

ORDINANCE NO. 2012-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A LEASE AMENDMENT AND RELATED DOCUMENTS TO PROVIDE AN OPTION TO EXTEND THE GROUND LEASE FOR THE WESTFIELD/NORTH COUNTY FAIR SHOPPING CENTER FOR AN ADDITIONAL FIFTEEN YEARS

The City Council of the City of Escondido, California, DOES HEREBY ORDAIN as follows:

SECTION 1. This Ordinance is being adopted for the purpose of authorizing the Mayor and City Clerk to execute, on behalf of the City, a lease amendment and related documents for the Westfield/North County Shopping Center, which is located on land owned by the City. The City has held a public hearing in compliance with California Civil Code Section 719 and California Government Code Section 37380, notice of which has been provided pursuant to Government Code Section 6066 in the North County Times, which is a newspaper of general circulation in the City of Escondido. The City Council has considered the proposal, the staff report, the Notice of Exemption under the California Environmental Quality Act, and any public testimony presented at the hearing.

SECTION 2. There currently exists a ground lease between the City and Developer/Lessee which was authorized by Resolution 81-13 and executed on February 2, 1981 for a period of 55 years. The lease has since been amended three

times (authorized by Resolutions 82-86, 86-37 and 86-300) primarily related to the commencement of the lease term.

SECTION 3. Westfield is the current Ground Lessee and has proposed a renovation project for Westfield North County Fair which includes a new three story Target store, improvements to the mall common areas and entrances, new restaurants, resurfacing of the parking lot and remodeling of the food court. The proposal also includes an increase in the fixed and percentage rent payable to the City.

SECTION 4. Upon successful completion of the project, Westfield requests to extend the Ground Lease term for an additional fifteen years. The City Council hereby determines that the proposed lease extension and related agreements authorized by this Ordinance offer the greatest economic return to the City, particularly in light of the existing lease and the remaining term on said lease. The City Council further concludes that based on all the circumstances, including an analysis by Keyser Marston and Associates, the lease extension is also justified for the purpose of attracting the necessary capital investment.

SECTION 5. The extension of the leasehold interest for the term specified will provide certainty to the tenant and subtenants and enable additional investment by private parties in the shopping center, which will provide increased rent revenues and increased sales tax revenues for the City, which funds can be used to benefit the residents of Escondido.

SECTION 6. The Mayor and City Clerk are hereby authorized, subject to final negotiation and approval as to form by Special Counsel and the City Attorney, certain

documents, the forms of which are attached to this Ordinance as Exhibits 1 through 4, and as identified as follows:

- Exhibit 1 - Amendment No. 4 to Ground Lease
- Exhibit 2 - Agreement Regarding Renovation of Shopping Center
- Exhibit 3 - Amendment No. 1 to Ground Lease Re: NCF North
- Exhibit 4 - Amendment No. 1 to Ground Lease Re: NCF South

SECTION 7. SEPARABILITY. If any section, subsection sentence, clause, phrase or portion of this ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

SECTION 8. That as of the effective date of this ordinance, all ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 9. That the City Clerk is hereby directed to certify to the passage of this ordinance and to cause the same or a summary to be published one time within 15 days of its passage in a newspaper of general circulation, printed and published in the City of Escondido.

PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 25th day of January, 2012 by the following vote to wit:

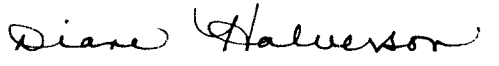
AYES : Councilmembers: DIAZ, GALLO, MORASCO, WALDRON, ABED
NOES : Councilmembers: NONE
ABSENT : Councilmembers: NONE

APPROVED: 5/0



SAM ABED, Mayor of the
City of Escondido, California


ATTEST:



DIANE HALVERSON, City Clerk of the
City of Escondido, California

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO : ss.
CITY OF ESCONDIDO)

I, DIANE HALVERSON, City Clerk of the City of Escondido, hereby certify that the foregoing ORDINANCE NO. 2012-02 passed at a regular meeting of the City Council of the City of Escondido held on the 25th day of January, 2012, after having been read at the regular meeting of said City Council held on the 11th day of January , 2012.



