Agency hereunder, and such failure or neglect continues after written notice from any Party of such breach or failure through the grace period specified in Section 21.7, any Party for whom such covenant or obligation was to be performed or such sum paid may exercise any or all of the rights and remedies available to such Party in law or equity, including, without limitation, a suit for damages or the institution of proceedings for specific performance or an injunction to compel Agency to observe or perform its covenants or obligations hereunder.

## ARTICLE 22 TAXES AND ASSESSMENTS

22.1 PAYMENT. Except as otherwise provided in this Article 22, each Party shall pay, or cause to be paid, prior

to delinquency, all taxes and assessments assessed upon its Tract and the Improvements and personalty owned or leased by such Party in the Center. If the taxes or assessments or any part thereof may be paid in installments, a Party may pay each such installment as and when the same becomes due and payable, but shall pay such installment prior to the time any fine, penalty, interest or cost may be added thereto. Upon the request of any other Party, each Party shall exhibit to such other Party for examination receipts for all taxes and assessments required to be paid by such Party pursuant to this Article 22.

22.2 CONTEST. Any Party shall have the right to contest the payment of taxes and assessments deemed by the Party to be excessive or illegal. Such Party shall also have the right to defer payment thereof so long as the validity or amount of such tax or assessment is contested in good faith; provided, however, that if at any time payment of the whole or any part of the contested taxes or assessments shall be necessary in order to prevent the sale of the contesting Party's Tract because of nonpayment thereof, the contesting Party shall pay or cause to be paid such unpaid taxes and assessments in time to prevent such sale. Any payment may be made under protest.

22.3 ASSESSMENT BENEFITING SHOPPING CENTER. Anything in Section 22.1 to the contrary notwithstanding, in the event an assessment is levied against one or more Tracts that is of a general benefit to the Shopping Center as a whole as opposed to a special benefit to the Tract or Tracts levied against, but excluding any parking assessments specified in Section 22.4 or assessments levied in connection with the initial construction of the Improvements on each Party's Tract and/or installation of the Common Improvement Work, such assessment shall be prorated among the Developer, Broadway and Nordstrom on the basis of the Floor Area contained in such Party's Tract.

22.4 PARKING ASSESSMENTS. The Parties acknowledge that their respective Tracts may be subject to assessments levied in connection with a Downtown Parking Assessment Area ("DPA") or a Pocket Assessment Area formed in accordance with the Parking Agreement. As between Developer and each Major, the payment of such assessments shall be governed by Separate Agreements by and between Developer and each Major. Other than assessments levied in connection with a DPA or Pocket Assessment Area formed in accordance with the Parking Agreement, the Developer Tract, Broadway Tract and Nordstrom Tract shall not be subject to any DPA or other benefit assessment in connection with Agency's contribution to the cost of constructing the Onsite Parking Structure and the construction and acquisition of the Offsite Parking Structure and Agency shall assume responsibility for all such assessments and shall defend, indemnify and hold each Party harmless from any and all such assessments. In addition, Agency shall assume

responsibility for any assessments levied by a DPA formed in accordance with the Parking Agreement in connection with Agency's contribution to the cost of constructing the Onsite Parking Structure and the construction and acquisition of the Offsite Parking Structure from and after the date that is the earlier of (i) thirty (30) years after the date a certificate of completion has been issued for all Improvements on the Project Site, or (ii) the date that lease revenue bonds or certificates of participation issued to finance the DPA formed in accordance with the Parking Agreement have been paid in full, and Agency shall defend, indemnify and hold each Party harmless from any and all such assessments from and after said date.

22.5 PBIA TAX. The Parties acknowledge that the businesses in the Shopping Center may be subject to a Parking and Business Improvement Area Tax ("PBIA Tax") levied by the City. The aggregate amount of the PBIA Tax applicable to businesses in the Shopping Center, including the Rehabilitation Parcel if incorporated into the Center, shall not exceed One Hundred Thousand Dollars (\$100,000) per year ("PBIA Tax Maximum") and Agency hereby covenants and agrees with each of the Parties to assume the obligation for the payment of any PBIA Tax in excess of the PBIA Tax Maximum levied against the businesses in the Shopping Center. The Operator shall determine the PBIA Tax liability of the businesses in the Shopping Center up to the PBIA Tax Maximum, and shall collect from the Majors and the tenants of the Developer Mall Stores the portion of the PBIA Tax Maximum applicable to such Person. Each Major and tenant of a Developer Mall Store shall submit its completed PBIA Tax forms to the Operator. The Operator shall submit all completed PBIA Tax forms and payment of the PBIA Tax as may be due for such year, up to the PBIA Tax Maximum, to City. Operator shall notify Agency when the PBIA Tax Maximum has been reached and provide evidence that the PBIA Tax Maximum has been paid to City. The Operator shall thereafter submit all completed PBIA Tax forms directly to the Agency who shall pay all PBIA Tax incurred by the businesses in the Shopping Center for the remainder of such calendar year. As between Developer and each of the Majors, the payment of the Majors' allocable share of the PBIA Tax Maximum shall be governed by the terms of the Separate Agreements by and between Developer and each Major.

## ARTICLE 23 ARBITRATION

23.1 DISPUTES COVERED. Any dispute involving Articles 5, 6, 7, 8, 9, 10, 14, 15, 16 and 21 [Plans, Common Improvement Work, Construction of Improvements, Maintenance and Alterations, Damage and Destruction, Condemnation and Unperformed Covenants] including those arising from lack of approval, controversies or disagreements between the Parties arising from the interpretation or application of this REA and any

dispute involving other Articles in this REA which contain specific provisions for arbitration shall be resolved by arbitration as provided herein; provided, however, that any Party may seek prohibitory injunctive relief without first submitting a controversy to arbitration. Each Party expressly acknowledges that the terms of this Article 23 shall not apply to any dispute between the Parties hereto and Agency.

