

COPY

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease"), is made and entered into as of December 5, 2002, by and between Milwaukee County, a municipal corporation of the State of Wisconsin, as represented by the Department of Parks, Recreation and Culture ("Landlord") and Starbucks Corporation, a Washington corporation ("Tenant").

1. PREMISES. Landlord is the owner of retail building commonly known as Red Arrow Park (the "Building") and situated upon the real property legally described in Exhibit A attached hereto and by this reference incorporated herein (the "Property"). The Property includes, but is not limited to, certain other improvements such as an ice skating rink, amenities associated with the ice skating rink. In consideration of the mutual promises, covenants and conditions herein set forth, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord those certain premises in the Building containing approximately nine hundred sixty nine (969) square feet of floor area as shown by cross-hatching on Exhibit B attached hereto and by this reference incorporated herein (the "Premises"). The remaining portion of the Building shall be operated by Landlord for uses ancillary to the ice skating rink such as a warming hut, skate rentals, ice rink maintenance and skate repairs. Patrons of the ice skating rink shall not be required to purchase any item of Tenant to gain access to the other portions of the Building which are not part of the Premises; however, Tenant may prohibit patrons of the ice skating rink from bring their own food and beverages into the other portions of the Building which are not part of the Premises.

2. TERM.

2.1 Term. The initial term of this Lease shall be for ten (10) years, commencing on the Rent Commencement Date (as defined in Section 3.1 below), and ending on the last day of the month in which the tenth (10th) anniversary of the Rent Commencement Date occurs (the "Expiration Date"), unless sooner terminated or extended as provided herein (the "Initial Term"). If the Expiration Date of the Lease occurs after September 30, and prior to the last day of the succeeding February, the term of the Lease shall automatically extend until the last day in the succeeding February. Promptly after the Rent Commencement Date, Landlord and Tenant shall execute a memorandum stating the actual Commencement Date (as defined in Section 2.2. below), Rent Commencement Date and Expiration Date. For purposes of this Lease, the word "Term" shall mean the Initial Term and any Extension Term (as defined in Section 2.4 below).

2.2 Delivery. The Lease shall commence upon delivery of the Premises by Landlord and acceptance of the Premises by Tenant (the "Commencement Date"). Tenant shall not be deemed to have accepted possession of the Premises until each of the following conditions has been satisfied: (a) Landlord has completed Landlord's Work (as defined in Section 4.2); (b) Landlord and Tenant have executed and delivered a written notice of delivery and acceptance of the Premises in the form attached hereto as Exhibit D; (c) Landlord has delivered a fully executed copy of this Lease to Tenant; and (d) the date Tenant has received all required permits and approvals pursuant to Section 17. Tenant shall not be required to take possession of the Premises prior to the date it has received all required permits and approvals pursuant to Section 17.

2.3 Lease Year. For the purpose of this Lease, the term "Lease Year" shall mean and refer to that period of twelve (12) full consecutive calendar months beginning with the first full calendar month of the Term and each subsequent period of twelve (12) consecutive calendar months during the Term, provided that if the Term commences on other than the first day of a calendar month, then the initial fractional month of the Term plus the next succeeding twelve (12) full calendar months shall constitute the first Lease Year of the Term.

2.4 Extension.

2.4.1 Tenant shall have the option to extend the term of this Lease for two (2) consecutive five (5) year periods (each an "Extension Term"), upon the same terms and conditions as contained in this Lease. The rent for each Extension Term shall be as set forth in Article 3 below. To exercise an extension option, Tenant shall give Landlord written notice at least ninety (90) days prior to the then-current Expiration Date ("Tenant's Extension Notice"). Tenant's Extension Notice shall be effective to extend the Term of the Lease without further documentation except as expressly provided in Section 2.4.2 below.

2.4.2 At any time after Tenant has exercised its option to extend this Lease, Landlord and Tenant, upon request of either, will sign and acknowledge a written memorandum evidencing Tenant's exercise of the option and stating the date to which such Extension Term will extend and the rental rates that will be applicable during such Extension Term.

3. RENT.

3.1 Base Rent. Tenant shall pay to Landlord at the address stated herein, or to such other person or at such other place as Landlord may designate in writing, rent as follows ("Base Rent"):

<u>Lease Years</u>	<u>Monthly Installment</u>	<u>Annual Rent</u>
1 - 5	\$2,500	\$30,000
6 - 10	\$2,750	\$33,000
Extension Option		
11 - 15	\$3,000	\$36,000
16 - 20	\$3,250	\$39,000

Tenant shall commence to pay Base Rent on the date (the "Rent Commencement Date") that is ninety (90) days after the Commencement Date and shall continue to pay Base Rent in monthly installments on or before the first day of every month thereafter during the Term. Rent for any period during the Term less than one calendar month shall be prorated on a daily basis based on a three hundred sixty-five (365) day year. Landlord and Tenant acknowledge and agree that Tenant's payment of Base Rent is inclusive of all other payments or amounts that Landlord incurs in the operation of the Premises, Building and Property including, but not limited to, Landlord's Insurance and Operating Expenses.

3.2. Extension Term Rent. Base Rent for each Extension Term shall be as set forth in Section 3.1 above.

4. CONDITION OF THE PREMISES, POSSESSION AND TENANT ALLOWANCE.

4.1 Condition of the Premises. Landlord represents and warrants that, as of the Commencement Date, Landlord's Work (as defined in Section 4.2 below) and all parking and all parts of the Premises and the Building including, without limitation, all structural elements, the foundation, roof, roof membrane and roof system, exterior walls, plumbing, electrical and other mechanical systems (a) meet and comply with all federal, state, and local laws, ordinances and regulations and all handicapped accessibility standards for the disabled, including, without limitation, those promulgated under the Americans With Disabilities Act ("ADA"), and (b) are seismically and otherwise sound and in good, workable and sanitary order, condition, and repair at the time of delivery of the Premises to Tenant. Landlord shall correct any latent defects promptly after Tenant notifies Landlord of any such defect. Landlord represents and warrants that it has disclosed to Tenant any conditions or restrictions, including, without limitation, environmental contamination, restrictions on utilities or exclusive use restrictions within Landlord's knowledge that would adversely affect Tenant's store design, permitting, construction and use as contemplated by this Lease.

4.2 Landlord's Obligations. Except for the following (collectively, "Landlord's Work") (a) any work necessary to bring the Premises or the Building into the condition required under Section 4.1 and (b) removal of all personal property and fixtures belonging to Landlord or its prior tenant, Landlord shall not perform any work in the Premises and shall deliver the Premises to Tenant "broom clean" in its present condition. Tenant may use or dispose of any personal property or fixtures remaining in the Premises upon delivery. Landlord shall notify Tenant in writing when the Premises are ready for Tenant's occupancy. Tenant shall deliver to Landlord a written punchlist of all incomplete items needed to bring the Premises into the condition required under this Article. Landlord shall substantially repair all punchlist items prior to Tenant's acceptance of the Premises, or if Tenant chooses to accept delivery of the Premises prior to completion, within thirty (30) days of the date Tenant accepts the Premises.

If the Premises and the Building are not in the condition required under this Article on the Scheduled Delivery Date then Tenant may, at its option, either (a) delay acceptance of possession until the Premises and the Building are in the condition required under this Article and pursue its remedies under Section 4.3; or (b) accept possession of the Premises and complete all work necessary to bring the Premises into the required condition. Tenant shall provide Landlord with notice of intention to exercise either option, and shall not exercise option (b) above, if Landlord completes such work within fifteen (15) days of receipt of such notice. If Tenant elects to proceed under the foregoing subsection (b), then Landlord shall reimburse Tenant for the actual cost of such work, within thirty (30) days of receipt of an invoice for such sums. If Landlord does not reimburse Tenant as required by this Section, then Tenant may offset such sum against Base Rent and all other charges until such sum has been fully recouped. Notwithstanding either of the foregoing events, if Landlord and Tenant are unable to agree on the amount of deduction from Base Rent that Tenant may be entitled, each party shall, within ten (10) days thereafter, select an independent arbitrator who shall be an appraiser or licensed real

estate broker with substantial experience regarding building, development and repairs in the Milwaukee, Wisconsin geographic real estate market, which person shall not have been employed, regularly or as a consultant, during the past six (6) month period by the respective party selecting such person. Notice shall be given to the other party of the name of the arbitrator so selected. The two arbitrators shall, within ten (10) days, select a third arbitrator having like qualifications. Within ten (10) days of the selection of the third independent arbitrator, a majority of the arbitrators shall determine whether Landlord's or Tenant's submission is acceptable concerning the amount of the deduction from Base Rent that Tenant may be entitled, which submissions shall be communicated to the arbitrators within three (3) days of the appointment of the third arbitrator and the closer submission shall thereafter be the amount deducted from Base Rent. The costs of the arbitration shall be born by unsuccessful party.

4.3 Delay in Delivery of Possession. If Landlord does not deliver possession of the Premises on or before December 1, 2002 and such failure is because (a) the Premises are not vacant; (b) Landlord has not completed work to be done by Landlord to bring the Premises or the skating rink into the condition required by this Lease; or (c) any reason within the control of Landlord (and Landlord's financing shall be deemed to be within Landlord's control), its agents or contractors, then Tenant, at its option, may terminate this Lease upon written notice to Landlord. Landlord shall also return all monies previously deposited by Tenant, if any.

4.4 Tenant Allowance. Intentionally Deleted.

4.5 Floor Area. The parties agree that the floor area set forth herein shall not be subject to remeasurement during the term.

5. USE.

5.1 Use. Tenant may use and occupy the Premises as a coffee store or any other restaurant use. Landlord acknowledges that Tenant may use the Premises to accept returns of merchandise not purchased from Tenant. Notwithstanding anything to the contrary set forth above, if Tenant desires the approval of a new use which new use is not a restaurant use, Tenant shall request the written consent of Landlord. In the event Landlord does not approve of the proposed new use, then Tenant, at its option, may elect to either (i) terminate this Lease upon written notice to Landlord or (ii) continue with the then existing coffee store or restaurant use.