DIANE HALVERSON, City Clerk of the
City of Escondido, California

ORDINANCE NO. 2012-02

AMENDMENT NO. 4 TO GROUND LEASE

This AMENDMENT NO. 4 TO GROUND LEASE ("**Amendment**") is made and entered into as of the ____ day of _____, 2011, by and between the CITY OF ESCONDIDO ("**Lessor**"), and NORTH COUNTY FAIR LP, a Delaware limited partnership, and EWH ESCONDIDO ASSOCIATES, L.P. a Delaware limited partnership, as tenants-in-common (collectively, "**Lessee**").

R E C I T A L S :

A. This Amendment is made with respect to that certain Ground Lease dated as of February 2, 1981 between the City of Escondido, as landlord/lessor, and EWH 1979 Development Company, L.P., as tenant/lessee, relating to certain premises currently known as Westfield North County located on land described in Exhibit A hereto, a memorandum of which was recorded on July 21, 1983 as File No. 83-250262 in the Office of the Recorder of San Diego County ("**Recorder's Office**"), as amended by Amendment No. 1 to Ground Lease dated August 24, 1982, Amendment No. 2 to Ground Lease dated February 12, 1986, recorded on March 5, 1986 as File No. 86-087687 in the Recorder's Office, and Amendment No. 3 to Ground Lease dated November 26, 1986, recorded on November 26, 1986 as File No. 86-549261 in the Recorder's Office (collectively, the "**Lease**"). Lessee is the current "**Lessee**" under the Lease. Terms not otherwise defined in this Amendment are defined in the Lease.

B. Lessor and Lessee desire to amend the Lease to grant Lessee an option to extend the Lease Term, together with such other matters as set forth herein.

A G R E E M E N T :

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Option to Extend Lease Term. Lessor hereby grants to Lessee the option to extend the Lease Term (the "**Option**") for a period of fifteen (15) years commencing upon July 1, 2038 and ending on June 30, 2053 (the "**Option Term**"). Lessee may exercise the Option by giving Lessor written notice thereof that any time following completion of the work described on Exhibit B hereto (the "**Renovation**") and no later than one (1) year prior to the expiration of the Lease Term. Upon Lessee's exercise of the Option, all references in the Lease to the "Lease Term" shall include the Option Term. At any time following Lessee's exercise of the Option, Lessor and Lessee shall, at either party's request, enter into an amendment of the Lease to evidence the exercise of the Option. For purposes of this Amendment, "completion" of the Renovation means the date that Lessor's building inspection department "signs-off" on the building permits (the "**Permits**") for the Renovation evidencing that the work contemplated by the Permits is complete.

2. Fixed Rent During Initial Lease Term. Commencing on the second (2nd) anniversary of the Trigger Date (as defined below), the Fixed Rent as set forth in Section 3.1 of the Lease shall increase by \$150,000.00 per annum from \$1,090,000.00 per annum to \$1,240,000.00 per annum. Commencing on the third (3rd) anniversary of the Trigger Date, the Fixed Rent as set forth in Section 3.1 of the Lease shall increase by \$150,000.00 per annum from \$1,240,000.00 per annum to \$1,390,000.00 per annum (the \$150,000.00 increase in the preceding sentence and the \$150,000.00 increase in this sentence are collectively referred to as the "**Fixed Rent Increase**"). The term "**Trigger Date**" means the date that is earlier to occur of (i) one (1) year following commencement of the Renovation or (ii) completion of the Renovation. For purposes of the foregoing, the "commencement" of the Renovation shall be deemed to occur when the Permits are issued.

On the fourth (4th) anniversary of the Trigger Date and on each anniversary thereafter (each, an "**Adjustment Date**") during the initial Lease Term, the Fixed Rent Increase in effect immediately prior to such Adjustment Date shall increase by the lesser of (i) two and one-half percent (2.5%) or (ii) the percentage increase, if any, between the Index (as defined below) in effect on the date that is fourteen (14) months prior to such Adjustment Date and the Index in effect on the date that is two (2) months prior to such Adjustment Date. The "**Index**" shall be the Consumer Price Index for all Urban Consumers (CPI-U) San Diego, California, all items, published by the Bureau of Labor Statistics of the United States Department of Labor (Base Year 1982-84=100). If publication of the Index is discontinued, or if the basis of calculating the Index is materially changed, then the parties hereto shall substitute for the Index comparable statistics as computed by an agency of the United States Government or, if none, by a periodical or publication of recognized authority most closely approximating the result which would have been achieved by the Index, as mutually agreed upon by the parties hereto.

