CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT

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Part I

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CONSTRUCTION, OPERATION AND

RECIPROCAL EASEMENT AGREEMENT

Paseo Nuevo Shopping Center

Santa Barbara, California

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CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT

THIS CONSTRUCTION, OPERATION AND RECIPROCAL EASEMENT AGREEMENT (the "REA") is made and entered into as of the 21st day of February, 1987, by and among the following entities:

REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA, a public body, corporate and politic, organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California ("Agency");

SANTA BARBARA ASSOCIATES, a California general partnership ("Developer");

CARTER HAWLEY HALE STORES, INC., a Delaware corporation ("Broadway"); and

NORDSTROM, INC., a Washington corporation ("Nordstrom").

RECITALS

A. Agency is the owner of a certain tract of real property located in the City of Santa Barbara, County of Santa Barbara, State of California which real property is described in Part I of Exhibit "A" attached hereto ("Project Site");

B. Agency and Developer have entered into a ground and air rights lease of even date herewith ("Developer Lease") whereby Agency has ground leased to Developer that portion of the Project Site more particularly described in Part II of Exhibit "A" attached hereto ("Developer Tract") upon the terms and conditions contained in the Developer Lease;

C. Agency and Broadway have entered into a ground and air rights lease of even date herewith ("Broadway Lease") whereby Agency has ground leased to Broadway that portion of the Project Site more particularly described in Part III of Exhibit "A" attached hereto ("Broadway Tract") upon the terms and conditions contained in the Broadway Lease;

D. Agency and Nordstrom have entered into a ground and air rights lease of even date herewith ("Nordstrom Lease") whereby Agency has ground leased to Nordstrom that portion of the Project Site more particularly described in Part IV of Exhibit "A" attached hereto ("Nordstrom Tract") upon the terms and conditions contained in the Nordstrom Lease.

E. Agency has not leased that portion of the Project Site more particularly described in Part V of Exhibit "A" attached hereto ("Onsite Parking Tract"), but may lease the

Onsite Parking Tract to Developer in accordance with the Parking Agreement;

F. Agency and/or the City of Santa Barbara ("City") are the owner or owners of certain real property located in the City of Santa Barbara, County of Santa Barbara, State of California, more particularly described in Parts VI ("Lot 2") and VII ("Lot 10"), respectively, of Exhibit "A" (Lot 2 and Lot 10 are hereafter collectively referred to as the "Offsite Parking Parcels");

G. The Parties and Agency desire to make an integrated use of the Tracts owned or leased by each and to develop and improve the premises designated as the Developer Tract, the Broadway Tract, the Nordstrom Tract, the Onsite Parking Tract and the Offsite Parking Parcels as a first-class, high quality regional shopping center with appurtenant parking;

H. Developer desires to construct, or cause to be constructed, on the Developer Tract and thereafter to Operate, or cause to be Operated, as part of the Center, as hereinafter provided, one or more buildings or installations for retail and related occupancies ("Developer Mall Stores") and the Common Area for the Center and the Arts Complex, all in accordance with Approved Plans and Specifications, and all as more particularly shown on the Site Plan attached hereto as Exhibit "B";

I. Broadway desires to construct or cause to be constructed and thereafter to Operate, as part of the Center, a retail facility in one building or installation, hereinafter called the "Broadway Store," to be located on the Broadway Tract, all in accordance with Approved Plans and Specifications, and as more particularly shown on Exhibit "B";

J. Nordstrom desires to construct or cause to be constructed and thereafter to Operate, as hereinafter provided, as part of the Center, a retail facility in one building or installation (hereinafter called the "Nordstrom Store") to be located on the Nordstrom Tract, all in accordance with Approved Plans and Specifications, and as more particularly shown on Exhibit "B";

K. Agency desires each of Developer, Broadway and Nordstrom to construct a portion of the parking structure to be located on the Onsite Parking Tract ("Onsite Parking Structure") pursuant to the terms of a construction license more particularly described herein, all in accordance with Approved Plans and Specifications, and as more particularly shown on Exhibit "B";

L. Agency and the City desire to construct or cause to be constructed pursuant to the terms of the Cooperation Agreement and the Parking Agreement a parking structure on each of

the Offsite Parking Parcels (hereinafter referred to individually as "Offsite Parking Structure" or, collectively, as the "Offsite Parking Structures") and, all in accordance with Plans and Specifications approved by the Parties and Agency pursuant to the Parking Agreement;

M. The Parties and Agency desire to grant certain easements in, to, over and across the Developer Tract, the Broadway Tract, the Nordstrom Tract, and the Onsite Parking Tract, respectively;

N. The Parties and Agency desire to make certain mutual provisions for the construction, maintenance and operation of the Common Area and other buildings and improvements upon the Project Site, and to make certain other covenants and agreements as hereinafter more specifically set forth:

NOW, THEREFORE, in consideration of the foregoing, and the covenants and agreements on the part of each Party to the others, as hereinafter set forth, IT IS AGREED, as follows:

ARTICLE 1
DEFINITIONS

As used in this REA, the following terms shall have the following respective meanings:

1.1 AGENCY. The term "Agency" shall refer to the Redevelopment Agency of the City of Santa Barbara and any assignee of, or successor to, its rights, powers and responsibilities. Agency shall not be deemed a Party for purposes of this REA. Agency is executing this REA solely for the purposes of (a) subordinating its fee interest in the Project Site to the terms, conditions, rights and obligations set forth in this REA, (b) to join in the granting of various easements to the Parties having a possessory interest in the Project Site, and (c) to acknowledge certain rights and obligations expressly granted to or imposed on Agency by this REA. Agency shall have no right to enforce the terms, conditions and obligations set forth in this REA except for specific rights and obligations expressly granted to Agency pursuant to the terms hereof. Notwithstanding the above, if Agency succeeds to the possessory interest of any Party in the Project Site, Agency shall be subject to and shall have the right to enforce, all of the terms, conditions, rights and obligations of this REA, as if the Agency were the Party to whose possessory interest it has succeeded, as long as Agency remains the owner of such Party's possessory interest in the Project Site.

1.2 ACTUAL OPENING DATE. The term "Actual Opening Date" when used with reference to the Common Area shall mean the date when construction of the Common Area is completed in accordance with the Approved Plans and Specifications for the

Common Area and Developer opens the Common Area to public pedestrian traffic. The Actual Opening Date with respect to the Developer Mall Stores shall be the date that construction of the shell of all of the Developer Mall Stores is completed in accordance with the Approved Plans and Specifications for the Developer Mall Stores and at least sixty percent (60%) of the Floor Area in the Developer Mall Stores is occupied by tenants who are opened for business to the public. The Actual Opening Date with respect to the Broadway Store and the Nordstrom Store shall be the respective dates when construction of the Broadway Store and the Nordstrom Store is completed in accordance with the Approved Plans and Specifications for the Broadway Store and the Nordstrom Store and such Stores are open for business to the public.

1.3 APPROVED PLANS AND SPECIFICATIONS. The term "Approved Plans and Specifications" when used in the context of the Broadway Store, the Nordstrom Store, the Developer Mall Stores, the Broadway Envelope Mall Stores, the Nordstrom Envelope Mall Stores, the Common Area, the Onsite Parking Structure, or the Common Improvement Work to be performed on the Project Site or immediately adjacent thereto, shall refer to final working drawings approved as to the matters subject to approval of the Parties and Agency for any of the foregoing components of the Center pursuant to Article 5 of this REA, together with final working drawings for all or any part of the foregoing components of the Center which do not require the approval of the other Parties and Agency pursuant to Article 5 of this REA.

1.4 ARTS COMPLEX. The term "Arts Complex" shall refer to the Visual and Performing Arts Complex forming part of the Shopping Center. The Arts Complex shall be operated, maintained and managed by Developer pursuant to the Developer Lease and Arts Complex Management Agreement by and between Developer and the operator of the Arts Complex. Broadway and Nordstrom shall have no right to enforce the terms, conditions and obligations set forth in the Arts Complex Management Agreement and shall not be third party beneficiaries to such agreement, but shall have the right to enforce the provisions of Article 11 and Section 12.1 hereof with respect to the Arts Complex.

1.5 AUTOMOBILE PARKING AREAS. The term "Automobile Parking Areas" refers to the Onsite Parking Structure and the Offsite Parking Structures constructed on each of the Offsite Parking Parcels, and the roadways, ramps, curbs and walkways located therein, and any replacement or relocated parking as more particularly described in the Parking Covenants. The Automobile Parking Areas shall not include truck ramps and loading and delivery areas. The use, operation and management of the Automobile Parking Areas shall be governed by the Parking Covenants.

1.6 BROADWAY PAD DELIVERY DATE. The term "Broadway Pad Delivery Date" refers to the date that Developer completes the Pad Preparation Work for the Broadway Tract in accordance with the Approved Plans and Specifications therefore.

1.7 BROADWAY ENVELOPE MALL STORES. The term "Broadway Envelope Mall Stores" refers to the Developer Mall Stores located on that portion of the Developer Tract located between portions of the Broadway Store as more particularly shown on the Site Plan attached hereto as Exhibit "B."

1.8 BROADWAY IMPROVEMENTS. The term "Broadway Improvements" refers to and includes the Broadway Store, and all other improvements now or hereafter situated on the Broadway Tract, as the same may exist from time to time, including any replacements thereof. If Broadway elects under the circumstances set forth in Section 15.2.5 hereof, the Broadway Envelope Mall Stores shall become part of the Broadway Improvements.

1.9 BROADWAY LEASE. The term "Broadway Lease" shall refer to that certain ground and air rights lease executed by and between the Agency, as landlord, and Broadway, as tenant, whereby the Agency has leased the Broadway Tract to Broadway. The Broadway Lease is hereafter sometimes individually referred to as a "Major Lease." The Broadway Lease and the Nordstrom Lease are hereafter sometimes collectively referred to as the "Major Leases."

1.10 BROADWAY TRACT. The term "Broadway Tract" refers to the portion of the Project Site, including one or more vertical air rights parcels, as more particularly described in Part III of Exhibit "A" attached hereto.

1.11 COMMON AREA. The term "Common Area" refers to all areas within the exterior boundaries of the Developer Tract and the Broadway Tract and Nordstrom Tract, if any, which are made available as hereinafter provided for the general use, convenience and benefit of the Parties and all Occupants and Permittees. The specific components of the Common Area are more particularly shown on the Common Area Site Plan attached hereto as Exhibit "C." The Common Area shall include, but not be limited to, common utility lines, systems and equipment, the sidewalks around the perimeter of the Project Site to the extent such sidewalks are located on the Project Site, paseos, malls, landscaping, public conveniences such as rest rooms, benches, drinking fountains and trash receptacles, stairs, escalators, elevators and similar areas not exclusively serving the Store of any Major or Occupant or leading exclusively to or from the Store of any Major to the Onsite Parking Structure, a Common Area maintenance office and Common Area equipment storage area.