5.2 Compliance with Law. During the Term, Tenant, at its expense, shall comply promptly with all laws, rules, and regulations made by any governmental authority having jurisdiction over Tenant's use of the Premises pertaining to (a) the physical condition of any improvements constructed by Tenant in the Premises; and (b) Tenant's specific business operations in the Premises. Tenant shall not be required to make any seismic or structural upgrades, repairs, improvements or alterations to the Premises or the Building in order to comply with the requirements of this Section. Landlord, at its sole cost and expense, shall comply with all other laws, rules, regulations, and ordinances made by any governmental authority affecting the Premises, Building and/or the Property including, without limitation, all accessibility for the disabled requirements.

5.3 Operations. Tenant shall operate its business in such manner and at such hours as Tenant considers proper in Tenant's business judgment. It is expressly understood and agreed that Tenant makes no representations or warranties, oral or written, as to the level of gross sales it may generate from the Premises or the number of customers that it will bring to the Building.

5.4 Exclusivity. Landlord shall not use or allow any other person or entity (except Tenant) to use any portion of the Property for the sale of (a) freshly ground or whole coffee beans, (b) espresso, espresso-based coffee drinks or coffee-based drinks, (c) tea or tea-based drinks, or (d) gourmet, brand-identified brewed coffee. This restriction shall also apply to kiosks and carts. Tenant acknowledges and agrees that this Section 5.4 shall only be applicable to the Property, and not to any other interest of Landlord in Milwaukee County, Wisconsin.

5.5 Rink Repair Contingency. Notwithstanding anything in this Lease to the contrary (including, without limitation, Section 2.2 or Article 3), Tenant shall not be obligated to either (a) pay Base Rent or any Additional Rent, (b) accept possession of the Premises and commence construction or (c) be required to open for business in the Premises until such time as: (i) the skating rink is fully repaired and open for business to the public, which repairs shall include, but not be limited to, the repairs and remediation caused by the glycol leak set forth in the Environmental Reports (as defined in Section 8.3.1) and (ii) all construction equipment and debris have been removed from the skating rink and Property; provided, however, that Tenant may, at its option and in its sole discretion, elect to accept possession of the Premises and open for business before such time as all of the foregoing conditions have been satisfied and during the time between such opening and the date that all of the foregoing conditions have been satisfied, Base Rent and Additional Rent shall be reduced by fifty percent (50%) of the amounts otherwise due and payable under this Lease during the months of December, January and February.

6. MAINTENANCE, REPAIRS, AND ALTERATIONS.

6.1 Tenant's Obligations. Subject to the provisions of Sections 6.2, 6.3 and 9, and except for damage caused by fire or other casualty, whether or not insured or insurable, Tenant, at Tenant's expense, shall keep the Premises in good order (including routine cleaning and janitorial services) and repair, including maintaining all plumbing, HVAC, electrical and lighting facilities and equipment within the Premises and exclusively serving the Premises, and the store front, doors, and plate glass of the Premises. At Tenant's request, Landlord shall transfer or assign to Tenant all warranties, express or implied, under any contract or subcontracts relating to any improvements or equipment Landlord built or installed within the Premises to serve the Premises exclusively, including, without limitation, the warranty for the HVAC system. Notwithstanding any provision to the contrary, Tenant shall provide routine cleaning and janitorial services for the public restrooms that are within the Building. Notwithstanding any provision to the contrary, Tenant's obligations under this Section shall not include making (a) any repair or improvement necessitated by the negligence or willful misconduct of Landlord, its agents, employees or servants; (b) any repair or improvement caused by Landlord's failure to perform its obligations hereunder or under any other agreement between Landlord and Tenant; or (c) any structural or seismic repairs, improvements or alterations to the Premises or the Building.

6.2 Landlord's Obligations. Except for repairs and replacements to the Premises that Tenant must make under Section 6.1, Landlord shall pay for and make all other repairs and/or replacements to the Premises and the Building (including the Common Areas as defined below). Landlord shall, at its sole cost and expense, make the repairs and replacements necessary to maintain the Building in a condition comparable to other similar buildings in the Milwaukee, Wisconsin metropolitan area. Such repairs, replacements and maintenance shall include the upkeep of the roof, roof membrane and roof systems (gutters, downspouts and the like), foundation, exterior walls, interior structural walls, and all structural components of the Building. Landlord shall also repair and maintain all parking areas, sidewalks, landscaping and drainage systems on the Property and all utility systems (including mechanical, electrical, and HVAC systems) and plumbing systems which serve the Building as a whole and not a particular tenant's premises. Landlord shall not be required to maintain the interior surface of exterior walls, windows, doors or plate glass and store fronts (except where maintenance of the same is caused by Landlord's negligence or failure to perform its obligations under this Section). Landlord shall make all repairs under this Section promptly after Landlord learns of the need for such repairs but in any event within thirty (30) days after Tenant notifies Landlord of the need for such repairs. If Landlord fails to make such repairs within thirty (30) days after Tenant's notice (except when the repairs require more than thirty (30) days for performance and Landlord commences the repair within thirty (30) days and diligently pursues the repair to completion), Tenant may, at its option, undertake such repairs and deduct the reasonable cost thereof from the installments of Base Rent and Monthly Estimated Rent next falling due. Notwithstanding the foregoing, in the event of a life threatening emergency, Tenant may give Landlord such shorter notice as is practicable under the circumstances, and if Landlord fails to make such repairs immediately, Tenant may immediately undertake such repairs and deduct the cost thereof from the installments of Base Rent and all other charges next falling due.

6.3 Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises to Landlord in broom clean condition, except for ordinary wear and tear, (and in the event the Lease terminates in accordance with the terms and conditions of Article 9, the damage caused by fire or other casualty, whether or not insured or insurable). This Section shall survive termination of this Lease.

6.4 Landlord's Rights. If Tenant fails to perform Tenant's obligations under this Article, Landlord may, but shall not be required to, enter upon the Premises, after thirty (30) days prior written notice to Tenant, and put the same in good order, condition and repair, and the reasonable costs thereof shall become due and payable as additional rental to Landlord together with Tenant's next Base Rent installment falling due after Tenant's receipt of an invoice for such costs. Notwithstanding the foregoing, Landlord's rights under this Section shall be subject to Section 23.14.

6.5 Alterations and Additions.

6.5.1 Initial Improvements. Tenant, at Tenant's cost, may install such fixtures and finishes and other initial tenant improvements in the Premises as Tenant deems necessary or desirable for the conduct of Tenant's business therein (the "Initial Improvements"). Tenant shall submit the plans and specifications (the "Plans") for the Initial Improvements to Landlord for Landlord's review and approval of the structural elements. Landlord shall have a

period of thirty (30) days (the "Review Period") to review the Plans. Landlord shall not unreasonably withhold, condition or delay its approval of the Plans. Landlord shall be deemed to have approved the Plans as presented unless, on or before the last day of the Review Period, Landlord has delivered to Tenant a written description of the specific structural items in the Plans that are not acceptable and a description of the specific changes that must be made to the Plans to secure Landlord's approval. Tenant shall either (a) submit modified plans for approval; or (b) terminate the Lease if Landlord's requested revisions are not acceptable to Tenant in its sole discretion. The review and approval process described above shall continue until such time as Landlord has approved the Plans in writing (the "Final Plans") or until the Lease is terminated. Subject to events of force majeure, Tenant shall use its commercially reasonable efforts to complete the construction of the Initial Improvements within one hundred eighty (180) days after Landlord's approval of the Final Plans. During the construction of Tenant's Initial Improvements, Tenant acknowledges and agrees that ingress and egress of equipment and construction vehicles to the Property shall be subject to passage ways that are reasonably determined by Landlord. Upon written notice from Landlord, Tenant shall repair, at its sole cost and expense, any damage to the Property caused by such equipment and construction vehicles. After the completion of the Initial Improvements, any further ingress and egress of equipment and construction vehicles to the Property in furtherance of Tenant's obligations under this Lease shall be subject to Landlord's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed.

6.5.2 Subsequent Improvements. After the installation of the Initial Improvements, Tenant may make such interior non-structural alterations, improvements and additions to the Premises including, without limitation, changing color schemes, installing new countertops, flooring, wall-covering and modifying the layout of the tenant fixtures, as Tenant deems necessary or desirable without obtaining Landlord's consent. Notwithstanding the foregoing, Tenant shall not make any alterations, improvements, additions or repairs in, on, or about the Premises which affect the structure or the mechanical systems of the Building without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall be deemed to have approved any subsequent improvement proposed by Tenant unless Landlord disapproves of Tenant's proposal in writing within thirty (30) days of receiving Tenant's proposal and request for consent.

6.5.3 Liens. Before commencing any alterations, additions or improvements using outside contractors, Tenant shall notify Landlord of the expected commencement and completion dates of the work. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or to its agents or contractors; provided, however, that Tenant shall not be required to pay or otherwise satisfy any claims or discharge such liens so long as Tenant, in good faith and at its own expense, contests the same or the validity thereof by appropriate proceedings and posts a bond or takes other steps acceptable to Landlord that stay enforcement of such lien.

6.6 Ownership and Removal of Improvements, Fixtures, Equipment and Furnishings.

6.6.1 All personal property, furnishings, machinery, trade fixtures, equipment and improvements (trade or otherwise) which Tenant installs in the Premises

("Tenant's Property") shall remain the property of Tenant. Upon the termination or expiration of the Term, Tenant may remove Tenant's Property from the Premises no later than the termination or expiration date. In addition, Tenant may remove from the Premises all items and structural characteristics installed by Tenant that are indicative of Tenant's business and may otherwise "de-identify" the Premises, as Tenant reasonably believes necessary or appropriate for the protection of Tenant's interest in Tenant's trademarks, trade names or copyrights. Tenant shall repair any damage to the Premises or the Building caused by such removal including, but not limited to, the patching and filling holes. In no event shall Tenant remove or be required to remove any restrooms, flooring, ceilings, or utility or electrical components located inside the walls or HVAC systems. All other utility systems will be capped and returned to a condition compatible with code requirements.