3. Fixed Rent During Option Term. The amount of Fixed Rent payable during the Option Term shall initially be the same amount of Fixed Rent payable immediately prior to the Option Term. On each Adjustment Date that occurs during the Option Term, the entirety of the Fixed Rent in effect immediately prior to such Adjustment Date shall increase by the lesser of (a) two and one-half percent (2.5%) or (b) the percentage increase, if any, between the Index in effect on the date that is fourteen (14) months prior to such Adjustment Date and the Index in effect on the date that is two (2) months prior to such Adjustment Date.

4. Clarification Regarding Subtenant Improvement Allowances. The parties acknowledge that an improvement allowance provided by Lessee to subtenants is the economic equivalent of a Subtenant Loan. Therefore, for purposes of Section 3.5(c) of the Lease, the amount of rent payable to Lessee by any subtenant that represents amortization (on a straight line basis over the sublease initial term) of an improvement allowance will be treated as if Lessor had made a Subtenant Loan instead of an improvement allowance. **[Note: This is intended to accomplish the same thing as Section 6 of the prior draft, but it is now rephrased to be a "clarification" rather than an "amendment" in order to minimize the Prop 13 risk.]**

5. Lessee's Mortgage-Joinder by Lessor. Section 11.1 of the Lease is deleted.

6. No Other Amendments. Except as amended hereby, all of the provisions of the Lease shall remain in full force and effect.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute but one and the same instrument.

8. Memorandum. At Lessee's request, Lessor and Lessee shall execute, acknowledge and record in the Recorder's Office a memorandum of this Amendment.

[Signatures continue on following pages]

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment as of the date first above written.

"Lessor"

CITY OF ESCONDIDO

By: _____
Name: _____
Title: _____

"Lessee"

NORTH COUNTY FAIR, LP, a Delaware limited partnership, as tenants-in-common

By: Westfield America GP LLC, a Delaware limited partnership, its general partner

By: Westfield America Limited Partnership, a Delaware limited liability company, its sole member

By: Westfield U.S. Holdings, LLC, a Delaware limited liability company, its general partner

By: _____
Name: _____
Title: _____

[Signatures Continue On Next Page]

EWH ESCONDIDO ASSOCIATES, L.P., a
Delaware limited partnership, as tenants-in-
common

By: North County Fair LP, a Delaware limited
partnership, its general partner

By: Westfield America GP LLC, a Delaware
limited liability company, its general
partner

By: Westfield America Limited
Partnership, a Delaware limited
partnership, its sole member

By: Westfield U.S. Holdings, LLC, a
Delaware limited liability
company, its general partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description of Demised Premises

PARCELS 7 AND 8 OF ESCONDIDO MAP NO. 85-08, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO PARCEL MAP NO. 14270, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1986.

EXHIBIT B

Description of Renovation

- **Mall Common Space Remodel**
 - New Floor Finish
 - New Interior Paint Scheme
 - New Interior Lighting Scheme
 - New Amenities, Planter Pots, Furniture, etc.
 - New Glass Handrails
 - New Interior Wayfinding Signage
 - New Children's Play Area
- **Exterior Mall Entry Remodel**
 - New Westfield Signage
 - New Exterior Paint Scheme
 - New Lighting Scheme
 - New Material Accents
 - New Exterior Landscaping at Entrances
 - New Enhanced Entry Paving
- **Food Court Remodel**
 - New Floor Finish
 - New Interior Paint Scheme
 - New Interior Lighting Scheme
 - New Men's and Women's Restrooms
 - New Amenities, Food Court Furniture, Planter Pots, etc.
 - New or Remodeled Food Operators upon existing lease expiration
 - Expanded Seating Areas
 - Remodeled Outdoor Patio Dining Area
- **New Restaurant Pad on Via Rancho Parkway**
- **Parking Lot Pavement Rehabilitation (over 2 years)**
- **Target Store**
 - Exterior Elevation Upgrades
 - New Mall Storefront on Level 1 and Level 2
 - Gut and Re-build Interior Store Area
- **Duck Pond & Adjacent Buildings Conversion to Parking / Rob-May North**

Westfield Project - \$55,800,000
(Including department store box costs and historical pre-development costs)

AGREEMENT REGARDING RENOVATION OF SHOPPING CENTER

This AGREEMENT REGARDING RENOVATION OF SHOPPING CENTER ("**Agreement**") is made and entered into as of the ___ day of _____, 2011, by and between the CITY OF ESCONDIDO ("**City**"), and NORTH COUNTY FAIR LP, a Delaware limited partnership, and EWH ESCONDIDO ASSOCIATES, L.P. a Delaware limited partnership, as tenants-in-common (collectively, "**Developer**").