23.2 PROCEDURES. Any Party may request a meeting to be attended by the other two Parties for the purpose of resolving any dispute subject to arbitration hereunder. If the matter is not resolved at the meeting, or the meeting is not held, any Party may within thirty (30) days from the date set for the meeting make a written request to resolve the dispute by arbitration. Within ten (10) days from the date of receipt of such notice, each Party shall each select an arbitrator. If a Party fails to appoint an arbitrator within ten (10) days after receipt of the notice, either of the other two Parties may request the Presiding Judge of the Superior Court of Santa Barbara County, State of California, to appoint an arbitrator on behalf of such Party. Only Persons having substantial experience in the design, development, operation and maintenance, as appropriate, of a first-class, high quality, regional shopping mall located in Southern California shall be selected by the Parties as arbitrators. If the valuation of a Party's Tract is in dispute, only MAI appraisers having substantial experience in the appraisal of shopping centers in Southern California shall be selected as arbitrators. The arbitrators selected shall meet within ten (10) days after selection and shall resolve the matter in dispute and all questions pertaining thereto. A majority decision shall be final and binding upon the Parties. Each Party shall bear its own expenses in connection with any arbitration.

The decision of the arbitrators may be entered as a judgment in a court of competent jurisdiction. All arbitration conducted under this Article 23 shall be in accordance with the rules of the American Arbitration Association, to the extent such rules do not conflict with the procedures herein set forth. Except as set forth under the provisions of Section 23.1 as to prohibitory injunctive relief, to the extent permitted by law, compliance with this Article 23 is a condition precedent to the commencement by any Party of a judicial proceeding arising out of a dispute which is subject to arbitration hereunder. No damages or costs, including attorneys' fees, shall be awarded in arbitration, but claims for damages, costs and attorneys' fees are reserved for the jurisdiction of the courts.

ARTICLE 24  
NOTICES

24.1 NOTICES TO PARTIES. Any notice, demand, request, consent, approval, designation or other communication which any Party or Agency is required or desires to give or make or communicate to any other Party or Agency shall be in writing and shall be given or made or communicated by personal delivery, or by United States registered or certified mail, return receipt requested, postage prepaid, or by courier or express service guaranteeing overnight delivery, with a signed receipt in each case addressed, in the case of Developer to:

SANTA BARBARA ASSOCIATES  
c/o REININGA CORPORATION  
600 Montgomery Street, Suite 3600  
San Francisco, California 94111  
Attn: President

with a further copy to:

JMB/PASEO NUEVO ASSOCIATES  
875 North Michigan Avenue  
Suite 3900  
Chicago, Illinois 60611  
Attn: Mr. Robert Chapman

with a further copy to:

JMB/California  
One Embarcadero Center  
Suite 2716  
San Francisco, CA 94111  
Attn: Ms. Darla Totusek

and addressed, in the case of Broadway to:

CARTER HAWLEY HALE STORES, INC.  
550 South Flower Street  
Los Angeles, California 90071  
Attn: Vice President, Real Estate - Legal

and addressed, in the case of Nordstrom to:

NORDSTROM, INC.  
1501 Fifth Avenue  
Seattle, Washington 98101  
Attn: President

with a further copy to:

NORDSTROM, INC.  
1501 Fifth Avenue  
Seattle, Washington 98101  
Attn: Vice President/Store Planning

and addressed, in the case of Agency to:

REDEVELOPMENT AGENCY OF THE CITY OF  
SANTA BARBARA  
City Hall  
P.O. Drawer P-P  
735 Anacapa Street  
Santa Barbara, California 93102  
Attn: Executive Director

with a further copy to:

CITY OF SANTA BARBARA  
City Hall  
P.O. Box Drawer P-P  
735 Anacapa Street  
Santa Barbara, CA 93102  
Attn: City Attorney

subject to the right of Agency and any Party to designate a different or additional address by notice similarly given. Any notice, demand, request, consent, approval, designation, including any duplicate original, or other communication so sent shall be deemed to have been given, made or communicated, as the case may be, on the date the same was delivered personally or by the United States mail as registered or certified matter, with postage thereon fully prepaid. If any such notice requires any action or response by the recipient, such fact shall be clearly stated in the notice in the manner provided for in Section 31.7 of this REA.

24.2 MORTGAGEE NOTICE. The Mortgagee under any Mortgage affecting any Tract shall be entitled to receive notice of any default by the Party owning such Tract, provided that such Mortgagee shall have delivered a copy of a notice in the form hereinafter contained to Agency and each Party hereunder. The form of such notice shall be as follows:

The undersigned, whose address is \_\_\_\_\_ does hereby certify that it is the holder of a first leasehold lien upon the leasehold estate described in Exhibit "A" attached hereto which lien encumbers the leasehold estate of (Party) in the Paseo Nuevo Shopping Center. In the event that any notice shall be given of the default of the Party upon whose leasehold estate this

lien applies, a copy thereof shall be delivered to the undersigned who shall have, subject to the terms of that certain Construction, Operation and Reciprocal Easement Agreement dated \_\_\_\_\_, 19\_\_\_\_, encumbering such leasehold estate, the right to cure such default. Failure to deliver a copy of such notice to the undersigned shall in no way affect the validity of the notice of default as it respects such Party.