6.6.2 Any of Tenant's Property not removed from the Premises on the date the Lease terminates or expires shall be deemed abandoned and shall thereupon become the property of Landlord. Landlord may possess and dispose of such property provided that Landlord shall not use or permit anyone holding under Landlord to use on the Premises (a) any trademark, trade name, millwork, copyrighted floorplan, copyrighted color palette, or sign used by Tenant in the Premises; or (b) any item that is similar to any other item protected by Tenant's intellectual property rights. This provision shall apply under all circumstances, including default by Tenant under this Lease.

7. INSURANCE; INDEMNITY.

7.1 Tenant's Insurance. During the Term of this Lease, Tenant shall obtain and keep in full force and effect, the following insurance which may be provided under blanket insurance policies covering other properties as well as the Premises and shall be maintained with an insurance company with an A.M. Best Company ("Best's") rating of at least A- and a Best's financial performance rating of at least VII, and licensed to do business in the State of Wisconsin. Upon Landlord's request, Tenant will provide Landlord with a certificate(s) evidencing such insurance. Landlord's risk manager will review the insurance limits and requirements set forth herein every five (5) years during the Term, and reserves the right to require increased limits as economic conditions indicate at that time.

7.1.1 Liability Insurance. Personal injury, bodily injury and property damage insurance, garage keepers legal (if applicable), and environmental impairment liability (if applicable), naming Landlord, as well as managing agent upon Landlord's written request, as additional insureds as their interest may appear from time to time, against liability arising out of Tenant's use, occupancy, or maintenance of the Premises and Tenant's outdoor seating area (if any). Such insurance shall include an "each occurrence" limit of not less than One Million Dollars (\$1,000,000) and a general aggregate limit of not less than Two Million Dollars (\$2,000,000). Tenant's insurance shall be primary with respect to any claim arising out of events that occur in the Premises. Landlord shall be afforded a thirty (30) day written notice of cancellation or non-renewal.

7.1.2 Property Insurance. Commercial property form insurance with a special form endorsement providing coverage on a replacement cost basis for Tenant's fixtures, equipment and inventory in the Premises. During the Term, Tenant shall use the proceeds from

any such policy or policies of insurance for the repair or replacement of the insured property unless Tenant elects to terminate the Lease under Section 9 hereof. Landlord shall have no interest in any insurance proceeds Tenant receives for Tenant's Property and Landlord shall sign all documents which are necessary or appropriate in connection with the settlement of any claim or loss by Tenant. Tenant's policies shall not be contributing with or in excess of any coverage which Landlord shall carry on the Building.

7.1.3. Worker's Compensation Insurance. Worker's Compensation Insurance as required by laws of the State Of Wisconsin.

7.1.4 Automobile Liability. Automobile liability insurance having a combined single limit of not less than One Million Dollars (\$1,000,000.00) per occurrence and insuring Tenant against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles.

7.1.5 Employer's Liability. Employer's liability insurance in an amount not less than One Hundred Thousand Dollars (\$100,000) bodily injury each accident and a general aggregate limit of not less than Five Hundred Thousand Dollars (\$500,000).

7.2 Landlord's Insurance. During the Term of this Lease, Landlord shall obtain and keep in full force and effect, the following insurance from an insurance company with a Best's rating of at least A- and a Best's financial performance rating of at least 7. The insurance required to be carried by Landlord under this Section shall be referred to herein as "Landlord's Insurance." Tenant shall be named as additional insured under Landlord's policies and, upon Tenant's request, Landlord will provide Tenant with a copy of the certificate and premium bill evidencing Landlord's Insurance.

7.2.1 Liability Insurance. Bodily injury, personal injury and property damage insurance (to include without limitation contractual liability covering Landlord's obligations under Section 7.5) insuring against claims of bodily injury or death, personal injury or property damage arising out of or in connection with (a) Landlord's activities upon, in or about the Premises; or (b) the use or occupancy of the Building with an each occurrence limit of not less than One Million Dollars (\$1,000,000) and a general aggregate limit of not less than Two Million Dollars (\$2,000,000). Landlord's Insurance shall be primary with respect to any claim arising out of events that occur outside the Premises.

7.2.2 Property Insurance. Special Form commercial property insurance insuring the Building (excluding any property which Tenant is obligated to insure under Section 7.1), for the amount of the full replacement of its value as such value may exist from time to time.

7.3 Waiver of Subrogation. Neither Landlord nor Tenant shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees if any such loss or damage is covered by insurance benefiting the party suffering such loss or damage or was required to be covered by

insurance pursuant to this Lease. Landlord and Tenant shall require their respective insurance companies to include a standard waiver of subrogation provision in their respective policies.

7.4 Indemnification by Tenant. Tenant shall defend, protect, indemnify, and hold Landlord and Landlord's agents, officers, directors, employees, and contractors harmless against and from any and all injuries, costs, expenses, liabilities, losses, damages, injunctions, suits, actions, fines, penalties, and demands of any kind or nature (including reasonable attorneys' fees) arising in connection with any and all third party claims arising out of (a) any intentional acts or negligence of Tenant or Tenant's agents, employees, or contractors; (b) any breach or default in the performance of any obligation on Tenant's part to be performed under this Lease; or (c) the failure of any representation or warranty made by Tenant herein to be true when made. This indemnity does not include the intentional or negligent acts or omissions of Landlord or its agents, officers, contractors or employees. This indemnity shall survive termination of this Lease only as to claims arising out of events that occur prior to termination of this Lease.

7.5 Indemnification by Landlord. Landlord shall defend, protect, indemnify, and hold Tenant and Tenant's agents, officers, directors, employees, and contractors harmless against and from any and all injuries, costs, expenses, liabilities, losses, damages, injunctions, suits, actions, fines, penalties, and demands of any kind or nature (including reasonable attorneys' fees) by or on behalf of any person, entity, or governmental authority occasioned by or arising out of ~~(a) any intentional act,~~ or negligence of Landlord or Landlord's agents, employees, or independent contractors; (b) any breach or default in the performance of any obligation on Landlord's part to be performed under this Lease; or (c) the failure of any representation or warranty made by Landlord herein to be true when made. This indemnity does not include the intentional or negligent acts or omissions of Tenant or its agents, officers, contractors or employees. This indemnity shall survive termination of this Lease only as to claims arising out of events that occur prior to termination of this Lease.

8. ENVIRONMENTAL LIABILITY.

8.1 Environmental Law. The term "Environmental Law" means any federal, state, local law, statute, ordinance, regulation or order and all amendments thereto pertaining to health, industrial hygiene, environmental conditions or Hazardous Substances.

8.2 Hazardous Substance. The term "Hazardous Substance" shall mean any hazardous or toxic substances, materials or wastes, or pollutants or contaminants as defined, listed or regulated by any Environmental Law or by common law decision including, without limitation, chlorinated solvents; petroleum products or by-products; asbestos; and polychlorinated biphenyl.

8.3 Landlord's Covenants. Landlord warrants, represents, covenants and agrees as follows:

8.3.1 To the best of Landlord's knowledge, the following constitutes all information in Landlord's possession or control relating to any release of a Hazardous Substance into the environment from or onto the Premises, the Building or the Property including, without

limitation, all sampling data, environmental studies or reports, environmental site assessments and historical use reviews (collectively, "Environmental Reports.") all of which have been provided to Tenant: Status Report, Glycol Leak, Red Arrow Park, Water & State Streets, Milwaukee, BRRTS #: 03-41-281276; FID #: 34042350, prepared by Department of Public Works Milwaukee County, dated March 25, 2002.

8.3.2 Landlord shall require each of its employees, agents, contractors, subcontractors, tenants, subtenants, or any other party over whom Landlord has supervision or control or right of the same to comply with all applicable Environmental Laws.

8.3.3 To the best of Landlord's knowledge, other than as disclosed to Tenant in the Environmental Reports, (a) there are no underground storage tanks on the Premises, the Building or the Property; (b) no underground storage tanks have been removed from the Premises, the Building or the Property; (c) there is no asbestos or asbestos containing material in or on the Premises or the Building, and no asbestos or asbestos containing material has been removed from the Premises or the Building; (d) no facilities involving the manufacture or disposal of any Hazardous Substance or the use or storage of more than five hundred (500) gallons of any Hazardous Substance per year, including, without limitation, gasoline stations, automobile repair facilities, dry cleaners, photo developing laboratories, junkyards, landfills, waste treatment storage, disposal, processing or recycling facilities have been located on or adjacent to the Premises, the Building or the Property.

8.3.4 Landlord shall give prompt notice to Tenant of: (a) any proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Substance on the Premises or the Building (or off-site of the Premises that might affect the Premises) or related to any loss or injury that might result from any Hazardous Substance; (b) all claims made or threatened by any third party against Landlord or the Premises, the Building or the Property relating to any loss or injury resulting from any Hazardous Substance; and (c) Landlord's discovery of any occurrence or condition on the Premises, the Building or the Property (or off-site of the Premises that might affect the Premises) that could cause the Premises or any part thereof, to be subject to any restriction on occupancy or use of the Premises under any Environmental Law.