R E C I T A L S :

A. Developer is the "Developer" under that certain Construction, Operation and Reciprocal Easement Agreement dated November 26, 1986 (the "**REA**") pertaining the shopping center located in the City of Escondido known as Westfield North County (the "**Shopping Center**"). All initially capitalized terms not otherwise defined herein shall have the same meanings set forth in the REA.

B. City is the fee owner of the Developer Tract, Broadway Tract, Sears Tract, Robinson's Tract, Nordstrom Tract and Penney Tract under the REA and ground leases such Tracts to the respective parties under the REA. Macy's West Stores, Inc. ("**Macy's**") is the fee owner of the May Tract under the REA.

C. City and Developer desire to enter into this Agreement to evidence their respective agreements concerning the renovation of the Shopping Center.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Renovation. Promptly following the execution and delivery of this Agreement, Developer shall complete all plans required for the renovation work described on Exhibit A attached hereto (the "**Renovation**") and apply for and diligently process all required governmental permits and approvals for the Renovation (the "**Permits**"). Promptly following receipt of all Permits Developer shall commence construction of the Renovation and thereafter diligently prosecute construction of the Renovation to completion, subject to delays in construction of the Renovation due to force majeure.

2. Exchange of Broadway Tract and May Tract. City agrees to exchange its fee interest in the Broadway Tract for Macy's fee interest in the May Tract (the "**Land Exchange**"). Upon the closing of the Land Exchange, Developer shall, on behalf of Macy's, cause to be paid to City the sum of One Hundred Thousand Dollars (\$100,000), which sum represents the difference in value between the Broadway Tract and the May Tract as determined by a report prepared by Keyser Marston Associates, Inc. dated June 29, 2011.

3. May Tract Ground Lease. City acknowledges that the May Tract is subject to that certain Ground Lease dated October 5, 2011 (the "**May Tract Ground Lease**") between Macy's, as Lessor, and Macy's Escondido, Inc. (the "**MEI**"), as Lessee. Concurrently with the closing of the Land Exchange, MEI will assign its interest in the May Tract Ground Lease to an affiliate of Developer, CMF NCF South, LLC ("**CMF**"). City agrees that, upon closing of the Land Exchange and the assignment of May Tract Ground Lease from MEI to CMF, City will enter into an amendment of the May Tract Ground Lease with CMF in the form and substance of Exhibit B attached hereto.

4. REA Extension. City agrees to the extension of the REA to June 30, 2053, and agrees to join in an amendment to the REA effecting such an extension at Developer's request. In addition, City agrees to join in any amendment to the REA that approves or otherwise accommodates any or all of the following at Developer's request: (i) an exchange of City's fee interest in the Broadway Tract for Macy's fee interest in the May Tract; (ii) a new restaurant pad adjacent to the currently existing On The Border Restaurant at the Shopping Center; (iii) the Renovation; (iv) new restaurant/retail space at the entry on both levels between the stores on the Broadway Tract and May Tract; (v) updated permitted use list; (vi) installation of graphic sign panels on the exterior of the Shopping Center for on and off premises advertising; (vii) construction of a taller pylon sign including an LED/graphic sign panel for on and off premises advertising; and (viii) reduction in the parking ratio to 4 automobile parking spaces per 1,000 square feet of floor area; provided, however, City's agreement to join in any such amendment is made only in its capacity as the fee owner of its Tracts, it being understood that the foregoing matters are subject to receipt of any necessary government approvals from City acting in its municipal capacity.

5. On-Going Maintenance. Developer shall, throughout the term of the REA, cause the Developer Tract to be maintained (including, without limitation, through periodic maintenance, updates and/or renovations) in a first class manner comparable to other similarly situated first class regional shopping centers in San Diego County.

6. General Provisions.

(a) Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Attorneys' Fees. In any action between or among any of the parties to interpret, enforce, award, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled to, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

(c) Jurisdiction. This Agreement shall be construed under the laws of the State of California.