Any such notice to a Mortgagee shall be given in the same manner as provided in Section 24.1 hereof. The failure to deliver a copy of a notice of default to any Mortgagee shall in no event create any liability on the part of Agency or the Party so declaring a default, but Agency or such Party shall not be entitled to exercise its rights and remedies as to the default declared against the interest of the Mortgagee, except in an emergency, until written notice is given to the Mortgagee in accordance with Section 24.1. If any notice shall be given of the default of a Party, such Mortgagee shall have the right to cure such default in accordance with Section 21.9 hereof.

#### ARTICLE 25 AMENDMENT

25.1 METHOD OF AMENDMENT. The Parties hereto and Agency agree that the provisions of this REA may be modified or amended, in whole or in part, only with the consent of all of the Parties, and of Agency, to the extent such amendment affects a specific right granted to, or a specific obligation to be performed by, Agency. Any amendment shall be by declaration in writing, executed and acknowledged by all of said Parties and Agency, and duly recorded in the Office of the County Recorder of Santa Barbara County. Nothing contained herein shall preclude a Separate Agreement between two or more Parties, provided that the Parties who are not signatories to any such Separate Agreements shall not be bound or affected thereby, and shall have no right to enforce any of the provisions thereof.

25.2 NO THIRD PARTY BENEFICIARY. Except for the provisions of Sections 15.8, 20.7, 21.9, 24.2 and 31.2 hereof which are for the benefit of a Mortgagee, the provisions of this REA are for the exclusive benefit of the Parties, their successors and assigns, and not for the benefit of any third Person, including any Occupant of the Center other than the Parties hereto, nor shall this REA be deemed to have conferred any rights, express or implied, upon any third person. It is expressly understood and agreed that no modification or amendment, in whole or in part, shall require any consent or approval on the part of any Occupant or Permittee other than a

Party. No such modification or amendment shall be binding upon any Mortgagee which has delivered a notice in the form set forth in Section 24.2 to each Party prior to the effective date of such modification or amendment unless such Mortgagee has consented to or approved such modification or amendment.

ARTICLE 26  
TERMINATION OF REA

This REA shall terminate upon the earlier of (a) the date that is seventy-five (75) years after the date first set forth above, (b) the date on which all of the Developer Tract, Broadway Tract and Nordstrom Tract revert in Agency pursuant to the terms of the Separate Agreements, or (c) the Date of Taking if all the Developer Tract, Broadway Tract and Nordstrom Tract are subject to a Total Taking or Substantial Taking.

ARTICLE 27  
SIGN CRITERIA

The Sign Criteria for the Shopping Center is attached hereto as Exhibit "K". No Occupant shall erect a sign in the Shopping Center that does not conform in all respects to the Sign Criteria. Any proposed sign or modification to an existing sign that does not completely comply with the Sign Criteria shall not be erected without receiving the prior written approval of each Party. All signs erected by an Occupant of the Shopping Center shall comply with all governmental laws, ordinances, rules and regulations pertaining to such signs.

ARTICLE 28  
FORCE MAJEURE

28.1 FORCE MAJEURE. Each Party and Agency shall be excused from performing any obligation or undertaking provided in this REA, except any obligation to pay any sums of money under the applicable provisions hereof (unless such payment is conditional upon performance of an obligation or undertaking excused by the provisions of this Article 28), in the event and so long as the performance of any such obligation is prevented or delayed, retarded or hindered by act of God, fire, earthquake, floods, explosion, actions of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, action of labor unions, condemnation, requisition, laws, orders of governmental or civil or military or naval authorities, or any other cause, whether similar or dissimilar to the foregoing, not within the respective control of such Party. If performance of an obligation is prevented or delayed by any of the foregoing causes, the Party claiming the extension shall give prompt notice of such delay to each

of the other Parties. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of commencement of the cause.

28.2 MAJORS EXCUSED FROM RECONSTRUCTION. Each Major shall be excused from the performance of its respective obligations set forth in Section 15.2 (i) for and during any period of time in which the Developer shall be in default of its covenants as set forth in Section 15.1 hereof or (ii) when such Major has been released from its covenant to Operate pursuant to Section 18.4 hereof.

28.3 DEVELOPER EXCUSED FROM RECONSTRUCTION. Developer shall be excused from the performance of its obligations set forth in Section 15.1 for and during any period of time when both of the Majors are in default of (i) their respective Restoration covenants contained in Section 15.2 or (ii) their respective Operating covenants contained in Sections 18.1 or 18.2.

#### ARTICLE 29 NONDISCRIMINATION AND NONSEGREGATION

Each Party covenants that there shall be no discrimination against or segregation of, any person, or group of persons on account of sex, marital status, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of such Party's Tract, nor shall any transferee of a Party or any person claiming under or through a Party establish, or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of such Party's tract.