8.3.5 If any Hazardous Substance is deposited, released, stored, disposed, discovered or present in or on the Premises, the Building or the Property, Landlord, at Landlord's expense, shall (subject to Tenant's obligations set forth in Section 8.5.1) in a manner that complies with all applicable laws, rules, regulations and policies of any governmental body with jurisdiction over the same, remove, transport and dispose of such substances and perform all remediation and cleanup necessary or advisable to remediate any damage to persons, property or the environment as a result of the presence of such Hazardous Substances. Landlord shall use its best efforts to minimize direct and indirect impact on Tenant during all activities related to remediation. If any asbestos is discovered in the Premises during Tenant's inspection of the Premises or construction of its tenant improvements, then Landlord shall promptly remove the asbestos or cause it to be removed at Landlord's sole cost and expense and if the foregoing delays the construction or installation of Tenant's improvements, then the Rent Commencement Date shall be extended for one (1) day for each day of delay.

8.4 Tenant's Use of Any Hazardous Substance. The only Hazardous Substances Tenant may use in its operations are cleaning solutions and other substances as are customarily used in Tenant's business. Tenant will manage such use in accordance with the Environmental Laws. Other than using the foregoing, Tenant does not have direct or indirect authority to manage or control use, transportation, generation or disposal of any Hazardous Substance on the Premises, the Building or the Property.

8.5 Indemnities.

8.5.1 Tenant shall protect, defend, indemnify, and hold harmless Landlord and Landlord's employees, agents, parents, and subsidiaries from and against any and all loss, damage, cost, expense, or liability (including attorneys' fees) and the costs of repairs and improvements necessary to return the Premises to the physical condition existing prior to undertaking any activity related to any Hazardous Substance ("Claims") directly arising out of or attributable to Tenant's or Tenant's agents, contractors, or employees use, manufacture, storage, release, or disposal of a Hazardous Substance on the Premises or the Building. This indemnity shall survive the termination of this Lease.

8.5.2 Landlord shall protect, defend, indemnify and hold harmless Tenant and its agents, officers, directors, contractors, employees, parents, subsidiaries, successors and assigns from and against any Claims directly or indirectly related to: (a) a violation of or responsibility under Environmental Laws except that if such Claims are directly related to Tenant's, or Tenant's agents, contractors or employees use, manufacture, storage, release or disposal of a Hazardous Substance on the Premises or the Building; or (b) a breach of any representation, warranty, covenant or agreement contained in this Article. This indemnity shall survive the termination of this Lease. In the event of any governmental or court order concerning Hazardous Substances on the Premises, the Building or the Property (not caused by Tenant) that precludes Tenant from reasonable operation of its business on the Premises, Tenant may cease operating and Base Rent and all other charges shall be abated. If such governmental or court order is not resolved within six (6) months, Tenant may terminate this Lease.

9. DAMAGE OR DESTRUCTION.

9.1 Material Damage. If the Premises or the Building is damaged or destroyed by fire or any casualty which cannot, despite diligent, good faith efforts be repaired or restored within two hundred seventy (270) days following the date on which such damage occurs, then Tenant may elect to terminate the Lease effective as of the date of such damage or destruction. Within forty five (45) days after the date of such damage, the parties shall determine how long the repair and restoration will take. After that determination has been made, Tenant shall have a period of forty five (45) days to terminate the Lease by giving written notice to Landlord.

9.2 Repair After Damage. If Tenant does not give notice of Tenant's election to terminate as provided in Section 9.1, then Landlord shall, subject to the provisions of this Section, immediately commence and diligently pursue to completion the repair of such damage so that the Premises and the Building are restored to a condition of similar quality, character and utility for Tenant's purposes, including restoration of all items described on Exhibit C existing in

the Premises prior to such damage. In the event that there is no Exhibit C to this Lease, Landlord shall restore the Premises and the Building to a condition of similar quality, character and utility for Tenant's purposes existing in the Premises prior to such damage. Notwithstanding anything contained herein to the contrary, if the Premises and the Building are not repaired and restored within two hundred seventy (270) from the date of the damage, Tenant may terminate the Lease at any time before Landlord completes the repairs and delivers the restored Premises to Tenant; provided, however, in the event Landlord completes the repairs and delivers the restored Premises to Tenant within forty five (45) days after receipt of Tenant's notice, Tenant's termination notice shall be deemed null and void. In the event of termination, Landlord shall return any prepaid Base Rent and other prepaid amounts to Tenant within thirty (30) days from the date of termination of the Lease.

9.3 Uninsured Damage. If damage or destruction is caused by a peril not required to be insured against hereunder and for which insurance proceeds are not available, either Landlord or Tenant may terminate this Lease by thirty (30) days written notice to the other of its election so to do and the Lease shall be deemed to have terminated as of such date unless the other party agrees in writing to pay for such repairs or restoration.

9.4 Damage During Final Two Years. If any damage or destruction occurs to the Premises during the last two (2) years of the Initial Term or any Extension Term and the cost to repair the damage exceeds Fifteen Thousand Dollars (\$15,000), either Landlord or Tenant may terminate the Lease upon giving the other party thirty (30) days written notice; provided, however, that if Landlord notifies Tenant that it wishes to terminate the Lease, then Tenant may, if it has not already done so, exercise its right to extend the term of this Lease under Section 2.4 whereupon Landlord's election to terminate shall be null and void.

9.5 Landlord's Right to Terminate. If the Building is substantially damaged and Landlord decides to demolish the Building and not to replace it with a similar retail building, then Landlord may terminate this Lease if it also terminates the leases of all other tenants in the Building.

9.6 Abatement of Rent. If Landlord is required to repair or restore the Premises and/or the Building under any provision of this Article and Tenant's use of the Premises is affected, then until Landlord completes such repair or restoration, Base Rent and all other charges payable by Tenant hereunder shall abate based on the degree of impact such damage and repairs have on Tenant's operations within the Premises as measured by the proportionate reduction in Tenant's sales volume.

10. PROPERTY TAXES.

10.1 Definition of "Real Property Taxes". For purposes of this Lease, the phrase "Real Property Taxes" shall include general real estate taxes and assessments payable with respect to the Property that are imposed by any authority having the power to tax any legal or equitable interest of Landlord in the Property; provided, however, that assessments shall be prorated and divided into the maximum number of installments permitted by law and only the current portion shall be included in Real Property Taxes for any Lease Year. Notwithstanding the foregoing, Real Property Taxes shall not include (a) any inheritance, estate, succession,

transfer, gift, franchise, or capital stock tax; (b) any income taxes arising out of or related to ownership and operation of income-producing real estate; (c) any excise taxes imposed upon Landlord based upon gross or net rentals or other income received by it; or (d) assessments lien against the Property prior to the Commencement Date.

10.2 Payment of Real Property Taxes. Landlord represents and warrants that, because Landlord is a governmental entity, Landlord does not presently pay any Real Property Taxes attributable the Property. To the extent that Tenant's business operations in the Premises result in a levy of Real Property Taxes on or against the Property, Tenant shall be liable for the payment of such Real Property Taxes. Landlord shall, at Tenant's request, cooperate with Tenant in contesting the imposition of such Real Property Taxes. In the event Tenant determines, in its sole discretion, that such Real Property Taxes are excessive, Tenant may elect to terminate the Lease upon written notice to Landlord.

10.3 Personal Property Taxes. Tenant shall pay, prior to delinquency, all personal property taxes assessed against Tenant directly and applicable to its personal property located in the Premises.

10.4 Property Tax Protection. Notwithstanding anything contained herein to the contrary, if Landlord sells or transfers the Building or the Property, or if a change of ownership occurs and as a direct result the Real Property Taxes increase, Tenant shall not be obligated to pay any portion of such increase becoming due during the Initial Term.

11. UTILITIES. Tenant shall pay for all water, gas and electricity used by Tenant during the Term. Landlord shall provide for separately metered utilities to the Premises which separate meters are accessible to Tenant, and Landlord and Tenant shall equally share the cost to provide such separately metered utilities provided that neither party shall incur a cost in excess of Two Thousand Five Hundred Dollars (\$2,500). Tenant shall have the right to sufficient utilities and ventilation to support its intended use of the Premises. Landlord acknowledges Tenant has the right to contract with and use its own energy service providers and until it does so Landlord may use its own energy service providers to serve the Premises. Landlord shall not charge Tenant a rate for any utility in excess of the lesser of the rate Landlord pays the supplier of the service or the rate at which Tenant could purchase the services directly through an available supplier. Landlord shall read meters and submit utility bills to Tenant at least once each calendar quarter. Landlord shall pay all water connection fees, sewer connection fees, traffic impact fees and any other extraordinary fees in excess of Five Hundred Dollars (\$500) that are associated with Tenant's use of the Premises. Without limiting the foregoing, Landlord either (a) represents and warrants that the Building has sufficient electrical capacity to allow Tenant to draw 400 amps of service to the Premises without adverse impact on other occupants or the need for an upgrade in utility service; or (b) covenants to upgrade the electrical capacity of the Building, at Landlord's sole cost and expense, to allow Tenant to draw 400 amps of service to the Premises without adverse impact on other occupants. Landlord

12. COMMON AREA OPERATING EXPENSES, INSURANCE AND TAXES.

12.1 General Definitions. The term "Operating Expenses" shall mean the reasonable and necessary, out-of-pocket costs and expenses actually paid by Landlord in any

calendar year directly attributable to maintaining, operating, and providing services to and for the Common Areas (as defined below), including the costs of utilities, maintenance, supplies and wages. If Landlord calculates Operating Expenses on a Lease Year basis, references in this Article to calendar year shall be changed to Lease Year where appropriate. The term "Common Areas" shall mean all portions of the Building and Property (excluding the Premises) including, but not limited to, landscaped areas, parking lots, sidewalks, ice skating rink, and ancillary uses of the Building such as the warming hut, skate rental area, and skate repair area. For each year of the Initial Term, within thirty (30) days after the end of each such year, Tenant shall pay Landlord an amount equal to One Thousand Dollars (\$1,000) as Tenant's contribution towards the Operating Expenses incurred by Landlord for such year. For each year of the Extended Term (if any), within thirty (30) days after the end of each such year, Tenant shall pay Landlord an amount equal to Two Thousand Dollars (\$2,000) as Tenant's contribution towards the Operating Expenses incurred by Landlord for such year.

13. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease and shall not let or sublet the whole or any portion of the Premises without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, Tenant may, without Landlord's consent, sublet all or any portion of the Premises or assign the Lease to the following (each, a "Permitted Transfer"): (a) a parent, subsidiary, affiliate, division or corporation controlling, controlled by or under common control with Tenant; (b) a successor corporation related to Tenant by merger, consolidation, reorganization or government action; or (c) a party that acquires Tenant's leasehold interest in the Premises, provided that such party engages in a use not in violation of the terms of Section 5.1 and provided further that Tenant shall remain secondarily liable for the financial performance pursuant to the Lease. For the purpose of this Lease, any sale or transfer of Tenant's capital stock, redemption or issuance of additional stock of any class shall not be deemed an assignment, subletting or any other transfer of the Lease or the Premises. If Tenant sublets the Premises, other than as part of a Permitted Transfer, then Tenant shall pay to Landlord in equal monthly installments for the duration of the subletting fifty percent (50%) of any rent received by Tenant for such sublease, in excess of (i) Tenant's out of pocket costs recovered in connection therewith including, without limitation, sale of fixtures, improvement allowances, brokerage fees, and rent abatement periods and (ii) any consideration received for covenants not to compete, goodwill and the like. If Landlord's consent is required for an assignment or sublease, then Landlord's consent shall be deemed to have been given unless Landlord notifies Tenant in writing of the reasons for Landlord's disapproval within fourteen (14) days of receipt of the request. Unless released in writing, Tenant shall remain secondarily liable under the Lease following any assignment or sublease other than a Permitted Transfer; provided, however, that Tenant's obligations may not be enlarged or extended by any act or agreement of any assignee or subtenant. The assigning party's liability under this Lease shall terminate automatically if the Landlord fails to provide such party with a copy of all default notices to the assignee or subtenant.

14. DEFAULTS; REMEDIES.

14.1 Tenant's Defaults. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(a) The failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after Landlord notifies Tenant in writing of such failure; or

(b) The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than the payment of sums due hereunder, where such failure shall continue for a period of forty five (45) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than forty five (45) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within such forty five (45) day period and thereafter diligently pursues such cure to completion.

14.2 Remedies in Default. In the event of any such uncured default, Landlord may, in accordance with procedures required by law, pursue one of the following remedies:

(a) Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall surrender possession of the Premises to Landlord within thirty (30) days after written notice from Landlord to Tenant. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Premises (including reasonable attorneys' fees), expenses of reletting, including necessary renovation and alteration of the Premises for uses similar to Tenant's uses, and the Base Rent and Additional Rent as it becomes due hereunder. If Landlord relets the Premises, then any rent or other concessions given to the new tenant shall be prorated evenly throughout the entire term of the new lease; or

(b) Landlord may maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease including the right to recover the Base Rent and Additional Rent as it becomes due hereunder.

With respect to any remedy exercised by Landlord, Landlord shall have an affirmative obligation to obtain another tenant for the Premises at a fair market rental and to otherwise mitigate its damages.

14.3 Landlord Defaults and Remedies. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Landlord: (a) Landlord's failure to do, observe, keep and perform any of the terms, covenants, conditions, agreements or provisions of this Lease required to be done, observed, kept or performed by Landlord, within forty five (45) days after written notice by Tenant to Landlord of said failure (except when the nature of Landlord's obligation is such that more than forty five (45) days are required for its performance, then Landlord shall not be deemed in default if it commences performance within the forty five (45) day period and thereafter diligently pursues the cure to completion); or (b) the failure of any representation or warranty to be true when deemed given hereunder. In the event of a default by Landlord, Tenant, at its option, without further notice or

demand, shall have the right to any one or more of the following remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (a) to remedy such default or breach and deduct the costs thereof (including reasonable attorneys' fees) from the installments of Base Rent and Additional Rent next falling due; (b) to pursue the remedy of specific performance; (c) to seek money damages for loss arising from Landlord's failure to discharge its obligations under the Lease; and (d) to terminate the Lease. Nothing herein contained shall relieve Landlord from its obligations hereunder, nor shall this Section be construed to obligate Tenant to perform Landlord's repair obligations. Notwithstanding anything contained herein to the contrary, in the event Tenant elects to terminate the Lease pursuant to Sections 4.3, 5.1, 6.5.1, 9.1, 9.2, 9.3, 9.4, 9.5, 10.2, 15.2, 15.3, 17 or 19, such election shall be deemed to be Tenant's sole remedy relative to each such particular occurrence.

15. CONDEMNATION.

15.1 Condemnation of Premises. If any portion of the Premises is taken under the power of eminent domain, or sold by Landlord under the threat of the exercise of said power (the act of which is herein referred to as "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes possession of the condemned portion of the Premises (the "Condemnation Date"). If the entire Premises are condemned, then the Lease shall automatically terminate as of the Condemnation Date. The party who receives the condemnor's notice of intention to take (the "Condemnation Notice") shall immediately give a copy of such notice to the other party.

15.2 Condemnation of the Property. If as a result of any condemnation of the Property or any portion thereof (even though the Premises is not physically affected) (a) the Premises are no longer reasonably suited for the conduct of Tenant's usual business in Tenant's reasonable business judgment, or (b) the number of parking spaces on the Property located within fifty (50) feet of the Premises is reduced by more than two (2) spaces and Landlord does not provide alternative equally accessible parking, then Tenant may terminate this Lease at any time after Tenant receives the Condemnation Notice by giving Landlord thirty (30) days written notice.

15.3 Condemnation of the Building. If a condemnation of any portion of the Building (even though the Premises are not physically affected) renders the Building unsuitable for use as a retail facility in either party's reasonable business judgment, then either Landlord or Tenant may terminate this Lease by giving the other at least thirty (30) days written notice. Notwithstanding the foregoing, Landlord may only exercise its right to terminate under this Section if Landlord terminates the leases of all other tenants in the Building.

15.4 Restoration. If this Lease is not terminated as to the whole Premises, (a) it shall remain in full force and effect as to the portion of the Premises remaining, provided the Base Rent and all other charges payable hereunder shall be reduced in the same proportion that the area taken bears to the total area of the Premises prior to taking, and (b) Landlord shall use the condemnation award to restore the Premises and the Building as soon as reasonably possible to a complete unit of the same quality, character and utility for Tenant's purposes existing prior to the condemnation. Notwithstanding anything contained herein to the contrary, if the restoration of the Premises and/or the Building is not commenced within thirty (30) days of

Landlord's receipt of the condemnation award or is not completed within one hundred eighty (180) days from the Condemnation Date, then Tenant may terminate this Lease at any time before Landlord completes the restoration. If this Lease is terminated, Landlord shall return any deposits, all prepaid Base Rent and other prepaid sums to Tenant within thirty (30) days of the date of termination of the Lease.

15.5 Award. Landlord and Tenant may each pursue any condemnation award to which it is entitled by applicable law. Tenant may recover from the condemning authority or from Landlord (if Tenant can show that such amount was included in Landlord's award) that portion of any net award or payment attributable to Tenant's Property, including without limitation, the unamortized value of improvements installed in the Premises by Tenant at Tenant's expense based on straight-line depreciation over the Initial Term of the Lease without regard to the condemnation. For the purposes of this Section, a "net" award or payment shall mean the entire award or payment for such taking, less the actual and reasonable expenses incurred in collecting such award or payment.

16. **SIGNAGE**. Tenant, at its cost, shall have the right to install or place signs, awnings, or other advertising materials in, on or about the Premises or on the Building to the maximum extent permitted by law; provided that Tenant obtains Landlord's consent (a) as to the method of attaching signs that will be permanently attached to the exterior of the Building; (b) for any awnings; and (c) for the location and design of any pylon signs. Landlord shall not unreasonably withhold, condition or delay its consent. Tenant shall submit plans and specifications for its exterior signs and awnings to Landlord for approval prior to submitting the plans and specifications to the local authorities for permitting. Landlord shall be deemed to have consented to such proposed signs and awnings unless Landlord notifies Tenant in writing of its specific objections within thirty (30) days of receiving such proposal. All signs and awnings shall be in compliance with all applicable laws, regulations and rules. Notwithstanding anything contained herein to the contrary, Tenant shall not be required to obtain Landlord's consent for any promotional or advertising signs or displays within the interior of the Premises. Landlord consents to Tenant's use of its trademarked logo, letters and colors in Tenant's signage. Landlord shall not allow any signage other than Tenant's to be erected on the exterior walls of the Premises or on the face of the Building or on the roof above the Premises. Notwithstanding anything contained herein to the contrary, Tenant shall have the right to install and place signs or other advertising materials (i) on the wrought iron fence on the Property, (ii) beside the entrance on the wall of the Building, and (iii) on the zamboni machine, provided that the Wisconsin Gas logo shall remain on the zamboni machine.

17. **PERMIT CONTINGENCY**. Tenant's obligations under this Lease are conditioned on Tenant's obtaining any permits and/or licenses (including but not limited to conditional use permits, building permits and variances) that are required by applicable laws to enable Tenant legally to (a) construct Tenant's improvements to the Premises in accordance with the Plans; (b) to install Tenant's signage on the Premises; (c) to conduct its business from the Premises; and (d) to operate the outdoor seating area as set forth in Article 18 below. Tenant shall, at Tenant's expense, initiate and diligently pursue each permit and/or license. Landlord shall execute any applications and shall provide Tenant with such further assistance and cooperation as Tenant may require in connection with applications for such permits and licenses. If Tenant does not obtain such permits and licenses on terms satisfactory to Tenant within such

period or if a permit and/or license is not renewed or is revoked during the term of this Lease due to Landlord's actions, Tenant shall have the right to terminate this Lease and if due to Landlord's actions, to pursue such other rights and remedies as may be available at law or in equity. Thereafter, neither party shall have any rights or liabilities under this Lease, and Landlord shall return any deposits and prepaid amounts to Tenant, if any. Tenant shall vacate the Premises within thirty (30) days after exercising the option to terminate as herein provided.