Common Area shall not include the Onsite Parking Structure, the area adjacent to the Project Site subject to the De La Guerra Easement, any stairs, escalators, and elevators and similar areas leading exclusively to and from the Onsite Parking Structure into the Store of a Major, utility lines, systems and equipment exclusively serving one Party's Tract, truck parking, turn-around and dock areas, the depressed portions of truck ramps exclusively serving any Store, or rest rooms, emergency exit corridors, stairs, elevators and similar areas contained within any area exclusively appropriated for the use of any single Major or Occupant.

1.12 COMMON BUILDING COMPONENT. The term "Common Building Component" refers to footings, foundations, supports, common walls, or any single improvement or portion thereof, which is located partly on one Tract and partly on another Tract, or which is located entirely on one Tract, or which passes through another Tract, or provides structural support to Improvements located on another Tract.

1.13 CONDITIONS OF APPROVAL. The term "Conditions of Approval" shall refer to the Conditions of Approval, Downtown Retail Revitalization Project, Paseo Nuevo, approved by the City's Planning Commission on April 15, 1987.

1.14 CONTIGUOUS OWNER. The term "Contiguous Owner" shall refer to the owner of a Contiguous Parcel.

1.15 CONTIGUOUS PARCEL. The term "Contiguous Parcel" shall refer to a parcel of real property located contiguous to and abutting the Common Area within the two square block area surrounded by Chapala, State, Ortega and Canon Perdido Streets as more particularly shown on the Site Plan attached hereto as Exhibit "B";

1.16 DDA. The term "DDA" shall refer to that certain Disposition and Development Agreement, dated September 4, 1987 and effective as of November 23, 1987, and any implementation agreements or amendments thereto entered into by and between Paseo Nuevo Associates, a California limited partnership, and Agency. Paseo Nuevo Associates has assigned its interest in the DDA to Developer.

1.17 DEVELOPER, BROADWAY AND NORDSTROM. The terms "Developer," "Broadway" and "Nordstrom," respectively, refer to such Persons and their respective successors and assigns, and as used in this REA, shall, so far as the terms, covenants, provisions and conditions of this REA to be kept, performed, observed and enforced by Developer, Broadway and Nordstrom, respectively, are concerned, and subject to the following sentence and paragraph, and Articles 18 and 20, refer only to the Person who at the time in question is the Party owning or succeeding to a leasehold interest in the Developer Tract, Broadway Tract and Nordstrom Tract, as the case may be

appropriate. Notwithstanding anything in this REA to the contrary, it is expressly understood and agreed that (i) the requirements to construct Improvements and open Floor Area pursuant to Articles 7, 8 and 9, shall be and remain the respective personal covenants of the signatories obligated hereunder and no such signatories shall be released from such obligation upon or by any transfer by the signatory of its interest in its Tract (such requirements shall additionally be deemed to be covenants running with the land as well as the personal covenants of each such signatory) and (ii) the covenants to Operate pursuant to Article 18 are and shall remain a personal covenant of each respective signatory obligated thereunder, and their permitted successors in interest and no such signatory shall be released from any obligation under such covenant upon or by any transfer by the signatory of its interest in its respective Tract; provided, however, nothing contained in the immediately preceding sentence shall diminish a Major's rights to be released from its covenant to Operate pursuant to Section 18.4.

Anything in this Section 1.17 to the contrary notwithstanding, it is expressly understood and agreed that the term "Broadway", solely for the purpose of its covenant to Operate pursuant to Section 18.1 hereof, shall mean Carter Hawley Hale Stores, Inc., a Delaware corporation, or any other corporation that may succeed, as the 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 hereunder; 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 requirements of Sections 18.1 of this REA.

Anything in this Section 1.17 to the contrary notwithstanding, it is expressly understood and agreed that the term "Nordstrom," solely for the purpose of its covenant to Operate pursuant to Section 18.2 hereof, 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 obligation hereunder; 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; and provided further, that such successor or entity expressly assumes and complies with the requirements of Section 18.2 of this REA.

If the foregoing transfers occur during the period that the Operating covenant of the transferor-Major provided for in Section 18.1 or 18.2, as appropriate, is in effect, the transferee-Person shall execute an amendment to this REA which shall include an express undertaking by such transferee-Person as a personal covenant to be obligated to continue to Operate in such Major's Store in accordance with the requirements set forth in such Operating covenant in Section 18.1 or 18.2 as appropriate.

1.18 DEVELOPER IMPROVEMENTS. The term "Developer Improvements" refers to and includes the Developer Mall Stores, the Common Area, the Arts Complex, and all other improvements now or hereafter situated on the Developer Tract, as the same may exist from time to time, including any replacements thereof.

1.19 DEVELOPER LEASE. The term "Developer Lease" shall refer to that certain ground and air rights lease executed by and between the Agency, as landlord, and the Developer, as tenant, whereby the Agency has ground leased the Developer Tract to Developer. Nothing contained herein is intended to conflict with the terms of the Developer Lease, and in the event of any such conflict, as between Developer and Agency, the terms of the Developer Lease shall govern and control the rights of Developer and Agency with respect to the Developer Tract, so long as the Developer Lease is in full force and effect.

1.20 DEVELOPER MALL STORES. The term "Developer Mall Stores" refers to the buildings designed for retail and service establishment use located on the Developer Tract and abutting the Common Area and designated on Exhibit "B," as the same may exist from time to time, including any replacements thereof. The Developer Mall Stores do not include any of the improvements located on any Rehabilitation Parcel.

1.21 DEVELOPER TRACT. The term "Developer Tract" shall refer to one or more vertical air rights parcels as more particularly described in Part II of Exhibit "A" attached hereto.

1.22 EASEMENT, COVENANT AND RESTRICTION AGREEMENT. The term "Easement, Covenant and Restriction Agreement" shall refer to an agreement executed by and among Developer, Agency and one or more Contiguous Owners granting to the Contiguous Owner and its tenants certain rights with respect to the Center and imposing architectural, use and other restrictions on a Contiguous Parcel, which agreement shall be in a form approved by the Majors to the extent the Majors have approval rights with respect to such agreement in accordance with Section 3.6 hereof.

1.23 FLOOR AREA. The term "Floor Area" refers to the aggregate of the actual number of square feet of floor space of all floors in any building located on the Developer Tract, Broadway Tract and Nordstrom Tract exclusively appropriated for use by an Occupant, whether or not actually occupied, including basement space, subterranean areas, balcony and mezzanine space within the exterior facade or exterior line of the exterior walls (including basement walls), except party and interior common walls as to which the center thereof instead of the exterior faces thereof shall be used.

The term "Floor Area" shall not include the following:

1. The upper levels of any temporary or permanent multi-deck stock areas created for convenience to increase the usability of space for stock purposes;

2. Areas which are used exclusively to house mechanical, electrical (including electrical equipment to operate point of sale equipment), telephone, HVAC and other such building operating equipment, including trash compacting and baling areas and elevator machine rooms, whether physically separated or whether otherwise required by building codes;

3. Any Common Area or any buildings or portions thereof used solely in connection with the maintenance of the Common Area;

4. Any Center management office;

5. Emergency exit corridors or stairs between fire resistant walls required by building codes;

6. Pushcarts permitted in the Common Area pursuant to Section 11.8.1;

7. All truck loading areas and truck parking, turn-around and dock areas and ramps and approaches to such truck loading areas; and

8. The Arts Complex, unless the Arts Complex is converted to service or retail use pursuant to Section 12.4 hereof; provided, however, that the Arts Complex shall not exceed twenty thousand (20,000) square feet.

No deduction shall be made from Floor Area computed under the foregoing definition by reason of interior columns, stairs, escalators, elevators, dumbwaiters, conveyors or other interior construction or equipment within the building involved, except as provided above.

After the completion and opening of the Developer Mall Stores and the respective Stores of Broadway and Nordstrom, each Party shall, at its sole cost and expense, cause its architect to make a determination as to the number of square feet of Floor Area of the building or buildings located on each such Party's Tract. Such determination shall be completed and furnished to each other Party not later than one hundred and twenty (120) days following the date on which such Party's Store first opens for business. In lieu of determination by a Party's architect, any Party may elect to furnish to the other Parties a written certification of its Floor Area. Such certification by a Party shall be furnished within the time period above provided. Any dispute arising from such determination or certification shall be resolved by arbitration as provided for in Article 23. Each Party acknowledges that the Project Approvals do not permit a Party to construct Floor Area in excess of such Party's Initial Planned Floor Area. Except with respect to the conversion of the Arts Complex to another use in accordance with Section 12.4 hereof, any construction by a Party of Floor Area in excess of such Party's Initial Planned Floor Area shall be subject to the prior written approval of each of the other Parties, and Agency, and subject to compliance with all conditions imposed upon such construction by any governmental entity having jurisdiction over the Project Site, and shall be performed at the constructing Party's sole cost and expense. Notwithstanding anything contained herein, Developer shall have the right to incorporate the Rehabilitation Parcel into the Center in accordance with Section 11.2.1.

For purposes of this REA, the Floor Area contained within the improvements on any Contiguous Parcel shall not be deemed included within Floor Area of the Center by reason of the

execution of an Easement, Covenant and Restriction Agreement by and among the Developer, Agency and the Contiguous Owner. Notwithstanding anything to the contrary contained in this REA, during the period of any damage, destruction, razing, rebuilding, repairing, replacement or reconstruction to, on or of any building in the Center, the Floor Area of such building shall be deemed to be the same as the Floor Area of such building immediately prior to such period, and upon the completion of the rebuilding, repairing, replacement or reconstruction of such building, the architect of such Party shall make a new determination or such Party shall furnish a certification of Floor Area for such building as provided in the foregoing provisions of this Section 1.23.

1.24 IMPROVEMENTS. The term "Improvements" refers to the buildings or other structures now or hereafter situated on a Party's Tract, as the same may exist from time to time, including any replacements thereof.

1.25 INITIAL PLANNED FLOOR AREA. The term "Initial Planned Floor Area" refers to the amount of Floor Area that Developer, Broadway and Nordstrom, respectively, shall construct or cause to be constructed on their respective Tracts, as provided in Section 11.1 hereof, and which amount of Floor Area has been utilized in this REA for purposes of determining the number of parking spaces in the Automobile Parking Areas required for the Shopping Center.

1.26 MAJORS. The term "Major" or "Majors" refers to the respective Parties as to the Broadway Tract or the Nordstrom Tract, as appropriate.

1.27 MORTGAGEE AND MORTGAGE. The term "Mortgagee" means either (i) the mortgagee under a Mortgage, (ii) the trustee and beneficiary under a deed of trust which for the purposes hereof shall constitute a Mortgage, or (iii) the leasehold owner or lessor following a Sale and Leaseback. The term "Mortgage" means an indenture of mortgage or deed of trust on a Tract, or a Sale and Leaseback.