(d) No Waiver. A waiver by a party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by another party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

(e) Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

(f) Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

(g) Entire Agreement. This Agreement and contains the entire understanding between the parties relating to the transaction contemplated hereby. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(h) No Joint Venture or Partnership. The parties agree that nothing contained herein is to be construed as making the parties joint venturers or partners.

(i) Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

[Signatures Continue On Next Page]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

"City"

CITY OF ESCONDIDO

By: _____

Name: _____

Title: _____

"Developer"

NORTH COUNTY FAIR, LP, a Delaware limited partnership, as tenants-in-common

By: Westfield America GP LLC, a Delaware limited partnership, its general partner

By: Westfield America Limited Partnership, a Delaware limited liability company, its sole member

By: Westfield U.S. Holdings, LLC, a Delaware limited liability company, its general partner

By: _____

Name: _____

Title: _____

[Signatures Continue On Next Page]

EWB ESCONDIDO ASSOCIATES, L.P., a
Delaware limited partnership, as tenants-in-
common

By: North County Fair LP, a Delaware limited
partnership, its general partner

By: Westfield America GP LLC, a Delaware
limited liability company, its general
partner

By: Westfield America Limited
Partnership, a Delaware limited
partnership, its sole member

By: Westfield U.S. Holdings, LLC, a
Delaware limited liability
company, its general partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Description of Renovation

- **Mall Common Space Remodel**
 - New Floor Finish
 - New Interior Paint Scheme
 - New Interior Lighting Scheme
 - New Amenities, Planter Pots, Furniture, etc.
 - New Glass Handrails
 - New Interior Wayfinding Signage
 - New Children's Play Area
- **Exterior Mall Entry Remodel**
 - New Westfield Signage
 - New Exterior Paint Scheme
 - New Lighting Scheme
 - New Material Accents
 - New Exterior Landscaping at Entrances
 - New Enhanced Entry Paving
- **Food Court Remodel**
 - New Floor Finish
 - New Interior Paint Scheme
 - New Interior Lighting Scheme
 - New Men's and Women's Restrooms
 - New Amenities, Food Court Furniture, Planter Pots, etc.
 - New or Remodeled Food Operators upon existing lease expiration
 - Expanded Seating Areas
 - Remodeled Outdoor Patio Dining Area
- **New Restaurant Pad on Via Rancho Parkway**
- **Parking Lot Pavement Rehabilitation (over 2 years)**
- **Target Store**
 - Exterior Elevation Upgrades
 - New Mall Storefront on Level 1 and Level 2
 - Gut and Re-build Interior Store Area
- **Duck Pond & Adjacent Buildings Conversion to Parking / Rob-May North**

Westfield Project - \$55,800,000
(Including department store box costs and historical pre-development costs)

EXHIBIT B

Amendment to May Tract Ground Lease

This AMENDMENT NO. 1 TO GROUND LEASE ("**Amendment**") is made and entered into as of the ___ day of _____, 201_, by and between the CITY OF ESCONDIDO ("**City**"), and CMF NCF SOUTH LLC, a Delaware limited liability company ("**Developer**").

R E C I T A L S :

A. This Amendment is made with respect to that certain Ground Lease dated as of October 5, 2011 (the "**Lease**") between Macy's West Stores, Inc., as landlord/lessor, and Macy's Escondido, Inc., as tenant/lessee, relating to certain premises described on Exhibit A attached hereto located within the Shopping Center currently known as Westfield North County, a memorandum of which was recorded on _____, 2011 as File No. 2011-_____ in the Office of the Recorder of San Diego County ("**Recorder's Office**"). City is the current "City" under the Lease and Developer is the current "Developer" under the Lease. Terms not otherwise defined in this Amendment are defined in the Lease.

B. City and Developer desire to amend the Lease as set forth herein.

A G R E E M E N T :

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Lease Term. The Lease Term is extended to June 30, 2053.
2. No Other Amendments. Except as amended hereby, all of the provisions of the Lease shall remain in full force and effect.
3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute but one and the same instrument.
4. Memorandum. At Developer's request, City and Developer shall execute, acknowledge and record in the Recorder's Office a memorandum of this Amendment.

[Signatures continue on following pages]

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment as of the date first above written.

"City"

CITY OF ESCONDIDO

By: _____
Name: _____
Title: _____

"Developer"

NCF CMF SOUTH, LLC, a Delaware limited liability company

By: Westfield America Limited Partnership,
a Delaware limited liability company, its sole member

By: Westfield U.S. Holdings, LLC, a
Delaware limited liability company, its general partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description of Demised Premises

PARCEL 5 OF ESCONDIDO MAP NO. 85-08, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO PARCEL MAP NO. 14270, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1986.