#### ARTICLE 30 RIGHTS UPON TERMINATION OF LEASES

30.1 MAJORS' RIGHTS UPON TERMINATION OF DEVELOPER LEASE. If at any time during the term of this REA, the Developer Tract and the Onsite Parking Tract, to the extent the Onsite Parking Tract is subject to the Developer Lease because Developer is operating the Onsite Parking Structure as a private parking structure in accordance with the Onsite Parking Covenants (the Developer Tract and the Onsite Parking Tract, if subject to the Developer Lease, are hereafter referred to as the "Developer Premises"), reverts in Agency pursuant to the terms of the Developer Lease, and all right, title and interest of any and all Mortgagees, or any Person claiming under such Mortgagee, in and to the Developer Premises, including any and all rights to cure the default of Developer under the Developer Lease, or to obtain a new lease of the Developer Premises from Agency, have terminated, then

Agency shall give prompt notice of such fact to each of Broadway and Nordstrom. Each of Broadway and Nordstrom shall thereafter each have the right to acquire the Developer Premises and to assume and comply with all obligations of the Developer (i) under this REA relating to the Developer Premises, including the covenants set forth in Section 17.2 hereof with respect to Operation of the Common Area and Developer Mall Stores, Articles 6 (Common Improvement Work) and 7 (Construction of Developer Improvements) to the extent construction of the Common Area and Developer Mall Stores is not completed, and Article 15 (Damage and Destruction) to the extent that any damaged or destroyed Developer Improvements are required to be restored and (ii) the Onsite Parking Covenants, if the Onsite Parking Tract is subject to the Developer Lease at the time of revesting, by giving Agency written notice of its exercise of such right to acquire within one (1) year after the date of Agency's written notice of the revesting of the Developer Premises in Agency. If both Majors exercise their right to acquire the Developer Premises, Agency shall enter into a lease of the Developer Premises with both Broadway and Nordstrom as tenants in common on substantially the same terms and conditions as contained in the Developer Lease, and Broadway and Nordstrom shall jointly assume and comply with the obligations of the Developer relating to the Developer Tract set forth in this REA and the Onsite Parking Covenants, if the Onsite Parking Tract is subject to the Developer Lease at the time of revesting. If only one of Broadway and Nordstrom exercises its right to acquire the Developer Premises, Agency shall enter into a new lease of the Developer Premises on the terms and conditions set forth above with the exercising Major, and such Major shall thereafter assume and comply with the obligations of the Developer set forth in this REA with respect to the Developer Tract and the Onsite Parking Covenants with respect to the Onsite Parking Tract, if the Onsite Parking Tract is subject to the Developer Lease at the time of revesting.

If neither Broadway or Nordstrom elect to acquire the Developer Premises within said one (1) year period, Agency may elect, by giving written notice of such election to each of the Majors within sixty (60) days after the expiration of said one (1) year period, to assume and comply with the obligations of the Developer relating to (i) the Developer Tract set forth in this REA, and (ii) the Onsite Parking Tract set forth in the Onsite Parking Covenants, if the Onsite Parking Tract has then revested in Agency by reason of termination of the Developer Lease. If the Developer Premises reverts in Agency prior to the completion of the construction of the Developer Improvements and the Onsite Parking Structure, and neither Major elects to acquire the Developer Premises and Agency does not elect to assume Developer's obligations hereunder, Agency may use the Developer Tract for any retail purpose or high quality office, service or restaurant purpose during the remainder of the term of this REA, provided that the maximum

Floor Area of any improvements constructed for such use shall not exceed the Initial Planned Floor Area of the Developer Mall Stores and any use of such improvements shall be subject to the prohibitions set forth in Section 11.7 hereof, and Agency shall use the Onsite Parking Structure in accordance with and subject to the Onsite Parking Covenants, if the Onsite Parking Tract reverts in Agency due to termination of the Developer Lease. If the Developer Premises reverts in Agency after completion of construction of the Developer Improvements and the Onsite Parking Structure, and neither Broadway or Nordstrom elects to acquire the Developer Premises and Agency does not elect to assume the obligations of Developer hereunder, Agency may use the Developer Improvements for any retail purpose or high quality office, service or restaurant purpose during the remainder of the term of this REA subject to Sections 11.5 through 11.7 hereof, and if the Onsite Parking Tract also reverts in Agency due to termination of the Developer Lease, Agency shall use the Onsite Parking Structure in accordance with and subject to the Onsite Parking Covenants.

30.2 USE OF MAJORS' TRACT UPON REVESTING. Any Person acquiring title to or possession of a Major's Tract, including the Agency, after a Major has been divested of its Tract pursuant to the terms of its lease with the Agency, and all right, title and interest of any and all Mortgagees, or any Person claiming under such Mortgagee, in and to such Major's Tract, including any and all rights to cure the default of such Major under its lease with the Agency or to obtain a new lease of the Major's Tract from the Agency, have terminated, may use the Improvements on the Major's Tract for the operation of a retail department store or for any other retail, high quality office, service or restaurant purpose during the remainder of the term of this REA, subject to the use prohibitions on use set forth in Section 11.7 hereof.

ARTICLE 31  
MISCELLANEOUS

31.1 ATTORNEYS' FEES. If any Party shall institute any judicial action or proceeding, excluding any arbitration proceeding, relating to violations, threatened violations or failure of performance of or under this REA, or any default hereunder, or to enforce the provisions hereof, then the prevailing Party shall be entitled to recover its reasonable attorneys' fees from the defaulting Party. Reasonable attorneys' fees shall be as fixed by the court. The "prevailing Party" shall be the Party which by law is entitled to recover its cost of suit, whether or not the action proceeds to final judgment. If the Party which shall have instituted suit shall dismiss it as against another Party or Parties without the concurrence of such other Party or Parties, the other Party or Parties shall be deemed the prevailing Party.

31.2 BREACH SHALL NOT DEFEAT MORTGAGE. A breach of any of the terms, conditions, covenants, or restrictions of this REA shall not defeat or render invalid the lien of any Mortgage made in good faith and for value upon a Party's Tract, but such terms, conditions, covenants or restrictions shall be binding upon and effective against any Person who acquires title to said Tract or any portion thereof by foreclosure, trustee's sale or otherwise.