A "Sale and Leaseback" means a transaction whereby a Party conveys its leasehold estate in its Tract for financing purposes only and such conveyance is followed immediately by a leaseback or subleaseback of the entirety of the Tract or the improvements thereon to such Party, or to a parent, subsidiary or corporate affiliate of such Party.

1.28 NORDSTROM PAD DELIVERY DATE. The term "Nordstrom Pad Delivery Date" refers to the date that Developer has completed the Pad Preparation Work for the Nordstrom Tract in accordance with Approved Plans and Specifications therefore.

1.29 NORDSTROM ENVELOPE MALL STORES. The term "Nordstrom Envelope Mall Stores" refers to the Developer Mall Stores located on that portion of the Developer Tract located between portions of the Nordstrom Store, as more particularly shown on Exhibit "B."

1.30 NORDSTROM IMPROVEMENTS. The term "Nordstrom Improvements" refers to the Nordstrom Store, and all other Improvements now or hereafter situated on the Nordstrom Tract, as the same may exist from time to time, including any replacements thereof. If Nordstrom elects under the circumstances set forth in Section 15.2.5, the Nordstrom Envelope Mall Stores shall become part of the Nordstrom Improvements.

1.31 NORDSTROM LEASE. The term "Nordstrom Lease" shall refer to that certain ground and air rights lease executed by and between the Agency, as landlord, and Nordstrom, as tenant, whereby the Agency has leased the Nordstrom Tract to Nordstrom. The Nordstrom Lease is hereafter sometimes individually referred to as a "Major Lease." The Nordstrom Lease and the Broadway Lease are hereafter sometimes collectively referred to as the "Major Leases."

1.32 NORDSTROM TRACT. The term "Nordstrom Tract" refers to the portion of the Project Site, including one or more vertical air rights parcels, more particularly described in Part IV of Exhibit "A" attached hereto.

1.33 OCCUPANT. The term "Occupant" refers to the Majors, to any Person from time to time entitled to the use and occupancy of Floor Area in the Center under any lease or other instrument or arrangement whereunder such Person has acquired rights with respect to the use and occupancy of any Floor Area, and to Developer so long as Developer operates a business in any Floor Area in the Center.

1.34 OFFSITE PARKING PARCELS. The term "Offsite Parking Parcels" shall collectively refer to Lot 2, as more particularly described in Part VI of Exhibit "A," and Lot 10, as more particularly described in Part VII of Exhibit "A" attached hereto.

1.35 OFFSITE PARKING STRUCTURES. The term "Offsite Parking Structures" shall refer to the automobile parking structures to be constructed on the Offsite Parking Parcels. The use of the term "Offsite Parking Structure" in the singular shall refer to an individual Offsite Parking Structure.

1.36 ONSITE PARKING STRUCTURE. The term "Onsite Parking Structure" shall refer to the automobile parking structure to be constructed on the Onsite Parking Tract.

1.37 ONSITE PARKING TRACT. The term "Onsite Parking Tract" shall refer to the portion of the Project Site consisting of one or more air rights parcels more particularly described in Part V of Exhibit "A" attached hereto.

1.38 OPERATE, OPERATED, OPERATING, OPERATION. The terms "Operate", or "Operated", or "Operating", or "Operation" shall mean (i) as respects the Developer Mall Stores, that the Developer Mall Stores are open to the general public for business during their business hours, except when temporarily not so open for business by reason of any provision of Articles 16 (Condemnation) and 28 (Force Majeure), or after the occurrence of damage and destruction and during any period of reconstruction of any Store pursuant to the provisions of Article 15 (Damage and Destruction), or by reason of such reasonable interruptions as may be incidental to the conduct of such businesses; (ii) as respects a Major's Store, that such Major's Store is open to the general public for business during its business hours, except when temporarily not so open for business by reason of any provision of Articles 16 and 28, or after the occurrence of damage or destruction and during any period of reconstruction pursuant to Article 15, or by reason of such reasonable interruptions as may be incidental to the conduct of its business, and that such Major's Store is being operated within at least its Minimum Floor Area, except as otherwise expressly provided herein; and (iii) as respects the Common Area, that the Common Area is available for the uses contemplated herein and is being operated and maintained in accordance with the requirements of Article 12 (Common Area Operation and Maintenance).

1.39 OPERATOR. The term "Operator" refers to the Person or Persons responsible for the maintenance of the Common Area, or any part thereof, under the provisions of Article 12 (Common Area Operation and Maintenance).

1.40 OPENING WINDOW. The term "Opening Window" shall mean the month of February in any calendar year and the period from August 1 through October 31, inclusive, of any calendar year.

1.41 PAD PREPARATION WORK. The term "Pad Preparation Work" shall refer to the excavation, compaction, shoring, dewatering and related utility work to be performed by Developer in accordance with the Approved Plans and Specifications therefor in order to prepare building pads for the Improvements to be constructed by each Party. The Pad Preparation Work shall not include demolition. Demolition work shall be performed prior to the commencement of the Pad Preparation Work by Agency and Developer as set forth in the Scope of Development attached as an exhibit to the DDA.

1.42 PARKING AGREEMENT. The term "Parking Agreement" shall refer to that certain Paseo Nuevo Parking Agreement dated November 1, 1987, entered into by and among Developer,

Agency, City, Broadway and Nordstrom relating to the planning, financing, development and construction of the Onsite Parking Structure and the Offsite Parking Structures.

1.43 PARKING COVENANTS. The term "Parking Covenants" shall refer to the Lot 1 Parking Covenants, Lot 2 Parking Covenants and Lot 10 Parking Covenants, each executed and acknowledged by Developer, Broadway, Nordstrom, and the respective owners of the Onsite Parking Tract, Lot 2 and Lot 10, and recorded in the Office of the County Recorder of Santa Barbara County, California. The Parking Covenants shall govern the construction, operation, maintenance and use of the Onsite Parking Structure and the Offsite Parking Structures in order to provide for adequate parking for the Shopping Center.

1.44 PARTY OR PARTIES. The term "Party" refers severally to Developer, Broadway and Nordstrom, and their respective successors and assigns in their respective Tracts, who succeed to their respective rights and obligations pursuant to this REA and the Separate Agreements. The term "Party" shall not include Agency, except to the limited extent that Agency succeeds to the possessory interest of any of Developer, Broadway and Nordstrom in the Project Site pursuant to a Separate Agreement or the Tract of any of Developer, Broadway or Nordstrom revests in Agency upon the termination of a Separate Agreement. The term "Parties" refers to more than one Party.

1.45 PASEOS. The term "Paseos" shall refer to the portions of the Common Area set aside or reserved for pedestrian use for ingress to and egress from the Majors' Stores and the Developer Mall Stores as shown on the Common Area Site Plan attached hereto as Exhibit "C."

1.46 PERMITTEES. The term "Permittees" refers to Developer and all Occupants and their respective officers, directors, employees, agents, contractors, customers, visitors, invitees, licensees, subtenants and concessionaires.

1.47 PERSON. The word "Person" refers to and shall include individuals, partnerships, firms, associations and corporations, or any other form of business or government entity, and the use of the singular shall include the plural, and may include, where the context may appropriately require, any Party or Agency.

1.48 PROJECT APPROVALS. The term "Project Approvals" refers to any and all consents and approvals, or conditions imposed upon Agency or any Party as a prerequisite to a consent or approval, granted or to be granted by the City or any other governmental agency as a condition to the issuance of a building permit or a certificate of occupancy for the Improvements on any Tract in the Project Site, including, without limitation, the Conditions of Approval.

1.49 PROJECT ARCHITECT. The term "Project Architect" shall refer to the architect retained by Developer or such other architect or architects duly licensed to practice in the State of California, as may from time to time be designated by Developer. For purposes of this Agreement, the Parties hereby approve Field Paoli, 222 Sutter Street, San Francisco, California 94108, as the Project Architect.

1.50 PROPOSED OPENING DATE. The term "Proposed Opening Date" shall mean the date that is 16 months after the later of the (i) Broadway Pad Delivery Date or (ii) Nordstrom Pad Delivery Date; provided, however, that if such date does not occur within an Opening Window, the Proposed Opening Date shall be the first day of the next succeeding Opening Window.

1.51 REFERENCE RATE. The term "Reference Rate" shall mean the then current annual yield paid on promissory notes issued by the United States Department of the Treasury which have a maturity equal to five (5) years as such interest rate is reported in the Federal Reserve Statistical Release G13(415) or its successor publication most recently published prior to the date the interest rate is established.

1.52 REHABILITATION PARCEL. The term "Rehabilitation Parcel" shall refer to those certain Contiguous Parcels more particularly described in Exhibit "D" attached hereto and shown on the Site Plan attached hereto as Exhibit "B," only if Developer acquires a fee or leasehold interest in the Rehabilitation Parcel prior to the effective date of this Agreement.

1.53 SCHEDULE OF PERFORMANCE. The term "Schedule of Performance" shall refer to the Schedule of Performance attached hereto as Exhibit "E" which sets forth time periods for construction and development of the Center.

1.54 SEPARATE AGREEMENT. The term "Separate Agreement" shall refer to the Developer Lease, the Broadway Lease, the Nordstrom Lease, the DDA, any agreements by and between Developer and each of the Majors, and any other agreements executed by and between the Parties and/or Agency pursuant to any of the foregoing agreements, either individually or collectively, as the context may require.

1.55 SHOPPING CENTER OR CENTER. The terms "Shopping Center" or "Center" shall refer to the Improvements constructed on the Broadway Tract, Nordstrom Tract and Developer Tract.

1.56 SOUTHERN CALIFORNIA. The term "Southern California" refers only to the following counties in California: Los Angeles, San Diego, Riverside, Santa Barbara, Orange, Ventura, and San Bernardino.

1.57 STORE OR STORES. The term "Store" or "Stores" refers to the building(s), respectively, housing the Broadway Store, and/or Nordstrom Store and/or the Developer Mall Stores, as the context may appropriately require. The term "Store" or "Stores" shall be deemed to include the respective truck parking dock areas and the depressed portions of truck ramps, and emergency exit corridors, and stairs, elevators, escalators or similar areas exclusively serving a Store or Stores.

1.58 TERMINATION DATE. The term "Termination Date" refers to the date on which this REA shall terminate, pursuant to the terms and provisions of Article 26 (Termination of REA).

1.59 TRACT OR TRACTS. The term "Tract" or "Tracts" refers to the Developer Tract and/or the Broadway Tract and/or the Nordstrom Tract and/or the Onsite Parking Tract as the context may require.