18. OUTDOOR SEATING. If such seating is permitted by the local authorities, Tenant may provide outdoor seating for its customers on property owned by Landlord adjacent to the Premises (the dimensions and location of such area shall be agreed upon by Landlord and Tenant, but in no event less than ten (10) tables) at any time during the Term of this Lease at no additional rental. Tenant, at its cost, shall comply with all relevant state, municipal or local laws, regulations, rules or ordinances with respect to outdoor seating, and obtain all necessary permits or licenses for the same. Tenant shall maintain the outdoor seating area exclusively serving its customers in a reasonably clean and neat fashion.

19. TENANT'S RIGHT OF EARLY TERMINATION. Notwithstanding anything contained herein to the contrary, Tenant, in its sole discretion, shall have the right to terminate the Lease in either of the following events: (i) by providing Landlord with one hundred eighty (180) days prior written notice on or before the date of June 15th which date follows the expiration the last day of the third (3rd) full Lease Year or (ii) by providing Landlord with written notice that Landlord has not continuously maintained and operated the ice skating rink during the months of December, January and February of any calendar year (in either event, the "Early Termination Date"). Upon the date Tenant specifies for the Early Termination Date, Tenant shall be fully and forever released and discharged from any and all obligations, covenants or liabilities of whatsoever kind or nature in law or equity or otherwise arising out of or in connection with this Lease or any other agreements by and between Landlord and Tenant, except any obligation, indemnity or liability that accrued before the Early Termination Date.

20. TENANT'S USE OF COMMON AREAS. Tenant shall have the right to use any and all appurtenances and easements benefiting the Premises and the Building, along with sufficient Common Areas to support its intended use of the Premises. In addition to the foregoing, Tenant shall have the right of access to such portions of the Building outside the Premises as are necessary to enable Tenant to exercise its rights under this Lease. Landlord shall not allow any permanent or temporary kiosk, cart, or other obstruction to be constructed or placed on the Property within one hundred fifty (150) feet of the Premises. Any changes, additions or alterations to the Premises, the Property or the Building shall not (a) impair access to, visibility of or frontage of the Premises; (b) materially affect the conduct of Tenant's customary business therein; or (c) detract from Tenant's signage, create confusion regarding the business conducted in the Premises, or adversely affect the presentation of Tenant's exterior signage and storefront. In the event of any such interference, the Base Rent shall be equitably abated based on the degree of interference with Tenant's business.

21. ACCESS. Landlord shall not vary or permit to be varied the existing means of ingress and egress to the Building and the Property.

22. **TRASH REMOVAL.** Landlord shall provide a lawful location on the Property, enclosed if required by code and convenient to the Premises, for a three or four cubic-yard trash container and recycling bins for trash disposal and recycling exclusively for Tenant's use. Notwithstanding anything to the contrary set forth herein, in the event Landlord does not provide such three or four cubic-yard trash container and recycling bins, Landlord shall provide for the pick up and removal of all trash and debris from the Premises at least one (1) time every two (2) days, seven (7) days per week during the time that Tenant is operating in the Premises. The cost of providing and maintaining such dumpster and/or such trash pick up service is included in Base Rent as set forth in Section 3.1. The location of any trash receptacles or containers serving the Premises shall be subject to the mutual approval of Landlord and Tenant.

23. **GENERAL PROVISIONS.**

23.1 **Estoppel Certificate.** Tenant shall, no more than twice in any Lease Year and upon not less than thirty (30) days prior written notice from Landlord, execute, acknowledge and deliver to any prospective purchaser or mortgagee, or to Landlord on such party's behalf a statement in writing on Tenant's standard form or on such other form as is acceptable to Tenant, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect); (b) stating the date to which the Base Rent and other charges are paid and the amount of any security deposit held by Landlord, if any; and (c) acknowledging that there are not, to the actual knowledge of the person executing such certificate, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, which are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises. Such certificates shall not affect, prejudice or waive any rights or remedies of Tenant against Landlord.

23.2 **Landlord's Interests.** Landlord represents and warrants to Tenant that as of the Commencement Date, (a) Landlord owns and holds fee title in and to the Building, the Premises and the Property; (b) the real property identified on Exhibit A contains the Premises described in Section 1; (c) there are no encumbrances, liens, agreements, covenants in effect that would limit Tenant's rights hereunder; and (d) Landlord is unaware of any impending condemnation plans, proposed assessments or other adverse conditions relating to the Property. The term "Landlord" as used herein shall mean only the owner or owners, at the time in question, of the fee title (or a tenant's interest in a ground lease) of the Premises. In the event of an assignment or transfer of this Lease by Landlord for other than security purposes, Landlord shall cause its assignee or transferee to assume the provisions of this Lease and Landlord shall deliver notice of such assignment or transfer and a copy of the effective instrument of transfer to Tenant within fifteen (15) days after the date of transfer. Tenant shall be entitled to continue to pay rent and give all notices to Landlord until Tenant has received the foregoing from Landlord. Landlord shall deliver all funds in which Tenant has an interest, including but not limited to Tenant's security deposit, if any, to Landlord's purchaser or assignee. From and after a sale of the Premises or the Building, Landlord shall be released from all liability toward Tenant arising from this Lease because of any act, occurrence or omission of Landlord's successors occurring after the transfer of Landlord's interest in this Lease, provided Landlord's purchaser or assignee expressly assumes Landlord's duties and covenants under this Lease. Nothing herein shall be

deemed to relieve Landlord of any liability for its acts, omissions or obligations occurring or accruing up to and including the date of such transfer.

23.3 Authority. Each of Landlord and Tenant hereby represents and warrants that this Lease has been duly authorized, executed and delivered by and on its behalf and constitutes such party's valid and binding agreement in accordance with the terms hereof.

23.4 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

23.5 Time of Essence. Time is of the essence to the parties executing this Lease.

23.6 Interpretation. Article and section headings are not a part hereof and shall not be used to interpret the meaning of this Lease. This Lease shall be interpreted in accordance with the fair meaning of its words and both parties certify they either have been or have had the opportunity to be represented by their own counsel and that they are familiar with the provisions of this Lease, which provisions have been fully negotiated.

23.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties as of the date hereof with respect to any matter mentioned herein. No prior agreement, correspondence or understanding pertaining to any such matter shall be effective to interpret or modify the terms hereof. This Lease may be modified only in writing, signed by the parties in interest, at the time of the modification. Landlord specifically acknowledges that Tenant's employees at the Premises do not have authority to modify the Lease or to waive Tenant's rights hereunder.

23.8 Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant or Landlord of the same or any other provision. A party's consent to or approval of any act shall not be deemed to render unnecessary obtaining such party's consent to or approval of any subsequent act. No waiver shall be effective unless it is in writing, executed on behalf of Landlord or Tenant by the person to whom notices are to be addressed.

23.9 Recording. Landlord or Tenant may record a short form or memorandum of Lease at its own expense. At Tenant's request, the parties shall execute a memorandum of Lease in recordable form giving notice of such nonmonetary terms as Tenant may reasonably request, including Tenant's exclusivity and option rights. If Tenant exercises such option, upon termination or expiration of the Lease, Tenant shall, at its sole expense, remove such recorded memorandum from title records.

23.10 Holding Over. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term, with or without the consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the Base Rent payable in the last month of the Term, plus all other charges payable hereunder, and upon the terms hereof applicable to month-to-month tenancies. Landlord's acceptance of Base Rent shall not act as a

waiver by Landlord of Landlord's rights to terminate the Lease and Tenant's possession of the Premises.

23.11 Cumulative Remedies. Except where otherwise expressly provided in this Lease, no remedy or election hereunder shall be deemed exclusive, but shall, wherever possible, be cumulative with all other remedies at law or in equity.

23.12 Binding Effect; Choice of Law. The Lease shall be binding upon and benefit the parties, their personal representatives, successors and assigns. The Lease shall be governed by the laws of the state where the Premises are located.

23.13 Subordination, Nondisturbance and Attornment. This Lease shall be subordinate to all existing and future mortgages and/or deeds of trust on the Premises, the Building or the Property, and Tenant agrees to subordinate this Lease to any future mortgage or deed of trust and to attorn to Landlord's successor following any foreclosure, sale or transfer in lieu thereof; provided that the mortgagee, transferee, purchaser, lessor or beneficiary ("Landlord's Successor") agrees in a written instrument in form and substance satisfactory to Tenant that Tenant's use or possession of the Premises shall not be disturbed, nor shall its obligations be enlarged or its rights be abridged hereunder by reason of any such transaction. Notwithstanding any foreclosure or sale under any mortgage or deed of trust (or transfer by deed in lieu thereof), this Lease shall remain in full force and effect.

23.14 Landlord's Access. Landlord and Landlord's agents shall have the right to enter the Premises upon seventy-two (72) hours prior written notice for the purpose of inspecting the same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the Building as Landlord deems necessary or desirable. Notwithstanding the foregoing, in the event of an emergency requiring Landlord's entry into the Premises, Landlord may give Tenant shorter notice in any manner that is practicable under the circumstances. Landlord may, at any time, place on or about the Premises an ordinary "For Sale" sign, and Landlord may at any time during the last sixty (60) days of the Term, place on or about the Premises an ordinary "For Lease" sign. Any such sign shall be no larger than two feet by two feet (2' x 2'). When entering or performing any repair or other work in the Premises, Landlord, its agents, employees and/or contractors (a) shall identify themselves to Tenant's personnel immediately upon entering the Premises, and (b) shall not, in any way, materially or unreasonably affect, interrupt or interfere with Tenant's use, business or operations on the Premises or obstruct the visibility of or access to the Premises. In the event of substantial, material or unreasonable interference, the Base Rent and additional rent all shall be equitably abated if the interference continues for more than twenty four (24) hours. In the event such interference shall continue for longer than six (6) months, Tenant shall have the option to terminate this Lease or continue to operate with rent abatement after such interruption has ceased for a time period equal to the time period of such interruption.