31.3 BREACH SHALL NOT PERMIT TERMINATION. It is expressly agreed that no breach of this REA shall entitle any Party to cancel, rescind or otherwise terminate this REA, but such limitation shall not affect, in any manner, any other right or remedies which the Parties may have hereunder by reason of any breach of this REA.

31.4 CAPTIONS. The captions of the Sections and Articles of this REA are for convenience only and shall not be considered nor referred to in resolving questions of interpretation and construction.

31.5 CONSENT. In any instance in which Agency or any Party to this REA shall be requested to consent to or approve of any matter with respect to which the Party's consent or approval of Agency or such Party is required by any of the provisions of this REA, such consent or approval shall be given in writing, and shall not be unreasonably withheld, unless the provisions of this REA with respect to a particular consent or approval shall expressly provide that the same may be given or refused in the sole and absolute judgment of Agency or such Party. Requests for consent shall be subject to the provisions of Section 31.7.

31.6 ESTOPPEL CERTIFICATE. Each Party and signatory hereto and Agency hereby severally covenants that upon written request of any other Party, it will issue to such other Party, or to any Mortgagee, or any other Person specified by such requesting Party, an estoppel certificate stating to the best of its knowledge (a) whether the Party or signatory to whom the request has been directed knows of any default under the REA, and if there are known defaults, specifying the nature thereof; (b) whether the REA has been assigned, modified or amended in any way (and if it has, then stating the nature thereof); and (c) that the REA as of that date is in full force and effect. Any inaccuracy contained in any such estoppel certificate shall not constitute grounds for establishing liability against the Party or Agency executing and delivering such estoppel certificate, but such Party or Agency shall be estopped from claiming, as against the Person to whom it delivered the estoppel certificate, a set of facts contrary to those which it stated in the estoppel certificate.

31.7 EXERCISE OF APPROVAL RIGHTS.

(a) Wherever in this REA approval of Agency or any Party is required, and unless a different time limit is provided in any Section of this REA, such approval or disapproval shall be given within thirty (30) days following the receipt of the item to be so approved or disapproved, or the same shall be conclusively deemed to have been approved by Agency and such Party. Any disapproval shall specify with particularity the reasons therefor; provided, however, that wherever in this REA Agency or any Party is given the right to approve or disapprove in its sole and absolute discretion, it may disapprove without specifying a reason therefor.

(b) Wherever in this REA a lesser period of time than the thirty (30) day period described above is provided for approval or disapproval, such time limit shall not be applicable unless the notice to Agency or the Party whose approval or disapproval is required contains a correct statement of the period of time within which Agency or such Party shall act. Failure to specify the correct time period shall not invalidate the notice but simply shall require the action of Agency or such Party within a thirty (30) day period.

(c) Any document submitted for the consent or approval of Agency or any Party shall contain a cover page prominently reciting the applicable REA Section involved, listing the date mailed, and if applicable, containing a statement to the effect that the document or the facts contained within such document shall be deemed approved or consented to by the recipient unless the recipient makes an objection thereto within the correct time specified in such notice, which shall be thirty (30) days unless this REA shall specify a different period. If the time specified in the notice is incorrectly or not set forth, the time limit shall be thirty (30) days unless a longer time period is specified in the REA, in which case the longer period of time shall control. Failure to specify the applicable time period shall not invalidate the notice but simply shall require the action of Agency or the Party within said thirty (30) day period.

(d) Whenever in this REA, provision is made for approval "by the Parties" or "of the Parties," or "of the Majors" or "by the Majors," such phrases shall mean respectively the approval of all of the Parties, or the approval of each of the Majors.

31.8 GOVERNING LAWS. This REA shall be construed in accordance with the laws of the State of California.

31.9 NO PARTNERSHIP. Neither anything in this REA contained nor any acts of the Parties hereto shall be deemed or construed by the Parties, or any of them, or by any third person, to create the relationship of principal and agent, or

of partnership, or of joint venture, or of any association between any of the Parties.

31.10 NOT A PUBLIC DEDICATION. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Center to the general public or for the general public or for any public purpose whatsoever, it being the intention of the Parties hereto that this REA shall be strictly limited to and for the purposes herein expressed.

31.11 PAYMENT ON DEFAULT. If pursuant to this REA any Party is compelled or elects to pay any sum of money or do any acts that require the payment of money by reason of any other Party's failure or inability to perform any of the terms and provisions in this REA to be performed by such other Party, the defaulting Party shall promptly upon demand, reimburse the paying Party for such sums, and all such sums shall bear simple interest at the rate of one percent (1%) per annum over the Reference Rate (but in no event exceeding the maximum rate permitted by law), from the date of expenditure until the date of such reimbursement. Any other sums payable by any Party to any other Party pursuant to the terms and provisions of this REA that shall not be paid when due shall bear simple interest at the rate of one percent (1%) per annum over the Reference Rate (but in no event exceeding the maximum rate permitted by law) from the due date to the date of payment thereof.

If repayment shall not be made within ten (10) days after such demand is made, the Party having so paid shall have the right to deduct the amount thereof, together with interest as aforesaid, without liability or forfeiture, from any sums then due or thereafter becoming due from it to the defaulting Party hereunder.