1.60 OTHER DEFINITIONS. All other capitalized terms used herein shall be defined where used in this Agreement.

ARTICLE 2
[Intentionally Deleted]

ARTICLE 3
EASEMENTS

3.1 NONEXCLUSIVE EASEMENTS TO USE COMMON AREA. Developer and Agency hereby grant to each of the Majors, for their respective use, and for the use of their respective Permittees, in common with all others entitled to use the same, as long as this REA is in effect as to the benefited and burdened Tracts, or benefited or burdened portions thereof, nonexclusive easements over the Common Area for ingress to and egress from their respective Tracts, and for the passage and accommodation of pedestrians, on such portions of the Common Area as are designated for such use in accordance with the Common Area Site Plan, and for the doing of such other things as are authorized or required to be done on said Common Area pursuant to this REA. Developer and Agency hereby grant to each of the Majors, for their respective use, and for the use of their respective employees and suppliers, as long as this REA is in effect as to the benefited and burdened Tracts, or the benefited or burdened portions thereof, an easement for transportation and delivery of goods and services only on such portions of the Common Area as are set aside, maintained and authorized for such use pursuant to the Retail Access and Service Access Plan set forth in Exhibit "F" attached hereto ("Retail and Service Access Plan"), subject to the terms and conditions set forth herein. Developer shall also have the right to grant easements over the Common Area for pedestrian access and service access for the benefit of (i) Contiguous Parcels in accordance with Section 3.6 and (ii) the

Rehabilitation Parcel incorporated into the Center in accordance with Sections 11.2.1 hereof.

Developer may modify the portions of the Common Area subject to the foregoing easements from time to time with the prior written consent of Broadway and Nordstrom, and with respect to the easement for service access, by amending the Retail and Service Access Plan with the prior written consent of Broadway and Nordstrom. Upon such modification, the easements granted herein shall be deemed automatically relocated without the necessity of any further documentation. Developer reserves the right to close off all or portions of the Common Area for such reasonable period or periods of time as may be legally necessary to prevent the acquisition of prescriptive rights by anyone; provided, however, that prior to closing off any portion of the Common Area for such purposes, Developer shall give written notice to each of the Majors of its intention to do so, and shall coordinate such closing with each of the Majors so that no unreasonable interference with the operation of the Shopping Center shall occur. In addition, Developer shall have the right to close off portions of the Common Area for maintenance and repair as necessary, and Developer shall give written notice to each of the Majors of any significant closing of the Common Area contemplated by Developer for such purposes, and shall coordinate such closing with each of the Majors so that no unreasonable interference with the operation of the Shopping Center shall occur. Developer shall endeavor to perform all maintenance and repair that requires closing the Paseos of the Common Area during hours that the Majors' Stores and the Developer Mall Stores are closed, to the extent commercially appropriate. Notwithstanding the foregoing reservation, and the Developer's right to grant easements over the Common Area for the benefit of (i) Contiguous Parcels in accordance with Section 3.6 and (ii) the Rehabilitation Parcel, it is expressly understood and agreed that such reservation and the right to grant easements is limited to nonexclusive use of the surface. Developer reserves the right to eject or cause the ejection from the Common Area of any Person or Persons not authorized, empowered or privileged to use the Common Area.

The Parties and Agency acknowledge that there will be no Common Area on the Broadway Tract or the Nordstrom Tract under the present design of the Center. Notwithstanding the above, Broadway and Nordstrom hereby severally grant to Developer, and its Occupants and Permittees, nonexclusive easements similar in scope, nature and purpose, and subject to the same terms and conditions, as are granted to Broadway and Nordstrom pursuant to this Section 3.1, over any Common Area that may from time to time be located on the Broadway Tract or Nordstrom Tract, as appropriate, as a result of redesign of the Center or construction of the Improvements on the Broadway or Nordstrom Tract.

3.2 UTILITIES.

3.2.1 Utility Lines Through Onsite Parking Structure. Agency hereby grants to Developer, Broadway and Nordstrom nonexclusive easements in, to, over, through, under and across the Onsite Parking Structure for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, sprinkler system control mechanisms, electrical power lines, cable television, telephone lines and other utility lines serving the respective Tracts of Developer, Broadway and Nordstrom. All of such sewers, drains, mains and lines shall be in such areas as may be approved by the Parties pursuant to Section 3.2.5 below.

3.2.2 Utility Lines Through Common Area. Developer hereby grants to Broadway and Nordstrom such nonexclusive easements in, to, over, through, under and across the Common Area as may be reasonably required by Broadway or Nordstrom for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, electrical power lines, sprinkler system lines, cable television, telephone lines and other utility lines serving the respective Tracts of Broadway and Nordstrom. All of such sewers, drains, mains and lines shall be underground, or to the extent they pass through the Common Area, shall be in such areas as may be approved by Developer pursuant to Section 3.2.5 below.

3.2.3 Utility Lines for Broadway Envelope Mall Stores. Broadway hereby grants to Developer a nonexclusive easement in, to, over, through, under and across the Broadway Tract for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, electrical power lines, cable television, telephone lines and other utility lines serving the Broadway Envelope Mall Stores. All such lines and mains shall be in such areas as may be approved by Broadway pursuant to Section 3.2.5 hereof. Developer hereby grants to Broadway a nonexclusive easement in, to, over, through, under and across the Broadway Envelope Mall Stores for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, electrical power lines, cable television, telephone lines and other utility lines serving the Broadway Tract. All such lines and mains, and the critical service areas for such lines and mains, shall, to the extent reasonably practical, be located above the ceiling or below the floor of the Broadway Envelope Mall Stores and in such areas as may be approved by Developer pursuant to Section 3.2.5 hereof. Developer shall not construct or cause to be constructed any improvements in the Broadway Envelope Mall Stores that block access to the critical service areas for the

utility lines and mains that are the subject of the foregoing easements.

3.2.4 Utility Lines for Nordstrom Envelope Mall Stores. Nordstrom hereby grants to Developer a nonexclusive easement in, to, over, through, under and across the Nordstrom Tract for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, electrical power lines, cable television, telephone lines and other utility lines serving the Nordstrom Envelope Mall Stores. All such lines and mains shall be in such areas as may be approved by Nordstrom pursuant to Section 3.2.5 hereof. Developer hereby grants to Nordstrom a nonexclusive easement in, to, over, through, under and across the Nordstrom Envelope Mall Stores for the installation, operation, flow and passage, use, maintenance, repair, relocation and removal of sanitary sewers, storm drains, water and gas mains, electrical power lines, cable television, telephone lines and other utility lines serving the Nordstrom Tract. All such lines and mains, and the critical service area for such lines and mains, shall, to the extent reasonably practical, be located above the ceiling or below the floor of the Nordstrom Envelope Mall Stores and in such areas as may be approved by Developer pursuant to Section 3.2.5 hereof. Developer shall not construct or cause to be constructed any improvements in the Nordstrom Envelope Mall Stores that block access to the critical service areas for the utility lines and mains that are the subject of the foregoing easements.

3.2.5 Location of Easements. All utility easements granted pursuant to this Section 3.2, and the critical service areas for the utility lines and mains that are the subject of the easements granted by Developer to Broadway and Nordstrom pursuant to Sections 3.2.3 and 3.2.4 hereof, shall be located in the areas shown on the Approved Plans and Specifications for the Improvements on each Tract and for the Onsite Parking Structure. Each Party's approval of the Approved Plans and Specifications shall be deemed the consent of such Party or Agency to the location of such utility easements as shown on said plans.

3.3 CONSTRUCTION EASEMENTS. Each Party hereby grants to each other Party and Agency, and Agency hereby grants to each other Party, with respect to their individual Tracts, a non-exclusive easement in, to, over, under and across its Tract (a) for the purpose of the development, construction and reconstruction of the Improvements on such other Tracts pursuant to the provisions of Articles 6, 7, 8, 9 and 15 of this REA, and (b) for the construction, erection, reconstruction, maintenance and removal of Common Building Components. Each Party and Agency severally covenants and agrees that its exercise of such easements shall not result in damage or injury to the Improvements on any other Tract, and shall not

unreasonably interfere with any business operations conducted in the Center or unreasonably interfere with the construction, repair, renovation or reconstruction of the Improvements on the grantor's Tract. The exercise of the easements granted pursuant to this Section 3.3 shall be in conformity with Articles 4 (Exercise of Easements) and 10 (General Construction Requirements). In addition, the easements granted herein shall be limited to such portions of the grantor's Tract and shall be exercised during such period of time as may be set forth in the Construction Phasing Plan (as defined in Article 10) or as otherwise approved in writing by the grantor.

3.4 SUPPORT EASEMENTS. Agency hereby grants to each of Developer, Broadway and Nordstrom an easement for support for the benefit of the Improvements located on the Developer Tract, the Improvements located on the Broadway Tract and the Improvements located on the Nordstrom Tract lying over the Onsite Parking Structure. Developer hereby grants to Agency an easement for support for the benefit of the portion of the Onsite Parking Structure lying over the Developer Tract. Broadway hereby grants to Developer an easement for support for the Broadway Envelope Mall Stores, as more particularly shown on the Site Plan, and for any portion of the Common Area Improvements to be supported by the Broadway Improvements as shown in the Approved Plans and Specifications therefor. Developer grants to Broadway an easement for support for the benefit of the portion of the Broadway Tract lying over the Broadway Envelope Mall Stores as more particularly shown on the Site Plan. Nordstrom hereby grants to Developer an easement for support for the Nordstrom Envelope Mall Stores as more particularly shown on the Site Plan, and for any portion of the Common Area Improvements to be supported by the Nordstrom Improvements as shown in the Approved Plans and Specifications therefor. Developer grants to Nordstrom an easement for support for the benefit of the portion of the Nordstrom Tract lying over the Nordstrom Envelope Mall Stores as more particularly shown on the Site Plan.

3.5 ENCROACHMENT EASEMENTS. Each Party, with respect to its own Tract, hereby grants to each other Party, a nonexclusive easement over its Tract for (i) the opening and closing of the doors of such Party's Stores onto the Tract of the granting Party, and (ii) for the encroachment of canopies, flagpoles, roof and building overhangs, awnings, alarm bells, signs, lights and lighting devices and other similar appurtenances to such Party's Improvements, all as any of the foregoing are shown in the Approved Plans and Specifications for such Party's Improvements, or pursuant to any other written agreement hereafter executed by any of the Parties (including the approval of the location thereof by the Party whose Tract is burdened thereby). Each Party severally covenants and agrees that its exercise of such easements shall not result in damage or injury to the Improvements of any other Party, and

shall not interfere with the business operation conducted by any other Party in the Center.

