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## LEASE

THIS LEASE is made this \_\_\_\_\_ day of October, 1991
between the Church of Scientology, FLAG SERVICE ORGANIZATION, INC.,
hereinafter called the "Owner", and Church of Scientology,
FREEWINDS RELAY OFFICE, INC., hereinafter called "Tenant".

## WITNESSETH:

<u>Section 1.</u> In consideration of the rents, covenants, and agreements set forth, Owner does hereby lease to the said Tenant and the Tenant hereby rents the following described real property:

Approximately 2089 sq. ft. of office space on the first floor of the West Coast building located at 118 N. Ft. Harrison Avenue, Clearwater, Florida. Said office space, hereinafter called "the Premises," is more particularly described in a floor plan attached hereto marked Exhibit "A" and made a part hereof.

Section 2. Tenant shall have and hold the Premises for a period of three (3) years, commencing on the 1st day of October, 1991, (hereinafter called the "Commencement Date") and ending at midnight on the 30th day of September, 1994. This period of time shall be called the "Lease Term".

Section 3. During the first year of the Lease Term, tenant shall pay to the Owner as rental for the Premises an annual rental of \$15,600.00, hereinafter called the "Base

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Rental." During the second and third years of the Lease Term, during any Extended Term under paragraph 18, and during any month-to-month hold-over period under paragraph 10, the annual rental shall be increased each year by the product of the Base Rental times the quotient of the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index ("CPI") on the last anniversary of the Commencement Date divided by the CPI on the Commencement Date. The annual rental, whether the Base Rental or as adjusted for the CPI, is payable in equal monthly installments, plus sales taxes, if applicable. Rent shall be paid in advance on the first day of each and every month during the term of this lease without demand, set-off or deduction. The first installment of rent shall be paid on

Section 4. Owner shall pay any real property taxes and assessments which may be levied or assessed by any lawful authority during the Lease Term against the Premises and the land and building of which the Premises constitutes a part. Tenant hereby agrees to pay to Owner as additional rental hereunder Tenant's pro rata share of all such taxes and of any increase in the amount of such real property taxes and assessments for each calendar year during the Lease Term over and above the amount assessed in the first full taxable year following the Commencement Date. Tenant's pro rata share of all such taxes and of any such increase shall be the ratio which the number of square feet in the Premises leased to Tenant bears to the number of square feet in the building of which the Premises constitute a

part. Tenant's pro rata share of any such increase, if any, shall be due and payable annually within fifteen (15) days after written demand therefor by Owner. A copy of the current tax bill on the land and building of which the Premises constitutes a part shall be sufficient evidence of the amount of taxes and assessments levied against said land and building. Should the Lease Term terminate on any day other than the last day of a calendar year, Tenant's pro rata share of any such increase for such year shall be apportioned between Owner and Tenant as of the date of termination. Tenant's obligation to pay Tenant's pro rata share of any increase in taxes and assessments for the calendar year in which the term of this Lease terminates shall survive the termination of this Lease.

Section 5. Tenant shall not assign this Lease, or any right or privilege granted hereunder, or sublet all or any portion of the Premises without Owner's prior written consent, which consent may be granted or withheld in Owner's sole discretion. No provision of this lease shall be construed as granting Tenant the power to make such assignment or sublease. Any transfer of any of Tenant's interest in this Lease or the premises by operation of law, regardless of whether the same is characterized as voluntary or involuntary, shall be construed as an "assignment" prohibited by this paragraph.

Section 6. The Owner shall, at his own cost and expense, maintain the exterior of the building, the roof, and structural members of the building of the leased premises. The Owner

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further agrees to be responsible for all plumbing repairs that may be necessary during the term of this lease. However, if any of the aforementioned repairs are made necessary by reason of the Tenant's use and occupation of demised premises in a manner inconsistent with the reasonable use and occupation thereof, or the negligence of the Tenant, its agents, employees, servants, invitees, or by reason of alterations made by the Tenant, then, in any of said events, such repairs shall be made by the Tenant at its own cost and expense.