Any deduction made by any Party pursuant to the provisions of this Section 31.11 from any sums due or payable by it hereunder shall not constitute a default in the payment thereof unless such Party fails to pay the amount of such deduction to the Party to whom the sum is owing within thirty (30) days after final adjudication that such amount is owing. The option given in this Section 31.11 is for the sole protection of the Party so paying and its existence shall not release the defaulting Party from the obligation to perform the terms, provisions, covenants and conditions herein provided to be performed thereby or deprive the Party so paying of any legal rights which it may have by reason of any such default.

31.12 SEVERABILITY. If any term, provision or condition contained in this REA shall, to any extent, be invalid or unenforceable, the remainder of this REA (or the application of such term, provision or condition to persons or circumstances other than those in respect of which it is invalid or unenforceable), except those terms, provisions or conditions which are made subject to or conditioned upon such invalid or

unenforceable terms, provisions or conditions, shall not be affected thereby, and each term, provision and condition of this REA shall be valid and enforceable to the fullest extent permitted by law.

31.13 SUCCESSORS. This REA shall, except as otherwise provided herein, run with the land, both as respects the benefits and burdens created herein, and shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties and Agency.

31.14 TIME OF ESSENCE. Time is of the essence with respect to the performance of each of the covenants and agreements contained in this REA.

31.15 WAIVER OF DEFAULT. No waiver of any default by any Party shall be implied from any omission by any other Party to take any action in respect of such default if such default continues or is repeated. No express waiver of any default shall affect any default or cover any period of time other than the default and period of time specified in such express waiver. One or more waivers of any default in the performance of any term, provision or covenant contained in this REA shall not be deemed to be a waiver of any subsequent default in the performance of the same term, provision or covenant or any other term, provision or covenant contained in this REA. The consent or approval by any Party to or of any act or request by any other Party requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any subsequent similar acts or requests. The rights and remedies given to any Party by this REA shall be deemed to be cumulative and no one of such rights and remedies shall be exclusive of any of the others, or of any other right or remedy at law or in equity which any such Party might otherwise have by virtue of a default under this REA, and the exercise of one such right or remedy by any such Party shall not impair such Party's standing to exercise any other right or remedy.

31.16 COUNTERPARTS. This REA may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a Party or Agency to any counterpart may be removed and attached to any other counterpart. Any counterpart to which is attached the signatures of all Parties and Agency shall constitute an original of this REA.

31.17 RESTRICTION ON FURTHER DEVELOPMENT. Agency agrees and covenants for the benefit of Developer and each Major that during the Covenant Period, Agency will not participate in the establishment of a Shopping Center in the Proscribed Area.

For purposes of this Section 31.17, the following terms shall have the following meanings:

(a) "Covenant Period". The term "Covenant Period", with respect to each Major, shall be the period commencing with the effective date of the DDA and continuing until the date that is twenty (20) years after the Actual Opening Date of such Major's Store, so long as such Major in fact Operates its Store during such twenty (20) year period; provided, however, if both Majors continue to Operate their respective Stores after the expiration of the twenty (20) year period, the Covenant Period shall continue until the date that is thirty (30) years after the Actual Opening Date of each Major's Store. With respect to Developer, the Covenant Period shall be the period commencing with effective date of the DDA and shall continue until the date that is thirty (30) years after the Actual Opening Date of the Developer Mall Stores, so long as Developer is Operating the Developer Mall Stores and the Common Area during such thirty (30) year period.

(b) "Participate in the Establishment". The term "participate in the establishment" shall mean entering into a disposition and development agreement, an owner participation agreement or any other agreement with another Person wherein Agency agrees, as part of a plan of development, to acquire any property, sell, lease or otherwise transfer any property or pay to or contribute any money or property to induce, cause or cooperate in the construction or operation of a Shopping Center; or any undertaking of Agency without an agreement with another Person to do or perform the same activities that would be prohibited as above. Notwithstanding the above, the term "participating in the establishment" shall not include the construction of a public parking facility or other public infrastructure by Agency in the Proscribed Area provided that Agency does not have a contractual agreement with another Person to do or perform the same activities that would be prohibited as above.

(c) "Shopping Center". The term "Shopping Center" shall refer to a store or group of stores offering for sale to the general public a variety of consumer goods, wares and merchandise of the type typically sold in retail shopping centers in premises containing one or more anchor stores of fifty thousand (50,000) square feet or more of gross leasable area, other than an anchor store that is a supermarket or drugstore, or a combination supermarket/drugstore, and (i) containing two hundred thousand (200,000) or more square feet of gross leasable area of newly constructed improvements, (ii) containing up to three hundred thousand (300,000) square feet of gross leasable area in existing and newly constructed improvements, of which one hundred thousand (100,000) square feet or more represents net new gross leasable area which is in addition to and not a renovation or restoration of existing improvements, or (iii) containing three hundred thousand

(300,000) square feet or more of gross leasable area, that are designed, operated and bound by written obligation to operate as, and provide the appearance to the general public that the respective stores offering such goods, wares and merchandise are, a single integrated premises sharing common facilities, access, pedestrian and parking circulation and operating procedures.

(d) "Proscribed Area". The term "Proscribed Area" shall mean the City of Santa Barbara, California excepting therefrom the Downtown Area. The "Downtown Area" is that area lying within the area bounded by Carrillo Street, De La Vina Street, Cota Street, and Anacapa Street, and the area occupied by a renovated or relocated J.C. Penney store provided that such J.C. Penney store is located at its existing location in the 1100 block of State Street or at a location in closer proximity to the Project Site.

The Parties and Agency acknowledge that the purpose of this Section 31.17 is to promote retail competition and retail revitalization in the Downtown Area.