3.6 EASEMENTS FOR BENEFIT OF CONTIGUOUS PARCELS. Developer shall have the right from time to time during the term of this REA, to grant easements over the portion of the Common Area set aside for pedestrian use as shown on the Common Area Site Plan to the owners of one or more Contiguous Parcels for pedestrian ingress to and egress from such Contiguous Parcels. Developer may also grant to the owners of the Contiguous Parcels easements for transportation and delivery of goods and services over such portions of the Common Area as are set aside, maintained and authorized for such use pursuant to the Retail and Service Access Plan. Developer may only grant such easements pursuant to an Easement, Covenant and Restriction Agreement executed by and between Developer, Agency and the Contiguous Owner which shall name the Majors as third party beneficiaries. Each such Easement, Covenant and Restriction Agreement shall be substantially in the form attached hereto as Exhibit "G," except as modified by any negotiations between Developer and the Contiguous Owner. Broadway and Nordstrom hereby approve the form of Easement, Covenant and Restriction Agreement. Broadway and Nordstrom shall have the right to approve material changes to the form of Easement Covenant and Restriction Agreement made pursuant to negotiations with a specific Contiguous Owner, which approval shall not be unreasonably withheld or delayed. Developer shall deliver copies of each executed Easement, Covenant and Restriction Agreement to each of Broadway and Nordstrom.

Developer and Agency shall have the right to grant easements for pedestrian and service access over limited portions of the Common Area as compensation to, or to mitigate severance damages incurred by, Contiguous Owners as a result of a partial taking of portions of their Contiguous Parcels in connection with Agency's acquisition of the Project Site. Broadway and Nordstrom acknowledge that some Contiguous Owners have been granted easements for pedestrian and service access for such purposes.

3.7 CORRECTION OF TRACT DESCRIPTIONS. It is recognized that by reason of construction errors, the Improvements of each Party may not be precisely constructed within their respective Tracts. Promptly after completion of construction, Developer shall, at its expense, obtain an ALTA survey confirming the "as built" location of the Developer Improvements and the Onsite Parking Structure relative to the boundaries of the Developer Tract and the Onsite Parking Tract, and shall deliver copies of such survey to each of the other Parties and Agency. In addition, if any other Party shall obtain a similar survey of its Tract and the Improvements thereon after the completion of construction, the Party obtaining the survey shall deliver copies thereof to each of

the other Parties and Agency. If any such survey discloses that the Improvements of the Party obtaining the survey or the Improvements of another Party have not been constructed precisely within its Tract as described on Exhibit "A" attached hereto, then all of the Parties and Agency shall thereafter promptly cooperate in taking such reasonable steps as may be necessary to cause the recordation in the Official Records of Santa Barbara County, California, of an amendment to the Parcel Map for the Project Site that revises the Tract lines to reflect the Improvements as constructed. Upon recordation of the amendment to the Parcel Map, the Parties shall attach a revised Exhibit "A" to this REA and amend the legal descriptions attached to each of the Developer Lease, Broadway Lease and Nordstrom Lease to reflect the revised legal descriptions of each Tract. Nothing contained herein shall be deemed to relieve or excuse any Party from exercising all due diligence to construct its Improvements within its respective Tract as described in Exhibit "A" and shown on the Site Plan attached hereto as Exhibit "B."

3.8 DE LA GUERRA STREET.

3.8.1 De La Guerra Easement. City has granted to Developer an easement ("De La Guerra Easement") over that portion of De La Guerra Street extending from the Developer Tract to State Street as more particularly shown on the Site Plan. The De La Guerra Easement grants to Developer, Broadway and Nordstrom, and their successors and assigns in the Developer Tract, Broadway Tract and Nordstrom Tract, respectively, for the use and benefit of Developer, Broadway, Nordstrom and all Occupants and Permittees of the Shopping Center, an easement over De La Guerra Street for pedestrian ingress and egress to and from the Shopping Center Tract and the adjoining public rights-of-way. Additionally, the De La Guerra Easement grants to Developer easements for service vehicle access, construction, maintenance, and repair of utility lines, landscaping, and construction, maintenance, and repair of nonbuilding improvements. City has closed De La Guerra Street to vehicular traffic (except for service vehicle use in accordance with the De La Guerra Easement) and limited the public use thereof to pedestrian traffic. The Parties hereto acknowledge that use of De La Guerra Street for the purposes specified in the De La Guerra Easement shall be in common with the right of the public to use such portion of De La Guerra Street. The De La Guerra Easement constitutes an appurtenance to each of the Developer Tract, Broadway Tract and Nordstrom Tract and runs with the land for the benefit of each such Tract pursuant to the terms thereof.

3.8.2 Pedestrian Use of De La Guerra Place. Developer covenants with Agency to maintain that certain portion of the Common Area designated on the Site Plan as "De La Guerra Place" ("De La Guerra Place") open for pedestrian ingress and egress to and from the Shopping Center and the

adjoining public right of ways during the term of this REA in accordance with the terms and conditions set forth herein. Pedestrian use of De La Guerra Place shall at all times be subject to the Rules and Regulations of the Shopping Center and Developer reserves the right to eject or cause the ejection from De La Guerra Place of any person or persons violating such Rules and Regulations. Developer reserves the right to close off all or portions of De La Guerra Place for such reasonable period or periods of time as may be necessary (i) to prevent the acquisition of prescriptive rights, (ii) for routine maintenance and repair, and (iii) for security purposes during nonbusiness hours of the Shopping Center. As between Developer and the Majors, any closing of De La Guerra Place shall comply with the conditions for temporary closing of the Common Area set forth in Section 3.1 hereof. Any physical changes or modifications to De La Guerra Place that affect such pedestrian ingress and egress shall be subject to the prior written approval of Agency, which approval shall not be unreasonably withheld. Nothing contained in this Section 3.8.2 shall be deemed to be a dedication of any portion of De La Guerra Place to the general public or for any public purpose. Developer may record a notice in the Official Records of Santa Barbara County containing a description of De La Guerra Place and stating as follows: "The right of the public or any person to make any use whatsoever of the above-described land or any portion thereof (other than any use expressly allowed by written or recorded map, agreement, deed or dedication) is by permission, and subject to the control of owner. Section 813, California Civil Code." Similarly, Developer may place plaques at the entrances to De La Guerra Place indicating that the right to pass over De La Guerra Place is subject to the permission of the owner. The rights granted herein shall inure solely to the benefit of Agency and its successors and assigns, and nothing contained herein shall be construed to grant any rights or benefits to any third party.

3.9 DOMINANT AND SERVIENT ESTATES. Each easement granted pursuant to the provisions of this REA is expressly for the benefit of the Tract of the grantee, and shall run with the land for the benefit of such Tract, until such easement is terminated in accordance with Section 4.2 hereof. The Tract benefited by an easement granted herein shall be the dominant estate and the Tract upon which such easement is located shall be the servient estate, but where only a portion thereof is bound and burdened, or benefited by a particular easement, only that portion so bound and burdened, or benefited, as the case may be, shall be deemed to be the servient or dominant tenement, as the case may be. Any easement granted pursuant to the provisions of this Article 3 may be abandoned or terminated by execution of an agreement so abandoning or terminating the same, by the owners of the dominant and servient estates.

3.10 PROHIBITION AGAINST GRANTING EASEMENTS. Subject to Developer's rights to grant access easements and service easements in accordance with Sections 3.1 and 3.6 hereof, neither Agency nor any Party shall hereafter grant an easement or easements of the type set forth in this Article 3 for the benefit of any property not within the Project Site. Nothing contained herein shall prohibit any Party or Agency from granting any utility easements reasonably necessary for the use of the Project Site in accordance with the terms of this REA.

ARTICLE 4
EXERCISE OF EASEMENTS

4.1 USE OF EASEMENTS. The exercise of the utility easements granted pursuant to Article 3 hereof shall be subject to the following provisions:

4.1.1 Installation. Developer shall install, or cause to be installed, at its own expense, on, under or through the Common Area and the Onsite Parking Structure, all sanitary sewers, storm drains, pipes and conduits, cables, mains and lines and related equipment for telephone, electrical power, gas, cable television, water, sewage and other standard utilities serving the Developer Mall Stores and the Common Area. To the extent such utilities will also service the Majors' Tracts, Developer shall extend such utilities to within five feet of the respective Tracts of each Major, at such locations as are reasonably specified by such Major and at such times as are set forth in the Construction Phasing Plan. Each Major shall connect, or cause to be connected to its Improvements, all such utilities extended to its Tract and such Major shall be responsible for the cost of such connection work as well as any connection charges, area charges or other fees imposed by the utility supplier; provided, however, that such Major shall not be responsible for the cost of constructing common utilities or bringing such utility to the point designated by the Major within five (5) feet of its Tract, however such costs are imposed, and Developer shall be responsible for all of such costs. Developer shall install, or cause to be installed, at its own expense, all sanitary sewers, storm drains, pipes and conduits, cables, mains, lines and related equipment for utilities serving the Broadway Envelope Mall Stores and the Nordstrom Envelope Mall Stores. Each of Broadway and Nordstrom shall install, or cause to be installed, at their own expense, all sanitary sewers, storm drains, pipes and conduits, cables, mains, lines and related equipment for utilities serving the Broadway Tract and the Nordstrom Tract, as appropriate, that are located above the ceiling or below the floor of the Broadway Envelope Mall Stores or the Nordstrom Envelope Mall Stores, respectively. All such installation shall be performed in accordance with Approved Plans and Specifications for the Improvements on each

Party's Tract and in accordance with the Construction Phasing Plan.

4.1.2 Maintenance and Repair. After completion of construction of the Center, the grantee of any of the utility easements referred to in Section 3.2 shall be responsible as between the grantor and the grantee thereof for the maintenance and repair of all sanitary sewers, storm drains, pipes and conduits, cables, mains and lines and related equipment installed pursuant to such grant and exclusively serving such grantee's Tract. For purposes of this Section 4.1.2, Operator shall be considered the grantee of the utility easements described in Section 3.2.1. Each grantor of such easements hereby grants a license to each grantee to enter upon the Tract of the grantor, or the portion thereof where such utility lines are located, for maintenance and repair of such utility lines in accordance with the terms and conditions contained in this Section 4.1.2. Any maintenance and repair work on such lines and equipment shall be performed only after ten (10) days written notice to the grantor of the grantee's intention to do such work, except in the case of emergency. Notwithstanding the above, no maintenance and repair work shall be performed on such utility lines during the period from November 15 of any calendar year to January 2 of the next succeeding calendar year, except in an emergency. Any such work shall be done without cost or expense to the grantor and in such manner as to cause as little disturbance in the use of the grantor's Tract as may be practicable under the circumstances. The grantee shall indemnify, defend and hold the grantor harmless from any and all mechanic's liens, in accordance with Section 10.8 hereof, and from any loss, cost, damage and expense relating to claims for personal injury or property damage arising out of the maintenance or repair work, except to the extent caused by the negligence of the grantor. Upon the completion of the work, the grantee shall restore the portion of the grantor's Tract affected by such work to the same condition as it was before the commencement of the work.