23.15 Only Landlord/Tenant Relationship. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant. Landlord and Tenant expressly agree that neither the method of computation of rent nor any act

of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

23.16 Attorneys' Fees. If either party brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, proceeding, trial or appeal, shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court.

23.17 Force Majeure. In the event that either party shall be delayed or hindered in or prevented from the performance of any covenant, agreement, work, service, or other act required under this Lease to be performed by such party, and such delay or hindrance is due to causes entirely beyond its control such as riots, insurrections, martial law, civil commotion, war, fire, flood, earthquake, or other casualty or acts of God, the performance of such covenant, agreement, work, service, or other act shall be excused for the period of delay and the time period for performance shall be extended by the same number of days in the period of delay.

23.18 Confidentiality of Lease. Subject to the obligations imposed on Landlord by the "Public Records Law", Section 19.32, Wis. Stats., the parties shall not disclose any of the terms, covenants, conditions or agreements set forth in this Lease or any amendments hereto, nor provide such correspondence, this Lease, any amendments hereto or any copies of the same, nor any other information (oral, written or electronic) which is communicated by or on behalf of Tenant or on behalf of Landlord relating to Tenant's proposed development of the Premises (including, without limitation, architectural plans, specifications, site plans and drawings) or Tenant's business, to any person including, without limitation, any brokers, any other tenants in the Building or any affiliates, agents or employees of such tenants or brokers except as set forth herein, without the other parties written consent or except as ordered by a court with appropriate authority. Notwithstanding the foregoing, Landlord may disclose such confidential information in response to a valid request in accordance with "Public Records Law", Section 19.32, Wis. Stats. Notwithstanding the foregoing, the parties may disclose the terms of this Lease to those of its attorneys, accountants, current or potential mortgagees or purchasers of the Property and current or potential lenders, assigns or subtenants who agree to be bound by the terms of this Section.

23.19 Brokers. Tenant agrees to pay a brokerage commission to Mid-America Real Estate Group for services provided in connection with this Lease in accordance with the terms of a separate commission agreement. Except as specifically identified in this Section, Landlord and Tenant each represent to the other that they have not dealt, directly or indirectly, in connection with the leasing of the Premises, with any other broker or person entitled to claim a commission or leasing fees. In no event may this Lease be construed to create any express or implied obligation on the part of Tenant to perform this Lease on behalf of any broker (or any person claiming a commission or leasing fee) as primary obligee or as a third party beneficiary. Landlord and Tenant each shall indemnify and hold each other harmless from any loss, liability, damage, or expense (including without limitation reasonable attorneys' fees) arising from any claim for a commission or leasing fee arising out of this transaction made by any unidentified broker or other person with whom such party has dealt.

23.20 Consents. Whenever the right of approval or consent is given to a party pursuant to this Lease, that party shall not unreasonably withhold, condition or delay its consent unless this Lease expressly provides otherwise.

23.21 Consequential Damages Neither Landlord nor Tenant shall be liable to the other for consequential damages or lost profits due to the default of the terms and conditions of this Lease by such party.

24. QUIET ENJOYMENT. Without limiting any rights Tenant may have by statute or common law, Landlord covenants and agrees that, so long as this Lease is in full force and effect, Tenant shall lawfully and quietly hold, occupy and enjoy the Premises during the Term of this Lease without disturbance by Landlord or by any person having title paramount to Landlord's title or by any person claiming through or under Landlord.

25. NOTICES. Whenever a provision is made under this Lease for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and served either personally or sent by United States mail, certified, postage prepaid, or by pre-paid nationally recognized overnight courier service, addressed at the addresses set forth below or at such address as either party may advise the other from time to time.

To Landlord at	Director, Milwaukee County Department of Parks, Recreation and Culture 9480 Watertown Plank Road Wauwatosa, Wisconsin 53226
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With a copy of default notices to:	Corporate Counsel, Room 303 Milwaukee County Courthouse 901 North Ninth Street Milwaukee, Wisconsin 53233
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To Tenant at:	Starbucks Corporation Attn: Property Management Department Mailstop S-RE3
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by mail at:	P.O. Box 34067 Seattle, WA 98124-1067
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or by overnight delivery to:	2401 Utah Avenue South Seattle, WA 98134
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Landlord shall send a duplicate copy of any notice given under Article 14 to the attention of the Law and Corporate Affairs Department at the same address, Mailstop S-LA1.

Notices given hereunder shall be deemed to have been given on the date of personal delivery (or the first business day thereafter if delivered on a non-business day) or three (3) days after the date of certified mailing or the next business day after being sent by overnight courier.

26. EXHIBITS. The following exhibits are attached to this Lease and by this reference are incorporated herein:

Exhibit A - Legal Description
Exhibit B - Site Plan with Diagram of Premises
Exhibit C - Construction Requirements
Exhibit D - Delivery of Possession

27. ADDITIONAL PROVISIONS

27.1 Nondiscrimination. Tenant herein covenants by and for himself, herself, or itself, and his, her or its heirs, executors, administrators and assigns, and all persons claiming under or through him, her or it, and this Lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Premises herein leased nor shall Tenant himself, herself, or itself, or any person claiming under or through, him, her, or it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, subtenants or vendees in the Premises herein leased. In the event that any Federal, State, or other governmental agency or any court of law determine that Tenant has violated the foregoing nondiscrimination covenant with respect to a third party claimant, including without limitation, an employee or customer, provided that the conduct so determined to be discrimination is terminated within ten (10) days after such ruling or determination, then with respect to a default of this Lease as result of such violation, said termination shall constitute a cure by Tenant. Notwithstanding the foregoing, Tenant shall indemnify, protect, defend and hold Landlord harmless from any claims that arise as result of Tenant's violation of the nondiscrimination covenant.

27.2 PROHIBITED PRACTICES. During the term of this Lease, Tenant shall not hire, retain or utilize for compensation any member, officer or employee of the County or any person who, to the actual knowledge (without inquiry) of Tenant, has a conflict of interest. Tenant hereby acknowledges that portion of Landlord's Code of Ethics, which states in part: "No person may offer to give to any County officer or employee or his immediate family, and no County officer or employee or his immediate family may solicit or receive anything of value pursuant to an understanding that such officers or employees vote, official actions or judgment would be influenced thereby."

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:

Milwaukee County, a municipal corporation
of the State of Wisconsin, as represented by
the Department of Parks, Recreation and Culture

By *Susan L. Baldwin*
Its _____

Landlord's Federal Tax Identification
Number: 39 6005 720

TENANT:

STARBUCKS CORPORATION,
a Washington corporation

By *Krista Fuller*

KRISTA FULLER
vp store design & construction

APPROVED AS TO FORM

John Schepke
CORPORATION COUNSEL 12/13/02

*Reviewed
John A. Roth
12-16-02*

STATE OF WISCONSIN)
) ss.
COUNTY OF MILWAUKEE)

On this 23rd day of December, 2002, before me, the undersigned, a Notary Public in and for the County of Milwaukee, duly commissioned and sworn, personally appeared SUSAN L. BALDWIN, to me known as, or providing satisfactory evidence that he/she is the DIRECTOR of MILW. COUNTY PARKS, a MUNICIPALITY, the MUNICIPALITY - that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said MUNICIPALITY for the uses and purposes therein mentioned and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Dorothy A. Bozich
NOTARY PUBLIC in and for the _____ of _____
residing at _____
My commission expires 4-2-06
Print Name: Dorothy A. Bozich

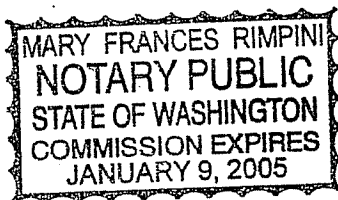
STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

On this 5th day of December, 2002 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Krista Fuller, to me known to be the VP, Store Design & Const of STARBUCKS CORPORATION, a Washington corporation, the corporation that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year this certificate above written.



Mary Frances Rimpini
NOTARY PUBLIC in and for the state of Washington
residing at Kent
My commission expires 1-9-05
Print Name: Mary Frances Rimpini

EXHIBIT A
LEGAL DESCRIPTION
RED ARROW PARK

TAX KEY NUMBER 392-1262-120-3

THAT CERTAIN TRACT OF LAND SITUATED IN THE COUNTY OF MILWAUKEE, STATE OF WISCONSIN LOCATED AT 920 N. WATER STREET, MILWAUKEE, WI 53202 AND MORE PARTICULARLY AS DESCRIBED BELOW.