31.18 EXHIBITS. Exhibits "A," "B," "C," "D," "E," "F," "G," "I," "~~"J,"~~" "K" and "L" attached to this REA shall be deemed to be incorporated herein by the individual reference to each such Exhibit and all such Exhibits shall be deemed to be a part of this REA as though set forth in full in the body hereof. In the event of any conflict between the terms and conditions of this REA and any such Exhibit, the terms and conditions of this REA shall control.

31.19 LIABILITY. No adviser, trustee, director, officer, employee, beneficiary, shareholder, participant or agent of or in JMB/Paseo Nuevo Associates, a general partner of Developer ("JMB"), shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or referred to herein, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and all other persons and entities shall look solely to JMB's assets for the payment of any claim or for any performance; provided, however, that this provision shall not prevent a Party from naming JMB or any partner in JMB as a party defendant or from obtaining a judgment against JMB or any partner in JMB for the purpose of enforcing this REA or any agreement referred to herein or any amendment thereto if recourse is limited to the assets of JMB.

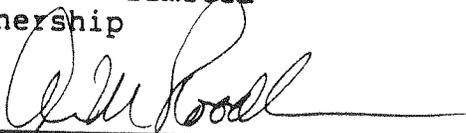
31.20 DDA SATISFACTION. Agency hereby acknowledges that execution by the Parties hereto of this REA and performance of their respective obligations hereunder shall constitute satisfaction of the requirements of the DDA with respect to construction, development and operation of the Center.

THIS REA has been executed by the Parties as of the day and year first above written and shall be effective upon recording in the Official Records of Santa Barbara County, California.

DEVELOPER:

SANTA BARBARA ASSOCIATES,  
a California general partnership

By: PASEO NUEVO ASSOCIATES, a  
California limited  
partnership

By   
\_\_\_\_\_  
Its General Partner

By: JMB/PASEO NUEVO ASSOCIATES,  
an Illinois general  
partnership

By: JMB/PN, INC., an  
Illinois corporation  
General Partner

By   
\_\_\_\_\_  
DARLA S. TOTUSEK,  
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,  
a Delaware corporation

By \_\_\_\_\_

By \_\_\_\_\_

NORDSTROM:

NORDSTROM, INC., a Washington  
corporation

By \_\_\_\_\_

By \_\_\_\_\_

CARTER HAWLEY HALE STORES,  
INC., a Delaware corporation

By *R. J. Martin*

Its Vice President

By *A. W. ...*

Its Secretary

THIS REA has been executed by the Parties as of the day and year first above written and shall be effective upon recording in the Official Records of Santa Barbara County, California.

DEVELOPER:

SANTA BARBARA ASSOCIATES,  
a California general partnership

By: PASEO NUEVO ASSOCIATES, a  
California limited  
partnership

By \_\_\_\_\_  
Its General Partner

By: JMB/PASEO NUEVO ASSOCIATES,  
an Illinois general  
partnership

By: JMB/PN, INC., an  
Illinois corporation  
General Partner

By \_\_\_\_\_  
DARLA S. TOTUSEK,  
Vice President

BROADWAY:

CARTER HAWLEY HALE STORES, INC.,  
a Delaware corporation

By \_\_\_\_\_

By \_\_\_\_\_

NORDSTROM:

NORDSTROM, INC., a Washington  
corporation

By  \_\_\_\_\_

By \_\_\_\_\_

AGENCY:

REDEVELOPMENT AGENCY OF  
THE CITY OF SANTA BARBARA

ATTEST:

AGENCY SECRETARY

By *William D. Davis*  
Assistant Agency  
Secretary

By *Ronald W. Jones*  
Executive Director

APPROVED AS TO CONTENT:

DEPUTY EXECUTIVE DIRECTOR

By *William D. Davis*  
Housing and Redevelop-  
ment Manager

APPROVED AS TO FORM:

AGENCY COUNSEL

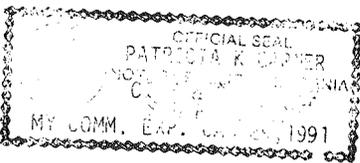
By *John Wiley*  
Assistant Agency  
Counsel

By *Herbert M. Wheeler*  
Special Agency  
Counsel

STATE OF CALIFORNIA )  
COUNTY OF San Francisco ) ss.

On this 25<sup>th</sup> day of November, 1987, before me, a Notary Public, personally appeared Debra M. Rodman personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as general partner of PASEO NUEVO ASSOCIATES, a California limited partnership; said partnership being a general partner of SANTA BARBARA ASSOCIATES, a California general partnership, the general partnership that executed the within instrument, and acknowledged to me that such general partnership executed it.

WITNESS my hand and official seal.

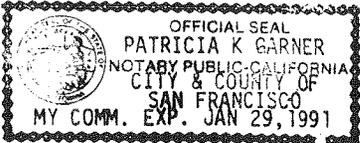


Patricia K. Garner  
NOTARY PUBLIC

STATE OF CALIFORNIA )  
COUNTY OF San Francisco ) ss.

On this 25<sup>th</sup> day of November, 1987, before me, a Notary Public, personally appeared DARLA S. TOTUSEK, personally known to me, or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as Vice President of JMB/PN, INC., an Illinois corporation; said corporation being a general partner of JMB/Paseo Nuevo Associates, an Illinois general partnership; said partnership being a general partner of SANTA BARBARA ASSOCIATES, a California general partnership, the general partnership that executed the within instrument, and acknowledged to me that such general partnership executed it.