4.1.3 Relocation of Utility Easement. At any time during the term hereof, the grantor of a utility easement shall have the right to relocate on its Tract any sewers, drains, pipes and conduits, cables, mains and lines and related equipment relating to any of the utility easements granted pursuant to Section 3.2 hereof then located on its Tract. Any relocation shall be performed only after the grantor has given thirty (30) days notice of its intention to relocate to the grantee, and such relocation: (i) shall not materially interfere with or diminish the utility services to the grantee; (ii) shall not reduce or unreasonably impair the usefulness or function of such utility; (iii) shall not materially increase the continuing expense of maintaining the utility service; and (iv) shall be performed without cost or expense to the grantee. Notwithstanding such relocation, the

cost of maintenance of the lines, mains and/or equipment located on the grantor's Tract and exclusively serving the grantee's Tract shall be the obligation of the grantee.

4.2 TERMINATION OF EASEMENTS. The easements granted pursuant to Sections 3.2, 3.3, 3.4 and 3.5 hereof shall remain in existence so long as the Improvements of the grantee shall be in existence or the grantee is rebuilding such Improvements. The remainder of the easements granted pursuant to Article 3 hereof shall terminate and expire on the Termination Date.

4.3 INTERRUPTION IN USE. Interruption in service of any such easements shall be permitted as a result of any cause or event referred to in Article 28 (Force Majeure).

4.4 AGENCY'S RIGHT OF ACCESS. Agency for itself, and for the City and other public agencies shall have the right to enter the Common Area for the reconstruction, maintenance or repair of any public improvements or public facilities to be constructed by Agency or City and located within the Common Area. Any such work shall be performed only after ten (10) days written notice to Developer of Agency's or City's intention to do such work, except in the case of emergency. No such work shall be performed during the period of November 15 of any calendar year to January 2 of the next succeeding calendar year, except in an emergency. Any such work shall be done without cost or expense to any of the Parties and in such manner as to cause as little disturbance in the use of the Common Area or the Center as may be practicable under the circumstances. Agency shall indemnify, defend and hold Developer and the other Parties harmless from any and all mechanic's liens, and any and all loss, cost, damage and expense relating to claims for personal injury or property damage arising out of such reconstruction, maintenance, service or repair work, except to the extent caused by the negligence of Developer or the other Parties. Upon completion of the work, Agency or City shall restore the portion of the Common Area affected by such work to the same condition as existed prior to the commencement thereof.

4.5 MAINTENANCE OF FOUNDATIONS. Each Party and Agency severally agree that in the event the Improvements on its respective Tract, including the Common Area, shall be damaged or destroyed and such Party or Agency is not required and does not elect to restore such Improvements pursuant to the provisions of this REA, it will leave in place any foundations not destroyed, that immediately prior to such damage or destruction were shared jointly between the Improvements on its Tract and the Improvements on any other Tract, for so long as such other Improvements are in existence, including any period of restoration or reconstruction of same.

Nothing contained in this Section is or shall be determined to impose upon any Party or Agency any obligation to reconstruct all or any part of any Improvements on another Tract beyond such reconstruction provisions as are otherwise contained in this REA.

ARTICLE 5
IMPROVEMENT PLANS

5.1 APPROVAL OF PLANS AND SPECIFICATIONS.

5.1.1 Preparation and Submission of Schematic Drawings. Schematic Drawings dated June 8, 1987 and concept elevations last revised February 11 and 20, 1987 have been prepared by the Project Architect for the Developer Improvements and the Onsite Parking Structure. Each Major shall prepare Schematic Drawings for its Improvements within the time set forth in the Schedule of Performance. Each Party shall submit the Schematic Drawings for its Improvements, and Developer shall submit the Schematic Drawings for the Onsite Parking Structure, to each other Party and Agency for approval in accordance with the procedure set forth in Section 5.1.3 hereof within the respective times set forth in the Schedule of Performance. Agency has previously approved the Schematic Drawings for Developer's Improvements. As used herein, the term "Schematic Drawings" shall refer to plans and sections of a Party's Improvements, elevations of a Party's Improvements as they are to be initially constructed on the Project Site, and a general description of the structural, mechanical and electrical systems pertaining to a Party's Improvements. Developer acknowledges that Agency may require a revision of Developer's Schematic Drawings under the circumstances set forth in and in accordance with Section 302 of the DDA.

5.1.2 Preparation of Design Development Drawings and Final Working Drawings. Within the respective times set forth in the Schedule of Performance, each Party shall prepare the following plans and specifications:

(a) Broadway shall prepare (i) Design Development Drawings and (ii) Final Working Drawings for (A) the Broadway Store, (B) that portion of the Onsite Parking Structure located under the farthest lateral extension of the Broadway Tract, and (C) the structural elements and shell of the Broadway Envelope Mall Stores;

(b) Nordstrom shall prepare (i) Design Development Drawings and (ii) Final Working Drawings for (A) the Nordstrom Store, (B) that portion of the Onsite Parking Structure located under the farthest lateral extension of the Nordstrom Tract, and (C) the structural elements and shell of the Nordstrom Envelope Mall Stores; and

(c) Developer shall prepare (i) Design Development Drawings and (ii) Final Working Drawings for (A) the Developer Mall Stores, (B) the Common Area, (C) the remaining portion of the Onsite Parking Structure, and (D) the Common Improvement Work to be performed on the Project Site or immediately adjacent thereto on Chapala, State, Ortega and Canon Perdido Streets.

The Design Development Drawings for each Party's Improvements shall be logical evolutions and refinements in more detail of previously approved Schematic Drawings for such Improvements, and the Final Working Drawings for each Party's Improvements shall be logical evolutions and refinements in more detail of previously approved Design Development Drawings for such Improvements. As used herein, "Design Development Drawings" shall include a site plan indicating the general location and nature of a Party's Improvements, plans, elevations, sections, schedules and notes as required to fix and describe the Improvements as to architectural, structural, mechanical and electrical systems, and outline specifications. The term "Final Working Drawings" shall mean construction drawings and related documents that are logical evolutions and refinements in more detail of previously approved plans prepared by a Party, in sufficient detail to obtain a building permit.

The Design Development Drawings and Final Working Drawings prepared by each of Broadway and Nordstrom for their respective portions of the Onsite Parking Structure shall be logical evolutions and refinements in more detail of Schematic Drawings prepared by Developer for the Onsite Parking Structure and approved by each of Broadway and Nordstrom, and shall be based on criteria for the design of the Onsite Parking Structure furnished to Broadway and Nordstrom by the Project Architect. With respect to the portions of the Onsite Parking Structure to be designed and constructed by Broadway and Nordstrom, the allocation of the cost of design and construction between the structural elements for such Major's Improvements and the Onsite Parking Structure shall be set forth in a Separate Agreement by and between Developer and each of the Majors.

Within the respective times set forth in the Schedule of Performance, each Major shall submit those portions of its Design Development Drawings and Final Working Drawings for its Improvements, its portion of the Onsite Parking Structure, and for the structural elements and shell of the Envelope Mall Stores as to which the Developer and Agency have approval rights pursuant to Section 5.1.4 hereof to Developer and Agency for approval, and Developer shall submit its Design Development Drawings and Final Working Drawings for its Improvements, the Developer Common Improvement Work and the Onsite Parking Structure to each Major and Agency for approval to the extent the other Parties and Agency have approval

rights in accordance with Section 5.1.4 hereof. No Party shall be obligated to commence to prepare or submit Final Working Drawings for its Improvements or portion of the Onsite Parking Structure until Agency has delivered the Notice to Proceed (as defined in Section 204 of the DDA) and such Notice to Proceed becomes effective and valid. During the preparation of the Design Development Drawings and Final Working Drawings, Agency, Developer, Broadway and Nordstrom shall hold regular progress meetings to coordinate the preparation, submission and review of the Design Development Drawings and Final Working Drawings.

5.1.3 Timing of Approval of Plans and Specifications. Each Party and Agency shall approve or disapprove any Schematic Drawings, Design Development Drawings or Final Working Drawings (referred to individually as a "Drawing" and collectively as "Drawings") (to the extent such Party or Agency has approval rights with respect to such Drawings in accordance with Section 5.1.4 hereof) submitted to such Party or Agency for review within twenty (20) days after receipt thereof. All Drawings submitted to any Party or Agency for approval shall be accompanied by a cover page listing the date such Drawings were mailed, and stating that approval by the recipient of such Drawings is required in accordance with Article 5 of the REA and that such Drawings shall be deemed approved unless the recipient gives written notice of disapproval thereof within twenty (20) days after receipt. All such approvals or disapprovals shall be in writing. Failure by any Party or Agency to either approve or disapprove any submitted Drawings within the twenty (20) day period shall be deemed an approval thereof. Any disapproval shall state the reason for such disapproval and the changes which the Party or Agency requests to be made with respect to such Drawings. No Party or Agency shall have any right to disapprove any element of any Drawing or request a change thereto if such element was contained in any previously approved Drawing or is a natural evolution of a previously approved Drawing. Any Party receiving a written notice of disapproval with respect to its Drawings shall revise such Drawings (or those portions thereof which are the subject of such disapprovals) to be consistent with previously approved Drawings and shall resubmit such revised Drawings (or such revised portions thereof) as soon as reasonably possible to each of the other Parties and Agency, as appropriate, for approval in accordance with the foregoing procedure. The Final Working Drawings approved by each of the Parties and Agency for each component of the Center specified in Section 5.1.2, together with Final Working Drawings with respect to all or any part of such components which do not require the other Party's approval pursuant to Section 5.1.4 hereof, shall be deemed Approved Plans and Specifications for such component. Final Working Drawings approved or deemed approved in accordance with this Section 5.1 shall be deemed in all respects to be in accordance with the Redevelopment Plan for the Project Site.

5.1.4 Rights of Approval.

5.1.4.1 Agency's Approval Rights. Agency shall have the right of reasonable architectural review of all Drawings, including any proposed changes therein, regarding only exterior elevations (including material selection and color) and the size, bulk and scale of all building, including the Onsite Parking Structure. Agency shall be bound by its approval of the foregoing elements to the extent incorporated in the Schematic Drawings, and shall have approval rights with respect to such elements in subsequent Drawings only to the extent that such elements are materially changed in a manner that is not a natural evolution of a previously approved Drawing. Agency shall have no other approval rights with respect to the Drawings.

5.1.4.2 Developer's Approval Rights. Developer's rights of approval with respect to the Drawings shall extend to reasonable approval of (i) the exterior elevations of each Major's Improvements (including material selection and color), (ii) size, bulk and scale of the buildings, (iii) structural or other portions of each Major's Improvements (including structural elements and shell of the Broadway Envelope Mall Stores and the Nordstrom Envelope Mall Stores) that are physically integrated with or otherwise have a material effect on the Developer Mall Stores, Common Area, or Onsite Parking Structure, (iv) the Drawings prepared by Broadway and Nordstrom for the respective portions of the Onsite Parking Structure to be prepared by such Parties, and (v) the location of any utility lines and mains burdening the Developer Tract granted in accordance with Section 3.2.5 hereof. Developer shall be bound by its approval of the foregoing elements to the extent included in the Majors' Schematic Plans, and shall have approval rights with respect to such elements in each subsequent Drawing only to the extent that such elements are materially changed in a manner that is not a natural evolution from a previously approved Drawing.