LEGAL DESCRIPTION:

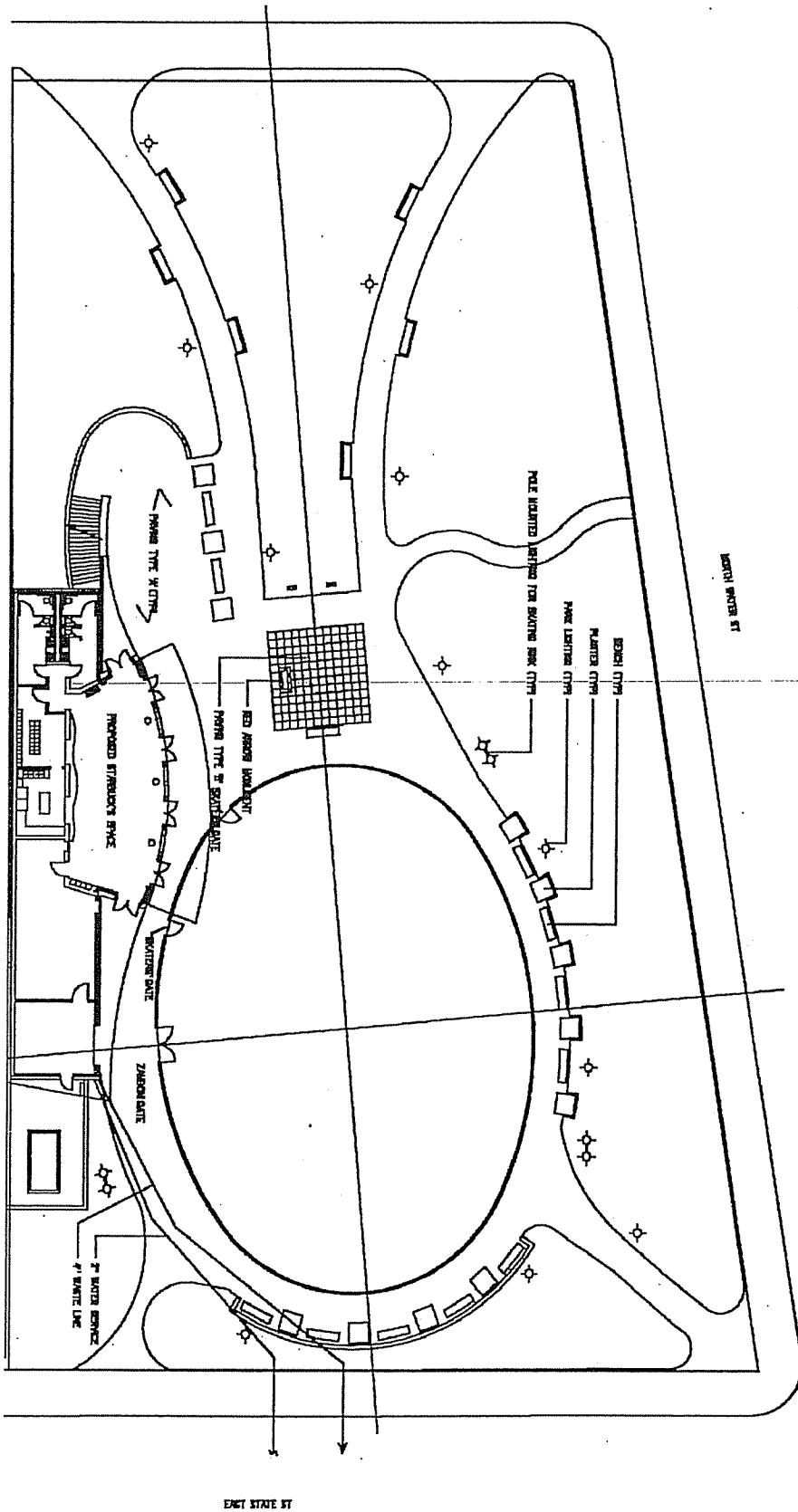
PLAT OF MILWAUKEE IN SECTION 29, TOWNSHIP 7 NORTH, RANGE 22 EAST CONTAINING APPROXIMATELY 1.3 ACRE OF LAND

BLOCK 56 LOTS 1 TO 11 INCLUSIVE AND ALL OF THE VACATED ALLEY IN SAID BLOCK EXCEPT THE SOUTH 50' OF LOTS 6 & 7 FOR STREET PURPOSES. ALSO EXCLUDING FOR STREET PURPOSES, THAT PART OF LOTS 7 TO 11 INCLUSIVE, COMMENCING AT THE NORTHWEST CORNER OF SAID BLOCK 56 THEN EASTERLY ALONG THE NORTH LINE OF SAID BLOCK 56, 40.39' THEN SOUTH 13 DEGREES 56 MINUTES 41 SECONDS EAST 320.17' THEN SOUTH 85 DEGREES 0 MINUTES 47 SECONDS WEST 8.77' THEN NORTH 19 DEGREES 25 MINUTES 10 SECONDS WEST ALONG THE WEST LINE OF SAID BLOCK 56, 326.86' TO THE POINT OF BEGINNING.

EXHIBIT B

SITE PLAN

EXIT BUILDING ARE



NORTH WATER ST

POLE MOUNTED LIGHTING FOR SKATING RINK CITY

PARKING TYPE Y CITY

PROPOSED STARBUCKS SPACE

WATERBURY

ZANON DATE

WATER SERVICE

WASTE LINE

EXIT STATE ST



STARBUCKS

COFFEE COMPANY

1401 17TH AVENUE SOUTH, 8TH FLOOR

SEATTLE WASHINGTON 98134

ATTN: RED ARROW

ADDRESS 380 N. WATER STREET

MILWAUKEE, WI

PROJ. CODE: 14011-001

SHEET TITLE

SITE PLAN

DATE:

1 APRIL 2002

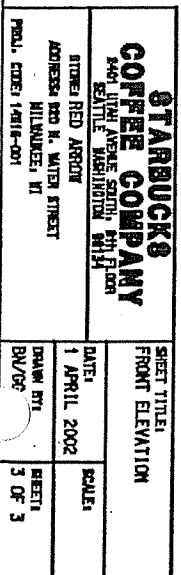
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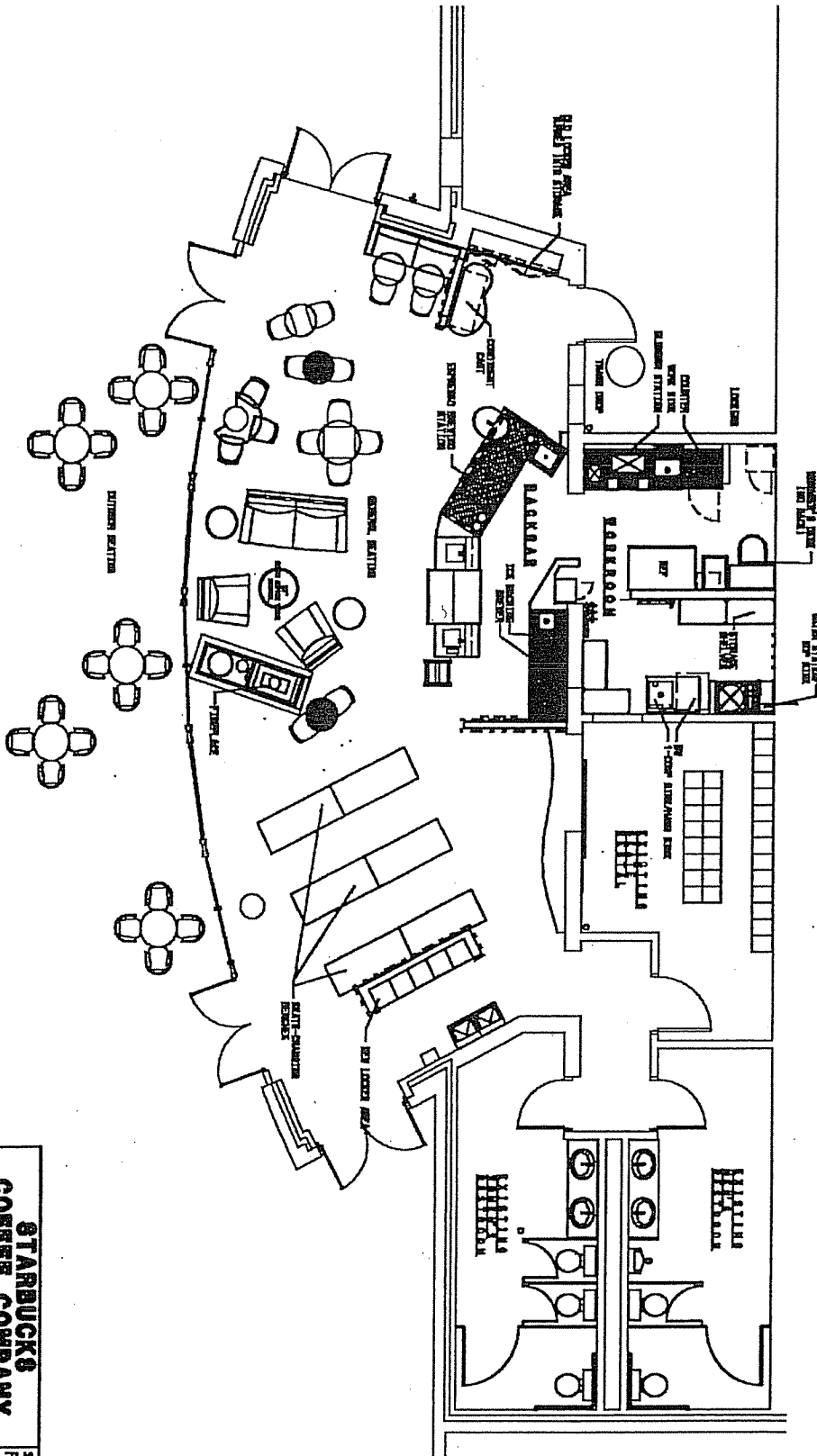
BR/55

SCALE:

1 OF 3

STARBUCKS





**STARBUCKS
COFFEE COMPANY**

1401 N. WATER STREET
MILWAUKEE, WI

STREET RED ARROW
ADDRESS 1401 N. WATER STREET
MILWAUKEE, WI

PROJ. CODE: 1401-001

SHEET TITLE:
FLOOR PLAN

DATE:
1 APRIL 2002

DRAWN BY:
BN/GS

SCALE:

SHEET:
2 OF 3

EXHIBIT C
CONSTRUCTION REQUIREMENTS

[Intentionally Omitted.]