Section 7. The Tenant covenants to keep the interior of the demised premises and appurtenances, including the doors and windows, in good order and repair, and in clean, safe and healthy condition, at its own cost and expense.

Section 8. The Tenant agrees to quit and deliver said premises at the end of said term in as good condition as they are now excepting only ordinary wear and decay and damage by the elements.

Section 9. Tenant shall not permit any liens to attach to any interest in the premises for labor, service, or materials furnished thereto pursuant to a contract with Tenant; and, in the event such liens do attach, Tenant agrees to pay and discharge the same forthwith. Without limitation of the foregoing, Owner may transfer such lien to a bond posted by Owner pursuant to the provision of Chapter 713, Florida Statutes, and recover from Tenant all costs of such bond. Owner hereby notifies all persons and entities that any liens claimed by any

party as the result of improving the Premises pursuant to a contract with Tenant, or with any person other than Owner, shall extend to, and only to, the right, title and interest in and to the Premises, if any, of the persons contracting for such improvements. This paragraph shall be construed so as to prohibit, in accordance with the provisions of Chapter 713, Florida Statutes, the interest of Owner in the Premises being subject to any lien for any improvements made by Tenant or any other persons on the Premises.

Section 10. Should Tenant hold over in possession after the expiration or termination of this Lease without Owner's permission, such continued possession shall not be construed as a renewal of this Lease, but, upon acceptance of rent by Owner after the termination hereof, shall be construed as a tenancy at will from month-to-month, subject to all terms and provisions hereof.

<u>Section 11.</u> Tenant shall be deemed in default of its obligations under this Lease upon the occurrence of any of the following:

- (a) Tenant's failure to pay any rental or additional rental due hereunder within ten (10) days of the date payment was due.
- (b) Tenant's continued failure to perform any other covenant, promise or obligation of this Lease for a period of more than ten (10) days after written notice of such failure.

- (c) The bankruptcy of, or appointment of a receiver or trustee for, Tenant.
- (d) Tenant's voluntarily petitioning for relief under or otherwise seeking the benefit of, any bankruptcy, reorganization, or insolvency law.
- (e) The sale of Tenant's interest under this Lease by execution or other legal process.
- (f) Tenant's abandonment or vacation of the Premises during the term of this Lease. Tenant's nonoccupation of the Premises for a period of fifteen (15) days shall be conclusively deemed an abandonment.
- (g) The seizure, sequestration, or impounding by virtue or under authority of any legal proceeding of any of the personal property or fixtures of Tenant used in or incident to the operation of the Premises.
- Section 12. Upon Tenant's default hereunder, Owner may exercise any one or all of the following options:
- (a) Terminate Tenant's right to possession under this Lease and reenter and take possession of the premises and relet or attempt to relet the Premises on behalf of Tenant, at such rent and under such terms and conditions as Owner may, in the exercise of Owner's sole discretion, deem best under the circumstances for the purpose of reducing Tenant's liability; and Owner shall not be deemed to have thereby accepted a surrender of the Premises, and Tenant shall remain liable for all rental and additional rental due under this Lease and for all damages

suffered by Owner because of Tenant's breach of any of the covenants of this Lease. At any time during such repossession or reletting, Owner may, by delivering written notice to Tenant, elect to exercise its option under the following subparagraph to accept a surrender of the Premises, terminate and cancel this Lease, and retake possession and occupancy of the Premises on behalf of Owner. Nothing contained in this subparagraph shall be construed as imposing any enforceable duty upon Owner to relet the premises or otherwise mitigate or minimize Owner's damages by virtue of Tenant's default.

- (b) Declare this Lease to be terminated, and reenter upon and take possession of the Premises without notice to Tenant, whereupon the term hereby granted and all right, title and interest of Tenant in the Premises shall terminate. Such termination shall be without prejudice to Owner's right to collect from Tenant any rental or additional rental which has accrued prior to such termination, together with all damages suffered by Owner because of Tenant's breach of any covenant contained in this Lease. Tenant hereby expressly waives any and all notices or demands of delivery of possession required by law or otherwise.
- (c) Declare the entire remaining unpaid rent for the Lease Term to be immediately due and payable, and, at Owner's option, take immediate action to recover and collect the same by any available procedure.