5.1.4.3 Major's Approval Rights. The approval rights of the Majors with respect to Developer's Drawings shall extend to reasonable approval of (i) the exterior elevations of the buildings to be constructed on the Developer Tract (including material selection and color), (ii) the size, bulk and scale of the Developer's Improvements, (iii) the structural or other portions of the Developer Mall Stores, Common Area and Onsite Parking Structure that are physically integrated with or have a material effect on such Major's Improvements, (iv) the Drawings prepared by Developer and the other Major for the respective portions of the Onsite Parking Structure to be constructed by such Parties, and (v) the location of any utility easements that burden such Major's Tract granted in accordance with Section 3.2.5 hereof. Each Major shall be bound by its approval of the foregoing elements to the extent included in the Developer's Schematic Drawings, and

shall have approval rights with respect to such elements in each subsequent Drawing only to the extent that such elements are materially changed in a manner that is not a natural evolution from the previously approved Drawing.

5.1.4.4 Limitation on Approval Rights. Except to the extent set forth in this Section 5.1.4, no Party or Agency shall have approval rights with respect to any other aspect of a Party's Drawings. With respect to those aspects of a Party's Drawings over which the other Parties and Agency have approval rights, each Party and Agency shall be estopped from disapproving any Party's Drawings, or portion thereof, to the extent such Drawings, or portions thereof, are based on logical evolutions of prior Drawings previously approved by such Parties and Agency.

5.1.5 Landscaping Plan. Within the time set forth in the Schedule of Performance, Developer shall prepare and submit to Agency and each other Party the landscaping plan for the Common Area. Each other Party and Agency shall have the right to approve the landscaping plan in accordance with the procedure set forth in Section 5.1.3 hereof. Approval of the landscaping plan shall not be unreasonably withheld or delayed.

5.1.6 Modification to Approved Plans and Specifications. If any revisions of or corrections to Approved Plans and Specifications shall be required by any government official, agency, department or bureau having jurisdiction over the Project Site, or any lending institution involved in financing the improvements on any Party's Tract, each Party and Agency shall cooperate to obtain mutually acceptable revisions and corrections.

5.2 CHANGE IN APPROVED PLANS AND SPECIFICATIONS FOR INITIAL IMPROVEMENTS. Any Party desiring to modify the Approved Plans and Specifications for the initial Improvements to be constructed on such Party's Tract or the portion of the Onsite Parking Structure to be constructed by such Party, which modification would require the approval of the other Parties and Agency, shall submit plans for such modifications to the other Parties and Agency for approval along with an explanation for the reason and need for such modification. The plans for such modification shall be accompanied by a cover page listing the date the plans were mailed, and containing a statement that approval of the plans is required in accordance with Section 5.2 of the REA and that failure to approve the plans within twenty (20) days after receipt shall be deemed approval thereof. Each of the other Parties shall approve or disapprove of the proposed modification in the Approved Plans and Specifications for such Improvements or portion of the Onsite Parking Structure within twenty (20) days after receipt of the plans therefor. The approval rights granted to the Parties and Agency pursuant to this Section 5.2

shall be limited to modifications that would affect the exterior elevations (including material selection and color) and size, bulk and scale of the Improvements, except that (i) each of the Parties shall have approval rights with respect to modifications to the Approved Plans and Specifications for the Onsite Parking Structure, (ii) each Party shall have approval rights with respect to changes in the location of utility lines and mains burdening its Tract, (iii) Developer shall have approval rights with respect to modifications relating to structural and other portions of the Improvements located on the Major's Tracts that are physically integrated with or otherwise have a material effect on the Developer Mall Stores, the Common Area or Onsite Parking Structure, and (iv) each of the Majors shall have approval rights with respect to modifications relating to structural or other portions of the Developer Mall Stores, Common Area or Onsite Parking Structure that are physically integrated with or have a material effect on such Major's Improvements. The approval rights granted to the Parties and Agency shall not extend to the interior of any Party's Improvements. The plan modification shall be approved by the Parties and Agency if it is consistent with previously approved Drawings and would not adversely affect the structural integrity of the Improvements of another Party or the Onsite Parking Structure and if the change in such Party's Improvements or the Onsite Parking Structure would not be architecturally inharmonious with the Improvements of the other Parties or the Onsite Parking Structure. Failure of any Party or Agency to give written notice of disapproval of the plan modification within twenty (20) days after receipt of the plans therefor shall be deemed approval thereof by such Party or Agency. Any notice of disapproval shall state in writing the reasons for the disapproval and the changes in the plans for the modification required by such Party or Agency for its approval. Upon receipt of a written notice of disapproval from any Party or Agency within said twenty (20) day period, the Party requesting the proposed modification shall revise the plans therefor so as to satisfy the objections contained in the notice of disapproval. Revised plans for the plan modification shall be resubmitted to each of the Parties and Agency who shall have the same period of time as in this Section 5.2 to approve or disapprove the revised plans. Failure of any Party or Agency to give written notice of disapproval within such time period shall be deemed approval by such Party or Agency of the revised plans for the proposed modification. The approval required under this Section 5.2 shall not be unreasonably withheld or delayed. The Party requesting a modification in its Approved Plans and Specifications shall pay any additional net cost incurred by the other Parties in the construction of their respective Improvements by reason of the modifications requested by such Party within thirty (30) days after such additional net cost is incurred and written demand therefor.

5.3 ADDITIONAL IMPROVEMENT PLANS. From time to time during the term hereof, additional improvement plans may be developed by the Project Architect for the future development of the Center or the Common Area or may be developed by the other Parties for alteration or remodeling of Improvements on their respective Tracts and submitted to the Project Architect for approval. Upon such preparation or approval by the Project Architect, as the case may be, such plans shall be submitted to each of the Parties and Agency in accordance with Section 14.4 hereof for their approval in writing, to the extent such approval is required by the terms of this REA, which approval shall not be unreasonably withheld or delayed. To provide continuity and harmonious architectural treatment in the development or approval of such plans, prior approved plans shall be followed as a guide in any such additional plans and in the establishment of conditions, standards and architectural treatment under which additional improvements shall be added to the Center or the Common Area or the Improvements on any Party's Tracts are altered or remodeled. Notwithstanding anything contained herein, the Operator of the Common Area shall have the right to remove or replace decorative items in the Common Area from time to time without complying with this Section 5.3. As used herein, the term "decorative items" shall refer to seasonal decorations, art work, banners, flags and other nonfunctional items placed in the Common Area from time to time for visual and aesthetic appeal, provided, however, Operator shall have no right to place such items in the Common Area without the prior written approval of the other Parties if such item would materially alter sight lines within the Common Area or the flow of pedestrian traffic within the Shopping Center or would be inconsistent with the operation of a first-class, high quality, open air regional shopping center located in Southern California.

5.4 DELIVERY OF AS-BUILT PLANS. Upon completion of construction, each Party shall deliver to each other Party and Agency a copy of its as-built structural and utility plans relating to the portion of such Party's Improvements that integrates with each other Party's Improvements and the Onsite Parking Structure.

5.5 CONSTRUCTION COMPATIBILITY. The Improvements to be constructed on each Tract in the Center have been designed to be compatible with the Improvements to be constructed on each other Tract. In order to maintain an architecturally compatible shopping center, any change to the exterior elevations, (including material selection and color) or the size, bulk and scale of the Improvements on any Party's Tract during the term of this REA shall be subject to prior approval of the Parties and Agency in accordance with Section 14.4 hereof.

5.6 ENTRY INTO COMMON AREA. The Store of each Major shall at all times during the term hereof have an entry onto the Common Area.

5.7 LIABILITY FOR PLAN APPROVAL. The exercise by any Party or Agency of its right to inspect or review the plans, drawings and specifications of any other Party or Agency pursuant to the terms of this REA shall not constitute a determination by such Party or Agency of the engineering or structural design, sufficiency or integrity of the Improvements contemplated by such plans, drawings and specifications nor a determination of the compliance of such plans, drawings and specifications with any applicable building codes, safety features or standards. Any inspection or approval of plans, specifications and drawings made or granted pursuant to this REA shall not constitute an inspection or approval of the quality, adequacy or suitability of such plans, specifications or drawings, nor of the labor, materials, services or equipment to be furnished or supplied in connection therewith. Neither Agency nor any Party has any right, and hereby expressly disclaims any right, of supervision or control over the architects, designers, engineers or other persons responsible for the drafting or formulation of the plans, drawings and specifications of any other Party or Agency.

5.8 CONFLICT WITH OTHER DOCUMENTS. As between all of the Parties and Agency, the terms of this Article 5 shall govern the rights and obligations of the Parties and Agency with respect to preparation and approval of plans and specifications for the Improvements on each Party's Tract and the Onsite Parking Structure. To the extent that the terms of this Article 5 conflict with the terms and obligations set forth in the DDA with respect to the preparation and approval of plans and specifications, the terms and obligations set forth in this REA shall govern and control the rights of the Parties and Agency. Notwithstanding the above, to the extent that the terms of this Article 5 conflict with the terms and obligations set forth in a Separate Agreement between Developer and a Major, the terms and obligations set forth in the Separate Agreement, as between Developer and such Major shall govern and control the rights of Developer and such Major with respect to the preparation and approval of plans and specifications.

ARTICLE 6
CONSTRUCTION OF COMMON IMPROVEMENT WORK

6.1 SCOPE OF COMMON IMPROVEMENT WORK. The "Common Improvement Work" shall consist of (a) work required to be performed on and off the Project Site in order to prepare building pads for Developer, Broadway and Nordstrom to construct their respective portions of the Onsite Parking Structure and the Improvements contemplated herein on their respective Tracts including without limitation, demolition and the

Pad Preparation Work, (b) work required to be performed by the DDA prior to recordation of this REA, (c) work not directly related to the Project, including traffic improvements, that must be completed pursuant to the Project Approvals, (d) construction of both of the Offsite Parking Structures, and (e) offsite and onsite Common Improvement Work to be performed by Agency or City pursuant to the Cooperation Agreement and the Scope of Development attached to the DDA. The responsibility for the performance of the Common Improvement Work shall be allocated between Developer and Agency in accordance with the Scope of Development attached to the DDA and the Cooperation Agreement. (All Common Improvement Work to be performed by Agency shall hereafter be referred to as the "Agency Common Improvement Work" and all Common Improvement Work to be performed by Developer shall hereafter be referred to as "Developer Common Improvement Work.") Developer shall have no obligation to perform any Common Improvement Work outside of the Project Site except as specifically set forth in the Scope of Development attached to the DDA. The Majors shall have no obligation to perform or pay for any Common Improvement Work on or outside of the Project Site, except as set forth in a Separate Agreement.