WITNESS my hand and official seal.



Patricia K. Garner  
NOTARY PUBLIC

STATE OF CALIFORNIA )  
COUNTY OF ) ss.

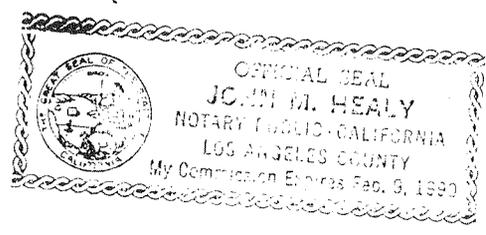
On this \_\_\_\_\_ day of \_\_\_\_\_, 1987, before me, a Notary Public, personally appeared \_\_\_\_\_ and \_\_\_\_\_, personally known to me, or proved to me on the basis of satisfactory evidence, to be the persons who executed the within instrument as \_\_\_\_\_ and \_\_\_\_\_

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF LOS ANGELES )

On November 9, 1987 before me, the undersigned, a Notary Public in and for said State, personally appeared R. J. Gilmartin personally known to me to be the Vice President, and James L. Vandeberg, personally known to me to be the Secretary of CARTER HAWLEY HALE STORES, INC., the Corporation that executed the within instrument and known to me to be the persons who executed the same on behalf of the Corporation therein named and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

*John M. Healy*





LIST OF REA EXHIBITS

<u>EXHIBITS</u>	<u>DESCRIPTION</u>
Exhibit A - Part I	Project Site [to be added]
Exhibit A - Part II	Developer Tract [to be added]
Exhibit A - Part III	Broadway Tract [to be added]
Exhibit A - Part IV	Nordstrom Tract [to be added]
Exhibit A - Part V	Onsite Parking Tract [to be added]
Exhibit A - Part VI	Lot 2
Exhibit A - Part VII	Lot 10
Exhibit B	Site Plan
Exhibit C	Common Area Site Plan
Exhibit D	Rehabilitation Parcel
Exhibit E	Schedule of Performance
Exhibit F	Retail Access and Service Plan
Exhibit G	Form of Easement, Covenant and Restriction Agreement
Exhibit H	Intentionally Omitted
Exhibit I	Height Limits [to be added]
Exhibit J	Pushcart Operation and Maintenance Standards [to be added]
Exhibit K	Sign Criteria [to be added]
Exhibit L	Rules and Regulations [to be added]

LEGAL DESCRIPTION

PARCEL ONE:

Parcels 2 and 12 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book 42, Pages 86 through 98, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 1, 7 and 8 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book 42, Pages 86 through 98, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 3, 9, 10 and 11 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book 42, Pages 86 through 98, inclusive of Parcel Maps, in the office of the County Recorder of said County.

EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

Parcels 4, 5, 6, 13 and 14 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book 42, Pages 86 through 98, inclusive of Parcel Maps, in the office of the County Recorder of said County.

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substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

DEVELOPER

LEGAL DESCRIPTION

Parcels 2 and 12 of Parcel Map No. 20,504 in the City of Santa Barbara, County of Santa Barbara, State of California, as per map recorded in Book 42, Pages 86 through 98, inclusive of Parcel Maps, in the office of the County Recorder of said County.

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EXCEPTING from a portion of said land all oil, gas and mineral substances, provided that the surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Central City Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved in various documents of record.

## EXHIBIT A-PART VI

## LEGAL DESCRIPTION

Those portions of City Block 158 in the said City of Santa Barbara, according to the Official Map thereof described as Parking District No. 1, Lot No. 2, Block 158 as per City Engineer's Plan No. C-1-2973 on file in the office of the City Engineer of said City of Santa Barbara and more particularly described as follows:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

## PARCEL ONE:

Beginning at a point on the Northwesterly line of Canon Perdido Street, distant thereon 164 feet Northeasterly from the most Southerly corner of said block; thence Northwesterly at right angles to said street line 154.83 feet; thence North 41°30' East 61 feet; thence North 48°30' West 3 feet; thence North 41°30' East 24.47 feet; thence South 48°30' East 21.83 feet; thence South 37°09'30" West 2.88 feet; thence South 48°30' East 49.08 feet; thence South 41°30' West 16 feet to the Northeasterly wall of a building known as California Theatre; thence South 48°30' East 86.7 feet to the Northwesterly line of Canon Perdido Street; thence along said street line Southwesterly 66.6 feet to the point of beginning.

## PARCEL TWO:

That portion of Block 158 in the City of Santa Barbara, County of Santa Barbara, State of California, according to the Official Map thereof, described as follows:

Beginning at a point in the Northeasterly line of Chapala Street as the same existed 60 feet wide, prior to January 1, 1925, distant thereon Southeasterly 136 feet 3-1/2 inches from the most Westerly corner of said block, said point of beginning being the most Southerly corner of the tract of land described in Deed to Hannah A. Hollister, executrix, dated November 13, 1903 and recorded in Book 93 at Page 213 of Deeds, records of said County, being also the intersection of said Northeasterly line of Chapala Street with the Southeasterly line of a 20 foot private alleyway extending into said Block 158; thence Southeasterly along said Northeasterly line of Chapala Street 73.71 feet; thence at right angles Northeasterly 185 feet; thence Northerly 56.80 feet, more or less, to a point distant 170 feet Southeasterly from the Southeasterly line of Carrillo Street, measured at right angles thereto and distant 225 feet Northeasterly from said Northeasterly line of Carrillo Street, hereinbefore referred to, measured at right angles thereto; thence