AMENDMENT NO. 1 TO GROUND LEASE
(CMF NCF North LLC)

This AMENDMENT NO. 1 TO GROUND LEASE ("**Amendment**") is made and entered into as of the ____ day of _____, 2011, by and between the CITY OF ESCONDIDO ("**Lessor**"), and CMF NCF NORTH LLC, a Delaware limited liability company, ("**Lessee**").

R E C I T A L S :

A. This Amendment is made with respect to that certain Ground Lease dated as of November 26, 1986 (the "**Lease**") between the City of Escondido, as landlord/lessor, and Adcor Realty Corporation, as tenant/lessee, relating to certain premises described in Exhibit A attached hereto located with the shopping center currently known as Westfield North County, a memorandum of which was recorded on November 26, 1986 as File No. 86-549263 in the Office of the Recorder of San Diego County ("**Recorder's Office**"). Lessee is the current "Lessee" under the Lease. Terms not otherwise defined in this Amendment are defined in the Lease.

B. Lessor and Lessee desire to amend the Lease as set forth herein.

A G R E E M E N T :

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Lease Term. The Lease Term is extended to June 30, 2053.
2. No Other Amendments. Except as amended hereby, all of the provisions of the Lease shall remain in full force and effect.
3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute but one and the same instrument.
4. Memorandum. At Lessee's request, Lessor and Lessee shall execute, acknowledge and record in the Recorder's Office a memorandum of this Amendment.

[Signatures continue on following pages]

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment as of the date first above written.

"Lessor"

CITY OF ESCONDIDO

By: _____
Name: _____
Title: _____

"Lessee"

CMF NCF NORTH, LLC, a Delaware limited liability company

By: Westfield America Limited Partnership,
a Delaware limited liability company, its sole member

By: Westfield U.S. Holdings, LLC, a
Delaware limited liability company, its
general partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description of Demised Premises

PARCEL 2 OF ESCONDIDO MAP NO. 85-08, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO PARCEL MAP NO. 14270, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1986.

AMENDMENT NO. 1 TO GROUND LEASE
(CMF NCF South LLC)

This AMENDMENT NO. 1 TO GROUND LEASE ("**Amendment**") is made and entered into as of the ____ day of _____, 2011, by and between the CITY OF ESCONDIDO ("**Lessor**"), and CMF NCF SOUTH LLC, a Delaware limited liability company ("**Lessee**").

R E C I T A L S :

A. This Amendment is made with respect to that certain Ground Lease dated as of November 26, 1986 (the "**Lease**") between the City of Escondido, as landlord/lessor, and Carter Hawley Hale Stores, Inc., as tenant/lessee, relating to certain premises described on Exhibit A attached hereto located within the shopping center currently known as Westfield North County, a memorandum of which was recorded on November 26, 1986 as File No. 86-549266 in the Office of the Recorder of San Diego County ("**Recorder's Office**"). Lessee is the current "Lessee" under the Lease. Terms not otherwise defined in this Amendment are defined in the Lease.

B. Lessor and Lessee desire to amend the Lease as set forth herein.

A G R E E M E N T :

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Lease Term. The Lease Term is extended to June 30, 2053.
2. No Other Amendments. Except as amended hereby, all of the provisions of the Lease shall remain in full force and effect.
3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original, and such counterparts together shall constitute but one and the same instrument.
4. Memorandum. At Lessee's request, Lessor and Lessee shall execute, acknowledge and record in the Recorder's Office a memorandum of this Amendment.

[Signatures continue on following pages]

IN WITNESS WHEREOF, the parties hereto have entered into this Amendment as of the date first above written.

"Lessor"

CITY OF ESCONDIDO

By: _____
Name: _____
Title: _____

"Lessee"

NCF CMF SOUTH, LLC, a Delaware limited liability company

By: Westfield America Limited Partnership,
a Delaware limited liability company, its sole member

By: Westfield U.S. Holdings, LLC, a
Delaware limited liability company, its general partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description of Demised Premises

PARCEL 6 OF ESCONDIDO MAP NO. 85-08, IN THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO PARCEL MAP NO. 14270, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 1, 1986.