6.2 CONSTRUCTION OF COMMON IMPROVEMENT WORK. Agency shall construct, or shall cause City to construct pursuant to the Cooperation Agreement, all of the Agency Common Improvement Work. Developer shall construct, or cause to be constructed, all of the Developer Common Improvement Work. To the extent related to work to be performed on the Project Site, the Common Improvement Work, including the Pad Preparation Work, shall be constructed in accordance with Approved Plans and Specifications therefor. Prior to commencing any work, Agency and Developer shall enter into construction contracts with a contractor licensed in the State of California for the completion of their respective portions of the Common Improvement Work, except that City employees may perform any portion of the Agency Common Improvement Work customarily performed by City work crews.

6.3 COMMENCEMENT OF COMMON IMPROVEMENT WORK. Agency and Developer shall cause the construction of each element of the Common Improvement Work to be commenced as soon as possible after approval of the Approved Plans and Specifications for any such Common Improvement Work and execution of construction contracts, but in any event, no later than the time necessary to complete each such element of the Common Improvement Work within the time set forth in the Construction Phasing Plan. The Parties and Agency acknowledge that construction of the portion of the Common Improvement Work consisting of work required to be performed by the DDA shall be commenced prior to the date of recordation of this REA pursuant to the Schedule of Performance. All Common Improvement Work to be constructed on the Project Site and necessary for delivery of building pads to Developer, Broadway and Nordstrom or the

issuance of a building permit shall, subject to the provisions of Article 28 (Force Majeure), be completed on a schedule that allows the respective Tracts of Developer, Broadway and Nordstrom to be available to such Parties for the commencement of construction within the time set forth in this REA. The remainder of the Common Improvement Work, including any portion thereof required by Project Approvals or required for the operation of the Center, and except for punch list items, shall be completed within the time set forth in the Schedule of Performance and the Construction Phasing Plan. The portion of the Common Improvement Work consisting of construction of the Offsite Parking Structures shall be commenced and completed within the time set forth in the Parking Agreement and the Parking Covenants. All Common Improvement Work shall be constructed in accordance with the provisions of Article 10 hereof.

6.4 COST OF COMMON IMPROVEMENT WORK. The cost of the Common Improvement Work shall be paid by Developer and Agency in accordance with the allocations set forth in the Scope of Development. The contributions, if any, by the Majors to the cost of the Common Improvement Work required to be paid by Developer shall be governed by Separate Agreements by and between Developer and such Major.

6.5 CONSTRUCTION OF OFFSITE PARKING STRUCTURES. As part of the Agency Common Improvement Work, Agency shall construct, or shall cause City to construct the Offsite Parking Structures in accordance with the Parking Agreement and the Parking Covenants. Both Offsite Parking Structures shall be constructed in accordance with final working drawings and plans approved by Developer, Agency, Broadway and Nordstrom pursuant to the Parking Agreement. The dates for commencement and completion of construction for each of the Offsite Parking Structures shall be set forth in the Parking Agreement and the Parking Covenants; provided, however, both Offsite Parking Structures shall be completed and open for use not later than four (4) months prior to the Proposed Opening Date.

6.6 CONSTRUCTION OF ONSITE PARKING STRUCTURE. Prior to or simultaneously with the construction of their respective Improvements, but subject to the Construction Phasing Plan (as defined in Section 10.3 below) and any Project Approvals, each of Broadway and Nordstrom shall construct or cause the construction on the Onsite Parking Tract of that portion of the Onsite Parking Structure located under the farthest lateral extension of its Tract and Developer shall construct or cause the construction of the remaining portion of the Onsite Parking Structure. Agency hereby grants to each of Developer, Broadway and Nordstrom an irrevocable license to enter onto the Onsite Parking Tract for purposes of constructing their respective portions of the Onsite Parking Structure in accordance with the terms of this REA. The Onsite Parking Structure shall be constructed in accordance with the Approved

Plans and Specifications therefor. Subject to the Construction Phasing Plan and Project Approvals, construction of the Onsite Parking Structure shall be commenced promptly after completion of the Pad Preparation Work on the Project Site and within the time set forth in the Schedule of Performance. Prior to commencement of construction, each of Developer, Broadway and Nordstrom shall secure all City and other governmental permits required to construct their respective portions of the Onsite Parking Structure. Each of Broadway, Nordstrom and Developer shall enter into a construction contract for the construction of their respective portions of the Onsite Parking Structure with a contractor licensed by the State of California, subject to the provisions of the respective Separate Agreements by and between Developer and each Major. All construction shall comply with the General Construction Requirements set forth in Article 10 hereof. Each of Developer, Broadway and Nordstrom shall use reasonable efforts to construct its portion of the Onsite Parking Structure so as not to interfere with the construction by the other Parties on adjoining Tracts.

Developer shall reimburse each Major for the costs incurred by such Major in constructing its portion of the Onsite Parking Structure in accordance with Separate Agreements by and between Developer and each Major. The construction of the Onsite Parking Structure shall be completed within the time set forth in the Schedule of Performance, but in any event, shall be substantially completed and parkable no later than four (4) months prior to the Proposed Opening Date. Upon completion of construction, the Onsite Parking Structure shall be owned and operated in accordance with the Parking Covenants. Construction of the Onsite Parking Structure shall not be construed to be Common Improvement Work.

6.7 AGENCY'S RIGHTS AND OBLIGATIONS. Agency shall have the right to enforce the rights expressly granted, and shall be subject to the obligations expressly conferred upon, Agency by this Article 6.

ARTICLE 7
CONSTRUCTION OF DEVELOPER IMPROVEMENTS; OPENING DATES OF DEVELOPER MALL STORES AND COMMON AREA

7.1 COMMENCEMENT OF CONSTRUCTION. Developer shall, subject to Article 28 (Force Majeure), commence construction of its portion of the Onsite Parking Structure and the Developer Improvements within the time set forth in the Schedule of Performance. Developer shall be deemed to have commenced construction upon the date that Developer shall have commenced the Pad Preparation Work for the Project Site. Prior to the commencement of construction of its portion of the Onsite Parking Structure and the Developer Improvements, Developer shall deliver to each of the Majors reasonable evidence of financing or other sources of funding sufficient to undertake

the construction of Developer's portion of the Onsite Parking Structure (including the portions of the Onsite Parking Structure being constructed by the Majors for which Developer is reimbursing the Majors) and the Developer Improvements. Developer shall secure all City and other governmental permits required to construct the Developer Improvements prior to the commencement of construction.

7.2 MANNER OF CONSTRUCTION. All work of construction of the Developer Improvements shall be performed in accordance with the Approved Plans and Specifications for such Improvements. Developer shall cause the Developer Improvements to be constructed at Developer's sole cost and expense, except as otherwise provided in a Separate Agreement or in the Scope of Development, and in accordance with all the requirements of this REA, including Article 10.

7.3 COMPLETION OF CONSTRUCTION. Developer agrees to complete construction of the Developer Improvements, with the exception of the Common Area Improvements (which shall be completed within the time set forth in Section 7.4 hereof), by the Proposed Opening Date, subject to the provisions of Article 28 (Force Majeure).

7.4 COMMON AREA CONSTRUCTION. The Common Area shall be constructed by Developer in accordance with the Approved Plans and Specifications for the Common Area, including the plans for attachment of Common Area Improvements to the Store of each Major, to the extent such plans are approved by the applicable Major. Commencement and completion of the construction of the Common Area shall be within the time set forth in the Schedule of Performance; provided, however, that the Common Area shall be substantially completed one (1) month prior to the Proposed Opening Date, subject to the provisions of Article 28 (Force Majeure). Developer shall pay the cost of constructing the Common Area and the Separate Agreements between Developer and each Major shall govern any contribution to be made by the Majors toward such construction costs. All work of construction in the Common Area shall be performed in accordance with the provisions of this REA, including Article 10 hereof.

7.5 LANDSCAPING OF COMMON AREA. Developer shall cause the Common Area to be landscaped in accordance with the landscaping plan approved in accordance with Section 5.1.5 hereof. The landscaping of the Common Area shall be commenced and completed within the time set forth in the Schedule of Performance, subject to the provisions of Article 28 (Force Majeure).

7.6 OPENING OF DEVELOPER MALL STORES AND COMMON AREA. Developer agrees with the other Parties that Developer shall open the Common Area to the general public on or before the Proposed Opening Date, subject to the provisions of Article 28

(Force Majeure). Developer agrees to use due diligence and good faith efforts to have at least sixty percent (60%) of the Initial Planned Floor Area of the Developer Mall Stores leased to tenants under leases requiring such tenants to be open for business on or before the Proposed Opening Date. Developer further agrees to use reasonable efforts to evenly distribute such leased Floor Area throughout all portions of the Developer Mall Stores.

7.7 AGENCY ENFORCEABILITY. The provisions of this Article 7, except Section 7.6, shall inure to the benefit of and shall be enforceable by Agency.

ARTICLE 8
CONSTRUCTION OF BROADWAY STORE; BROADWAY OPENING DATE

8.1 COMMENCEMENT OF CONSTRUCTION. Broadway shall, subject to the Construction Phasing Plan and Article 28 (Force Majeure), commence construction of the Broadway Improvements and its portion of the Onsite Parking Structure reasonably promptly after the Broadway Pad Delivery Date, but in any event, in time sufficient to complete construction and open the Broadway Store by the Proposed Opening Date. The Broadway Pad Delivery Date shall occur within the time set forth in the Schedule of Performance, subject to Article 28 (Force Majeure). The construction to be performed by Broadway shall include the structural elements and shell components of the Broadway Envelope Mall Stores. Broadway shall be deemed to have commenced construction upon the date that Broadway shall have let firm contracts for the construction of the Broadway Improvements and shall have commenced the construction of the foundation of its portion of the Onsite Parking Structure. Broadway shall secure all City and other governmental permits required to construct the Broadway Improvements prior to the commencement of construction.

8.2 MANNER OF CONSTRUCTION. All work of construction of the Broadway Improvements shall be diligently performed in accordance with the Schedule of Performance and Approved Plans and Specifications for the Broadway Store and the Broadway Envelope Mall Stores. Construction of the Broadway Improvements shall be performed at Broadway's sole cost and expense in accordance with all the requirements of this REA, including Article 10, except that the cost of constructing the Broadway Envelope Mall Stores shall be allocated between Broadway and Developer in accordance with the terms of their Separate Agreement.

8.3 COMPLETION OF CONSTRUCTION. Broadway agrees to diligently construct and complete the Broadway Improvements by the Proposed Opening Date, subject to the provisions of Article 28 (Force Majeure).