(d) The remedies provided in this paragraph shall be cumulative to those provided elsewhere herein or by law.

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Section 13. Throughout the Lease Term, Tenant shall maintain in force a policy of public liability insurance indemnifying Owner against the claims of all persons for personal injuries or property damage, or both, arising out of or incident to Tenant's use or occupancy of the Premises. Owner shall be named as co-insured under said policy, and Tenant shall deliver a certificate evidencing coverage in an amount of not less than \$100,000.00 for property damage loss from any one accident, \$1,000,000.00 for personal injuries from any one accident, and \$500,000.00 for injuries to any one person for any one accident. Such certificate shall provide that the coverage cannot be cancelled without at least fifteen (15) days' written notice to Owner.

Section 14. Tenant shall defend, indemnify, and hold
Owner harmless of and from any and all losses, damages, claims or
expenses, including reasonable attorney's fees, arising out of
any claim asserted by any person against Owner for loss of, or
damage of injury to, person or property caused by any act, fault,
omission, or neglect of Tenant or any person on or about the
Premises with Tenant's consent, actual or implied, including,
without limitation, any officer, employee, agent, contractor, or
invitee of Tenant. Owner shall not be liable to Tenant, or any
officer, employee, agent, contractor, or invitee of Tenant, for
any injury or damage to person or property for any reason

whatsoever unless Owner's active negligence is the exclusive cause of such loss or injury and, with respect to injury or damage caused by any defect in the Premises, until Owner shall have received written notice of the existence of the same and shall have had a reasonable time in which to correct the same.

<u>Section 15.</u> Tenant agrees to permit Owner and Owner's agents entry to the premises:

- (a) At any time during the Lease Term and at all reasonable hours for the purpose of inspecting the Premises, preventing waste thereto, performing extermination and pest control services, making such repairs or performing such maintenance as Owner may deem necessary, or discharging any duty imposed upon Owner by this lease or by law.
- (b) At any time during the lease Term and at all reasonable hours for the purpose of showing the premises to prospective purchasers, mortgagees, or future tenants.

Section 16. Tenant is hereby granted the nonexclusive right in common with other tenants of the building as it shall exist from time to time to use such common areas appurtenant to the building as may be designated by Owner from time to time, including all halls, lobbies, elevators, lavatories, and drinking fountains. All of such common areas shall be subject to Owner's sole and exclusive control and shall be operated and maintained in such manner as Owner in his discretion may determine.

Section 17. Tenant hereby covenants and agrees at all times during the term of this Lease to comply with and observe all reasonable rules and regulations which Owner may from time to time adopt for the protection of Owner and all tenants of the building, including parking regulations. Tenant's failure to abide by such rules and regulations shall constitute a default under the terms of this lease in the same manner as if the same were contained herein as covenants.

If Tenant is not in default under this Lease, Section 18. Tenant shall have the option to renew and extend this Lease for an additional term of two (2) years, commencing upon the expiration of the term of this Lease, provided in paragraph 2 hereinabove, which option is exercisable only by Tenant giving Owner written notice of exercise of said option not earlier than twelve (12) months prior to the date of the expiration of the Lease Term and not later than six (6) months prior to the date of the expiration of the Lease Term; provided, however, that all of the terms, covenants, promises, conditions and provisions of this Lease shall apply fully and completely to such Extended Terms of this Lease, and provided that the additional rent for any increase in real property taxes and assessment shall be calculated based on the first full taxable year following the Commencement Date.

IN WITHESS WHEREOFF, the parties hereto have set their hand and seals to duplicates hereof the day and year first above written.

OWNER:

TENANT:

CHURCH OF SCIENTOLOGY,

FLAG SERVICE ORGANIZATION, INC

CHURCH OF SCIENTOLOGY, FREEWINDS RELAY OFFICE, INC.